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DELHI ELECTRICITY REGULATORY COMMISSION

Viniyamak Bhawan, 'C' Block, Shivalik, Malviya Nagar, New Delhi- 110017.

F.11(1390)/DERC/2016-17/

Petition No. 21/2017

In the matter of: Petition for Truing up of expenses up to FY 2014-15; Review of FY 2015-16, and Multi Year ARR from FY 2016-17 to FY 2020-21 and Tariff for FY 2016-17

AND

Petition No. 23/2017

In the matter of: Petition for Truing up of expenses for FY 2015-16.

BSES Yamuna Power Limited,
Through its: **CEO**
Shakti Kiran Building,
Karkardooma,
Delhi-110 092. **...Petitioner/Licensee**

Coram: Sh. B. P. Singh, Member.

ORDER

(Date of Order: 31.08.2017)

M/s. BSES Yamuna Power Limited filed aforesaid Petition No. 21 of 2017 for Truing up of expenses up to FY 2014-15; Review of FY 2015-16, and Multi Year ARR from FY 2016-17 to FY 2020-21 and Tariff for FY 2016-17; and Petition No. 23 of 2017 for Truing up of expenses for 2015-16. These Petitions were admitted by the Commission *vide* Order dated 26.05.2017. The Petitions along with Executive summary were uploaded on the website of the Commission seeking response of the stakeholders. This was also widely publicised through advertisement in newspapers. In response to the advertisement the Commission received comments from the Stakeholders, which have been replied to by the Petitioner. The comments and suggestions of the stakeholders, the submissions made during the public hearing held on 19.07.2017 and the arguments advanced by the Petitioner have been taken into consideration.

After having considered the above, the Commission in exercise of the power vested in it by the Electricity Act, 2003 and Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017, hereby pass this Tariff Order signed, dated and issued on 31.08.2017.

The Petitioner shall take immediate steps to implement the said Order, so as to make the revised tariffs applicable from 01.09.2017.

This Tariff Order shall remain in force till replaced by a subsequent Tariff Order and/or is amended, reviewed or modified, in accordance with the provisions of the Electricity Act, 2003 and the Regulations made there under.

(B. P. Singh)
Member

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List of Abbreviation

Abbreviation	Explanation
ARR	Aggregate Revenue Requirement
A&G	Administrative and General
AAD	Advance Against Depreciation
ABT	Availability Based Tariff
ACD	Advance Consumption Deposit
AMR	Automated Meter Reading
APDRP	Accelerated Power Development and Reforms Program
AT&C	Aggregate Technical and Commercial
ATE	Appellate Tribunal for Electricity
BEST	Birhanmumbai Electric Supply and Transport
BHEL	Bharat Heavy Electricals Limited
BIS	Bureau of Indian Standards
BPTA	Bulk Power Transmission Agreement
BRPL	BSES Rajdhani Power Limited
BST	Bulk Supply Tariff
BTPS	Badarpur Thermal Power Station
BYPL	BSES Yamuna Power Limited
CAGR	Compounded Annual Growth Rate
CCGT	Combined Cycle Gas Turbine
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CFL	Compact Fluorescent Lamp
CGHS	Cooperative Group Housing Societies
CGS	Central Generating Stations
CIC	Central Information Commission
CISF	Central Industrial Security Force
CoS	Cost of Supply
CPI	Consumer Price Index
CPRI	Central Power Research Institute
CPSUs	Central Power Sector Utilities
CSGS	Central Sector Generating Stations
CWIP	Capital Work in Progress
DA	Dearness Allowance
DDA	Delhi Development Authority
DERA	Delhi Electricity Reform Act
DERC	Delhi Electricity Regulatory Commission
DIAL	Delhi International Airport Limited
DISCOMs	Distribution Companies (BRPL, BYPL, TPDDL & NDMC)
DMRC	Delhi Metro Rail Corporation
DPCL	Delhi Power Company Limited
DTL	Delhi Transco Limited

Abbreviation	Explanation
DVB	Delhi Vidyut Board
DVC	Damodar Valley Corporation
EHV	Extra High Voltage
EPS	Electric Power Survey
FBT	Fringe Benefit Tax
FPA	Fuel Price Adjustment
GFA	Gross Fixed Assets
GIS	Geographical Information System
GoNCTD	Government of National Capital Territory of Delhi
GTPS	Gas Turbine Power Station
HEP	Hydro Electric Power
HPSEB	Himachal Pradesh State Electricity Board
HRA	House Rent Allowance
HT	High Tension
HVDS	High Voltage Distribution System
IDC	Interest During Construction
IGI Airport	Indira Gandhi International Airport
IPGCL	Indraprastha Power Generation Company Limited
JJ Cluster	Jhugghi Jhopadi Cluster
KSEB	Kerala State Electricity Board
LED	Light Emitting Diode
LIP	Large Industrial Power
LT	Low Tension
LVDS	Low Voltage Distribution System
MCD	Municipal Corporation of Delhi
MES	Military Engineering Service
MLHT	Mixed Load High Tension
MMC	Monthly Minimum Charge
MoP	Ministry of Power
MTNL	Mahanagar Telephone Nigam Limited
MU	Million Units
MYT	Multi Year Tariff
NABL	National Accreditation Board for Testing and Calibration of Laboratories
NAPS	Narora Atomic Power Station
NCT	National Capital Territory
NCTPS	National Capital Thermal Power Station
NDLT	Non Domestic Low Tension
NDMC	New Delhi Municipal Council
NEP	National Electricity Policy
NGO	Non Government Organisation
NHPC	National Hydroelectric Power Corporation
NPCIL	Nuclear Power Corporation of India Limited
NRPC	Northern Regional Power Committee

Abbreviation	Explanation
NTI	Non Tariff Income
NTP	National Tariff Policy
O&M	Operations and Maintenance
OCFA	Original Cost of Fixed Assets
PGCIL	Power Grid Corporation of India
PLF	Plant Load Factor
PLR	Prime Lending Rate
PPA	Power Purchase Agreement / Power Purchase Adjustment
PPCL	Pragati Power Corporation Limited
PTC	Power Trading Corporation
PWD	Public Works Department
R&M	Repair and Maintenance
RAPS	Rajasthan Atomic Power Station
REA	Regional Energy Account
RoCE	Return on Capital Employed
ROE	Return on Equity
RRB	Regulated Rate Base
RTI	Right to Information
RWA	Resident Welfare Associations
SBI	State Bank of India
SERC	State Electricity Regulatory Commission
SIP	Small Industrial Power
SJVNL	Satluj Jal Vidyut Nigam Limited
SLDC	State Load Despatch Centre
SPD	Single Point Delivery
SPUs	State Power Utilities
SVRS	Special Voluntary Retirement Scheme
THDC	Tehri Hydro Development Corporation
ToD	Time of Day
TOWMCL	Timarpur Okhla Waste Management Company (P) Limited
TPDDL	Tata Power Delhi Distribution Limited
TPS	Thermal Power Station
UI	Unscheduled Interchange
UoM	Units of Measurement
WACC	Weighted Average Cost of Capital
WC	Working Capital
WPI	Wholesale Price Index

A1: INTRODUCTION

1.1 This Order relates to the petition filed by BSES Yamuna Power Limited (BYPL) (hereinafter referred to as 'BYPL' or the 'Petitioner') for True-up of expenses for FY 2014-15 & FY 2015-16 for Distribution Business in terms of Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 (hereinafter referred to as the '2nd MYT Regulations') and approval of Aggregate Revenue Requirement & Tariff for FY 2017-18 in terms of Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017 (hereinafter referred to as the Tariff Regulations').

BSES YAMUNA POWER LIMITED (BYPL)

1.2 BSES Yamuna Power Limited (BYPL) is a company incorporated under the Companies Act, 1956 and is engaged in the business of distribution and retail supply of electricity within its area of supply (as defined in the license) in the National Capital Territory (NCT) of Delhi.

DELHI ELECTRICITY REGULATORY COMMISSION

1.3 Delhi Electricity Regulatory Commission (hereinafter referred to as 'DERC' or the Commission') was constituted by the GoNCTD on 3.03.1999 and it became operational from 10.12.1999.

1.4 The Commission's approach to regulation is driven by the Electricity Act, 2003, the National Electricity Plan, the National Tariff Policy and the Delhi Electricity Reform Act 2000 (hereinafter referred to as 'DERA'). The Electricity Act, 2003 mandates the Commission to take measures conducive to the development and management of the electricity industry in an efficient, economic and competitive manner, which inter alia includes Tariff determination.

THE STATE ADVISORY COMMITTEE MEETING

1.5 The Commission has, since constitution of the State Advisory Committee on 27.03.2003, held 16th meetings so far. In the 16th State Advisory Committee Meeting held on 29.03.2017, the Commission discussed the following:

Table 1: Issues discussed in State Advisory Committee Meeting

Sr. No.	Issues Discussed
i.	Billing and Metering Audit of Distribution Licensees.
ii.	Implementation of UJALA scheme by Distribution Licensees in collaboration with EESL for distribution of LED bulbs, LED tubes and BEE5 star rated fans under Demand side Management(DSM)
iii.	Energy Audit of DISCOMs.
iv.	Draft DERC(Supply Code and Performance Standards) Regulations, 2017.
v.	Funding of Pension Trust.

MULTI YEAR TARIFF REGULATIONS

1.6 The Commission issued Tariff Regulations vide its gazette notification dated 31.01.2017 specifying Terms and Conditions for Determination of Tariff for Distribution of electricity under the Multi Year Tariff (MYT) framework. Further the operational norms for Distribution utilities has also been approved by the Commission in Delhi Electricity Regulatory Commission Business Plan Regulations, 2017 under Tariff Regulations for the period FY 2017-18 to FY 2019-20 .

1.7 The Commission issued '2nd MYT Regulations' vide Order dated 02.12.2011 specifying Terms and Conditions for Determination of Tariff for Distribution of electricity under the Multi Year Tariff (MYT) framework for the period FY 2012-13 to FY 2014-15.

1.8 The Commission vide order dated October 22, 2014 has extended the MYT period of FY 2012-13 to FY 2014-15 for a further period of one year till FY 2015-16.

FILING OF PETITION FOR TRUE-UP OF EXPENSE FOR FY 2014-15 & FY 2015-16 AND APPROVAL OF AGGREGATE REVENUE REQUIREMENT & TARIFF FOR FY 2017-18

FILING AND ACCEPTANCE OF PETITION

1.9 BYPL has filed its petition before the Commission on 19.04.2016 for "Annual Revenue Requirement (ARR) for the FY 2016-17, Revised ARR for FY 2015-16, True up expenses for FY 2014-15 and final True Up for Control Period up to FY 2013-14" .

1.10 Further, BYPL has filed its petition before the Commission on 25.01.2017 for "Annual Revenue Requirements (ARR) for FY 2017-18, revised ARR for FY 2016-17, True up of expenses for FY 2015-16 and Final True up for control period up to FY 2014-15".

1.11 The Commission admitted both the petitions vide its Order dated 26.05.2017 subject to clarifications / additional information, if any, which would be sought from the Petitioner from time to time. A copy of the Admission Order dated 26.05.2017 is enclosed as **Annexure I** to this Order.

INTERACTION WITH THE PETITIONER

1.12 The Order has referred at numerous places to various actions taken by the "Commission". It may be mentioned for the sake of clarity, that the term "Commission" in most of the cases refers to the Officers of the Commission and the Staff Consultants appointed by the Commission for carrying out the due diligence on the petition filed by the Petitioner, obtaining and analyzing information/clarifications received from the Petitioner and submitting all issues for consideration by the Commission.

1.13 For this purpose, the Commission Officers and Staff Consultants held discussions with the Petitioner, obtained information/clarifications wherever required and carried out technical validation with regard to the information provided.

1.14 The Commission held public hearing on 19.07.2017 to take a final view with respect to various issues concerning the principles and guidelines for tariff determination. The Commission has considered due diligence conducted by the Officers of the Commission and the Staff Consultants in arriving at its final decision. The use of the term "Commission" may, therefore, be read in the context of the above clarification.

1.15 A preliminary scrutiny/analysis of the petition submitted by the Petitioner was conducted and certain deficiencies were observed. Accordingly, deficiency notes were issued to the Petitioner. Further, additional information/clarifications were solicited from the Petitioner as and when required. The Commission and the Petitioner also discussed key issues raised in the petition, which included details of capital expenditure and capitalisation plan, allocation of expenses into Wheeling and Retail Supply Business, AT&C loss reduction trajectory, liability towards SVRS expenditure, etc.

1.16 The Commission also conducted multiple validation sessions with the Petitioner during which discrepancies in the petition and additional information required by the Commission were sought. Subsequently, the Petitioner submitted replies to the issues raised in these sessions and provided documentary evidence to substantiate its claims regarding various submissions.

1.17 The replies of the Petitioner, as mentioned in the **Table-2** as follows have been considered for approval of the ARR of the Petitioner:

Table 2: List of Correspondence with the Petitioner

Sr. No.	Letter No.	Letter Dated	Subject
1	F.3(388)Tariff/DERC/2014-15/4583/258	01.05.2017	Inputs for Business Plan Regulations and True up of FY 2014-15 & 2015-16
2	E-Mail by BYPL	01.06.2017	Information on Consumer Contribution
3	RA/BYPL/2016-17/256	02.01.2017	Application for True-up upto FY 2014-15, review of FY 2015-16 and MYT tariff
4	RA/BYPL/2017-18/44	02.06.2017	Submission of Annual Auditor's certificate in respect of form 2.1(a) for FY 2015-16.
5	Email by Commission	03.04.2017	Matter of refund of balance consumer contribution (remand Back case)
6	E-Mail	06.06.2017	Petition for Treatment of Loss on Retirement of Assets.
7	RA/16-17/BYPL/312	10.03.2017	Break-up of O&M Expenses for the period FY 2011-12 to 2015-16
8	RA/BYPL/2017-18/06	11.04.2017	Refund of Balance Consumer Contribution (Remand Back Matter)
9	RA/BYPL/2015-16/22	11.05.2016	Regarding status of Renewable Purchase Obligation Compliance
10	RA/BYPL/2016-17/269A	12.01.2017	Prudence Check for FY 2014-15 and FY 2015-16.
11	E-Mail	13.04.2017	Prudence check Schedule for Business Plan Regulations.
12	RA/BYPL/2017-18/71	15.07.2017	Prudence check Schedule for Business Plan Regulations.
13	Email by BYPL	16.03.2017	Additional Information related to Business Plan Regulations, Prudence Check
14	BYPL/Reg/78	18.07.2017	Additional O&M data for Business Plan Regulations
15	RA/BYPL/16-17/270	19.01.2017	Additional Information wrt Regulated Power DVC Credit Bill & Anta/auraiya/Dadri Gas regarding-BYPL
16	RA/BYPL/2016-17/27	19.01.2017	Regulation of Power and MoD FY 2014-15 and FY 15-16 regarding
17	RA/BYPL/2017-18/78	21.07.2017	Queries raised during prudence check meeting on 29.06.2017
18	Email by Commission	22.06.2017	Queries raised during prudence check meeting on 29.06.2017
19	E-Mail	24.03.2017	Additional Submission to true up and tariff petition for FY 2017-18
20	E-Mail	24.03.2017	Prudence check for cliam on account of APTEL Judgments and Omissions/errors in previous Tariff Order.
21	RA/BYPL/2016-17/280	25.01.2017	Additional Information- Cliam on account of APTEL Judgments submitted in ARR Petition 21 of 2007 and 23 of 2017-reg.

Sr. No.	Letter No.	Letter Dated	Subject
22	Email by Commission	26.04.2017	Additional Information FY 2014-15 and FY 2015-16
23	Email by Commission	26.04.2017	Prudence Check for FY 2014-15 and FY 2015-16
24	RA/BYPL/2017-18/80	26.07.2017	prudence check of Power Purchase Cost
25	E-Mail	27.03.2017	Additional Information wrt Merit Order despatch FY 14-15 & FY 15-16
26	E-Mail	27.03.2017	prudence check for revenue true-up
27	Email by BYPL	28.06.2017	Prudence check of revenue true-up for the FY 2014-15 & 2015-16
28	Email by Commission	28.06.2017	Queries raised in prudence check
29	RA/BYPL/2016-17/92	30.06.2017	Prudence Check for FY 2014-15 and FY 2015-16

PUBLIC NOTICE

1.18 The Commission published a Public Notice in the following newspapers on 07.06.2017 inviting comments from stakeholders on the Tariff petitions filed by the Petitioners latest by 27.06.2017:

Indian Express (English)	07.06.2017
The Pioneer (English)	07.06.2017
Times of India (English)	07.06.2017
Hindustan (Hindi)	07.06.2017
Dainik Jagaran (Hindi)	07.06.2017
Educator (Punjabi)	07.06.2017

1.19 Copies of the above Public Notices are available on Commissions website (www.derc.gov.in).

1.20 The Petitioner also published a Public Notice indicating salient features of its petition for inviting comments from the stakeholders and requesting to submit response on the petition on or before 27.06.2017 in the following newspapers on the respective dates mentioned alongside:

The Hindustan Time (English)	17.06.2017
Indian Express (English)	17.06.2017
The Mint (English)	17.06.2017

The Hindustan (Hindi)	20.06.2017
Punjabi Tribune (Punjabi)	20.06.2017
Punjabi Tribune (Punjabi)	20.06.2017

1.21 Copies of the above Public Notices are available on Commissions website (www.derc.gov.in). A copy of the petition was also made available for purchase from the head-office of the Petitioner on any working day between 11 A.M. and 4 P.M. on payment of Rs.100/- for hard copy of each petition either by cash or demand draft/pay order. A copy of the complete petition was also uploaded on the website of the Commission, as well as that of the Petitioner, requesting for comments of the stakeholders thereon.

1.22 At the request of the stakeholders, the Commission extended the last date for filing objections and suggestions up to 18.07.2017 for which the public notice was issued in the following newspapers on the respective dates mentioned along side:

Pioneer (English)	25.06.2017
Hindustan Times (English)	25.06.2017
Mail Today (English)	25.06.2017
Hindustan (Hindi)	25.06.2017
Punjab Kesari (Hindi)	25.06.2017
Rashtriya Sahara (Hindi)	25.06.2017

1.23 Copies of the above Public Notices are available on Commissions website (www.derc.gov.in).

1.24 In order to extend help to the stakeholders in understanding the ARR Petition and filing their comments, the Commission prepared a Executive Summary highlighting salient features of the Tariff Petition filed by the Petitioner, which was uploaded on the Commission's website. In this regard, three officers of the Commission viz. Joint Director (Tariff-Finance) , Joint Director (Engineering) and Joint Director (PS&E) were nominated for discussion on the ARR Petitions. This was duly highlighted in the Public Notices published by the Commission.

1.25 Further, the Commission published a Public Notice indicating the venue, date and time of public hearing on 4th and 5th July, 2017 in the following newspapers on the respective dates mentioned alongside:

Pioneer (English)	25.06.2017
Hindustan Times (English)	25.06.2017
Mail Today (English)	25.06.2017
Hindustan (Hindi)	25.06.2017
Punjab Kesari (Hindi)	25.06.2017
Rashtriya Sahara (Hindi)	25.06.2017
The Educator (Punjabi)	25.06.2017

1.26 Copies of the above Public Notices are available on Commissions website.(www.derc.gov.in).

1.27 At the request of the stakeholders, the Commission extended the date of Public hearing from 04th and 05th of July 2017 to 19th of July 2017 .The public notice was issued in the following newspapers on the respective dates mentioned along side:

Pioneer (English)	02.07.2017
Hindustan Times (English)	02.07.2017
Mail Today (English)	02.07.2017
Indian Express (English)	02.07.2017
Hindustan (Hindi)	02.07.2017
Punjab Kesari (Hindi)	02.07.2017
Dainik Jagran (Hindi)	02.07.2017
Jadid in dinon (Urdu)	02.07.2017
The Jan Ekta (Punjabi	02.07.2017

1.28 Copies of the above Public Notices are available on Commissions website (www.derc.gov.in).

1.29 The Commission received written comments from stakeholders. The comments of the stakeholders were also forwarded to the Petitioner who, responded to the comments of the stakeholders with a copy of its replies to the Commission. The Commission invited all stakeholders, including those who had filed their objections and suggestions, to attend the Public Hearing.

1.30 The public hearings was held at the Auditorium of Scope Convention Centre, Scope Complex, New Delhi for all stakeholders on 19.07.2017 to discuss the issues related to the petition filed by the Petitioner. The issues and concerns voiced by various stakeholders have been examined by the Commission. The major issues discussed during the public hearing and/or written comments made by the stakeholders, the responses of the Petitioner thereon and the views of the Commission, have been summarized in Chapter A2.

LAYOUT OF THE ORDER

1.31 This Order is organised into six Chapters:

a) **Chapter A1** provides details of the tariff setting process and the approach of the Order.

b) **Chapter A2** provides a brief of the comments of various stakeholders including the comments during the Public Hearing, the Petitioner's response and views of the Commission thereon.

c) **Chapter A3** provides details/analysis of the True up for FY 2014-15 & FY 2015-16.

d) **Chapter A4** provides analysis of the petition for determination of the Aggregate Revenue Requirement for FY 2017-18.

e) **Chapter A5** provides details of the possible options for determination of Wheeling and Retail Supply Tariff for all consumer categories for FY 2017-18, and the approach adopted by the Commission in its determination.

f) **Chapter A6** provides details of the Directives of the Commission.

1.32 The Order contains following Annexure, which are an integral part of the Tariff Order:

a) **Annexure I** - Admission Order.

b) **Annexure II** - List of the stakeholders who submitted their comments on True-up of expense for FY 2014-15 & FY 2015-16 and approval of Aggregate Revenue Requirement & Tariff for FY 2017-18.

c) **Annexure III** – List of Stakeholders/consumers who attended the public hearing.

PERFORMANCE REVIEW

1.33 Regulation 10.2 of the DERC (Terms & Conditions for determination of Wheeling and Retail Supply Tariff) Regulation, 2011 stipulates as under:

"The Distribution Licensee shall submit information as part of annual review on actual performance to assess the performance vis-à-vis the targets approved by the Commission at the beginning of the Control Period. This shall include annual statements of its performance and accounts including latest available audited accounts as well as the regulatory accounts in the prescribed formats and the tariff worked out in accordance with these Regulations."

1.34 The Commission sought inputs on overall Standards of Performance prescribed in Schedule-II of the Delhi Electricity Supply Code and Performance Standards Regulations, 2007. The details submitted by BYPL for FY 2014-15 and FY 2015-16 are given in Table 3 as follows:

Table 3: Standards of Performance during FY 2014-15 and FY 2015-16

Parameter	Prescribed Time Limit/Measure	Overall Standard of performance	Number of complaints received		No. of Complaints attended within specified timelines		% Complied during	
			2014-15	2015-16	2014-15	2015-16	2014-15	2015-16
Normal Fuse-off Calls	Within three hours for Urban areas Within eight hours for Rural Areas	At least 99% calls received should be rectified within prescribed time limits in both Cities and Towns and in Rural areas	431178	453627	429328	1143	99.57%	99.75%
Line breakdown	Within six hours for Urban areas	Atleast 95% of cases resolved within time	6155	5416	6123	56	99.48%	98.98%

Parameter	Prescribed Time Limit/Measure	Overall Standard of performance	Number of complaints received		No. of Complaints attended within specified timelines		% Complied during	
			2014-15	2015-16	2014-15	2015-16	2014-15	2015-16
	Within twelve hours for Rural areas							
Distribution Transformer Failure	Temporary supply to be restored within four hours from alternate source, wherever feasible.	At least 95% of DTRs to be replaced within prescribed time limits in both Cities and Towns and in Rural areas	20	33	20	0	100%	100%
	Rectification of fault and thereafter restoration of normal power supply within twelve hours							
Scheduled Outage	Maximum duration in a single stretch shall not exceed 12 hours	At least 90% of cases should be complied within prescribed time limits	2847	4947	2845	0	100%	100%
	Restoration of supply by 6:00PM.		2847	4903	2750	44	99.88%	99.11%
			Number of bills issued FY 2014-15	**Number of bills issued FY 2015-16**	**No. of bills with mistakes FY 2014-15**	**No. of bills with mistakes FY 2015-16**	**Percentage FY 2014-15**	**Percentage FY 2015-16**
Billing Mistakes	Licensee shall maintain the percentage of bills requiring modifications following complaints to	Not exceeding 0.20%	17700645	17843764	3133	3339	0.02%	0.02%

Parameter	Prescribed Time Limit/Measure	Overall Standard of performance	Number of complaints received		No. of Complaints attended within specified timelines		% Complied during	
			2014-15	2015-16	2014-15	2015-16	2014-15	2015-16
	the total number of bills issued							
			Number of Meters (As on last day of Mar-15) FY 2014-15	Number of Meters (As on last day of Mar-15) FY 20115-16	No. of defective meters reported FY 2014-15	No. of defective meters reported FY 2015-16	Percentage FY 2014-15	Percentage FY 2015-16
Faulty Meter	Licensee shall maintain the percentage of defective meters to the total number of meters in service.	Not exceeding 3%	1447672	1519673	22092	14923	1.53%	0.98%
Reliability Indices	SAIFI						1.8015	1.2652
	SAIDI						2.2313	1.4508
	MAIFI						0.0031	0

APPROACH OF THE ORDER

APPROACH FOR FY 2014-15 AND FY 2015-16

1.35 Under the MYT Framework, the Commission had projected the ARR of the Petitioner for FY 2014-15 and FY 2015-16 in the MYT Order issued on 13.07.2012 and Tariff Order issued on 29.09.2015. Under '2nd MYT Regulation', the components of ARR have been segregated into controllable and un-controllable parameters. As per the regulation 4.21 of the '2nd MYT Regulation' , various controllable and un-controllable parameters shall be trued-up as per the principle stated as follows:

a) Variation in revenue/expenditure on account of uncontrollable sales / power purchase respectively shall be trued-up every year;

b) For controllable parameters,

i. Any surplus or deficit on account of Operation and Maintenance (O&M) expenses shall be to the account of the Licensee and shall not be trued-up in ARR; and

ii. Depreciation and Return on Capital Employed shall be trued-up every year based on the actual capital expenditure and actual capitalization vis-à-vis capital investment plan (capital expenditure and capitalisation) approved by the Commission.

Provided that any surplus or deficit in Working Capital shall be to the account of the Licensee and shall not be trued-up in ARR.

Provided further that the Commission shall not true-up interest rate, if variation in State Bank of India Base Rate as on 01.04.2012, is within + / - 1% during the Control Period. Any increase / decrease in State Bank of India Base Rate beyond +/- 1% only shall be trued-up.

1.36 The Commission has accordingly, trued up the uncontrollable parameters viz. power purchase cost, energy sales and revenue based on the audited accounts and other information submitted by the Petitioner for FY 2014-15 and FY 2015-16 after exercising prudence check. The true up of controllable parameters is governed by Regulation 4.21 of the '2nd MYT Regulations' as mentioned above. The detailed treatment of each component of uncontrollable and controllable parameters is provided in Chapter A3 of this Order.

1.37 The Commission has implemented various directions of Hon'ble APTEL subject to the decision on the issues which have been covered under Clarificatory application filed before Hon'ble APTEL due to variance in judgment on similar issues. Following issues have been covered under Clarificatory application:

a. Change in methodology for computation of AT&C losses

b. True up of rate of interest on loans

c. AT&C loss true up of FY 2009-10 due to disallowance of KWH figures

d. AT&C loss target revision for FY 2011-12

e. Efficiency factor applied on O&M expenses during 2nd MYT Control Period

f. SVRS terminal benefit payment

g. Food and Children Education Allowance

h. Comparable pay for Non FRSR employees

i. Arbitrary computation of efficiency factor for FY 2011-12

APPROACH FOR FY 2016-17

1.38 The Petitioner has requested for a review of ARR for FY 2016-17. The mechanism for True up as specified in the MYT Regulations envisages that variations on account of uncontrollable items like energy sales and power purchase cost shall be trued up. Truing up shall be carried out for each year based on actual/audited accounts and prudence checks undertaken by the Commission. Accordingly, the Commission is of the opinion that in accordance with the '2nd MYT Regulations' the True up of FY 2016-17 can only be considered based on the audited financial statement once the Petitioner makes a regular tariff Petition for True up of FY 2016-17.

APPROACH FOR FY 2017-18

1.39 The Commission vide its notification dated January 31, 2017 issued the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017.

1.40 Further, the Commission has issued the Delhi Electricity Regulatory Commission Business Plan Regulations, 2017.

1.41 The ARR for the FY 2017-18 shall be determined inter alia based on the provisions of the Tariff Regulations 2017 read with Delhi Electricity Regulatory Commission Business Plan Regulations relevant to the Distribution business.

1.42 The allocation from the unallocated quota of Power at the disposal of GoNCTD may change from time to time and needs to be considered based on the latest available data or the Commission may have to make reasonable assumptions with respect to allocation of power from the unallocated quota.

1.43 Availability of power from the new sources of generation has been considered based on their actual / revised Commissioning schedule.

1.44 The Commission has evaluated the ARR submitted by the Petitioner on the basis of the provisions in Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017 read with Delhi Electricity Regulatory

Commission Business Plan Regulations, 2017 and other factors considered appropriate by the Commission.

A2: RESPONSE FROM STAKEHOLDERS

2.1 Summary of objections/suggestions from stakeholders, response of DISCOMs (Tata Power Delhi Distribution Limited (TPDDL), BSES Rajdhani Power Limited (BRPL), BSES Yamuna Power Limited (BYPL), New Delhi Municipal Council (NDMC) and Commission's View.

INTRODUCTION

2.2 Section 64(3) of the Electricity Act, 2003, stipulates that the Commission shall determine tariff under Section 62 of the Electricity Act, 2003 for the distribution licensees, after consideration of all suggestions received from the public and the response of the DISCOMs to the objections/suggestions of stakeholders, issue a tariff order accepting the applications with such modifications or such conditions as may be specified in the order. Public hearing, being a platform to understand the problems and concerns of various stakeholders, the Commission has encouraged transparent and participative approach in hearings to obtain necessary inputs required for tariff determination. Accordingly public hearing was held on 19.07.2017 in Auditorium of SCOPE Convention Centre, SCOPE Complex, New Delhi with consumers to discuss the issues related to the petitions filed by the DISCOMs viz., Tata Power Delhi Distribution Limited, BSES Rajdhani Power Limited, BSES Yamuna Power Limited & New Delhi Municipal Council for true up of expenses for FY 2014-15 & FY 2015-16 and Annual Revenue Requirement (ARR) for FY 2017-18.

2.3 In the public hearing, the stakeholders offered their comments and suggestions before the Commission in the presence of the Petitioners.

2.4 The Commission has examined the issues taking into consideration the comments/ suggestions offered by the various stakeholders in their written statements and during the public hearing and also the response of the Petitioners thereon.

2.5 The comments/suggestions of various stakeholders, the replies/response from the Petitioners and the views of the Commission thereon are summarized below under various subheads.

ISSUE 1: PUBLIC HEARING AND OBJECTION PROCESS
STAKEHOLDER'S VIEW:

2.6 Commission must try to make public hearing and objection process more transparent and fruitful by creating awareness among consumers for participation in the process.

2.7 Date and Venue for public hearing should be widely publicised.

2.8 Complete petition is not available on DISCOMs' and Commission's websites.

PETITIONER'S SUBMISSION

TPDDL

2.9 Salient Features of our Petition have been published by TPDDL through Public Notice in various newspapers.

2.10 Process of inviting comments is governed by the Rules, Regulations of the Hon'ble Commission. Suggestions, if any, are made to Hon'ble Commission accordingly.

BYPL

2.11 We appreciate the concern of the stakeholders regarding transparency and participation of consumers in the Tariff determination process. In this regard we humbly clarify that a notice regarding submission of comments and Public hearing on the Tariff Petitions filed by Licensees was published by the Hon'ble Commission in various newspapers. In order to extend help to the consumers in understanding the ARR Petition and filing their comments, Hon'ble Commission has also uploaded on its website executive summary of the Petitions filed by the Petitioners. Further, in compliance with the directions of the Hon'ble Commission, the Petitioner has published Public Notices on their respective Petitions in leading newspapers for ensuring wide circulation.

2.12 As regards the stakeholder's comment regarding uploading of ARR on the website by BYPL, we would like to respectfully submit that BYPL has duly uploaded its True up & ARR Petitions on its website for the convenience of all stakeholders.

BRPL

2.13 The observations and suggestions made by the esteemed stakeholder pertain to Hon'ble Commission's notice inviting public comments and seem to be directed towards the Hon'ble Commission. We sincerely trust that the same would be duly considered by the Hon'ble Commission.

The stakeholder may also note that the complete Petition is available on the Petitioner's website for free download. Alternately, any consumer may procure a hard copy of the Petition from the Petitioner's head office by making requisite payment. Further, the stakeholder may contact the Hon'ble Commission personally in case any explanation is required concerning the ARR / True-up Petition.

2.14 It is submitted that the ARR Petitions are available on the BRPL's website at the URL www.bsesdelhi.com/HTML/Regulatory.html.

The stakeholder may also procure a hard copy of the Petition from the petitioner's head office by making requisite payment.

COMMISSION'S VIEW

2.15 The process of public hearing is conducted in a transparent manner and wide publicity has been given at various stages.

2.16 The Commission published a Public Notice in leading newspapers on 07.06.2017, as detailed on DERC website, inviting comments from stakeholders on the Tariff petitions filed by the Petitioners by 27.06.2017.

2.17 The Petitioners also published a Public Notice indicating salient features of its petition for inviting comments from the stakeholders and requesting to submit response on the petition on or before 27.06.2017 in leading newspapers as detailed on DERC website,.

At the request of the stakeholders, the Commission extended the last date for filing objections and suggestions up to 18.07.2017, for which the public notice was issued on 25.06.2017 in leading newspapers as detailed on DERC website.

2.18 The Commission also published a Public Notice indicating the venue, date and time of public hearing on 4th and 5th July, 2017 in leading newspapers on 25.06.2017, as detailed on DERC website.

2.19 At the request of the stakeholders, the Commission extended the date of Public hearing from 04th and 05th of July 2017 to 19th of July 2017. The public notice was issued in leading newspapers on 02.07.2017, as detailed on DERC website.

ISSUE 2: MYT REGULATION & BUSINESS PLAN

STAKEHOLDER'S VIEW

2.20 Hard copy of MYT Regulation was not circulated among stakeholder. Many issues like RoE, Loss reduction program, depreciation etc are missing from MYT Regulation. Business Plan Regulation has not yet been finalized yet, it is improper to issue Tariff Order for FY 2017-21 without the finalization of Business Plan Regulation.

2.21 Collective wisdom of full Commission are not available as there are vacant seats of Chairman and Member.

2.22 DERC should come out with tariff order by 31st March of every year, so that the consumers do not bear the carrying cost.

2.23 How consumers are benefited by reduction in years of MYT Regulation which is 3 years for current as compared to 5 years in last MYT Regulation order.

2.24 It is difficult for stakeholders to comment on Tariff & Business plan at the same time; it is requested to postpone the date to file comments by 6 weeks i.e. August 9, 2017.

2.25 Tariff Petition should be rejected as FY 2016-17 audit report is not signed by Majority of Directors.

PETITIONER'S SUBMISSION

TPDDL

2.26 The Tariff Regulations have been notified and are available on the Hon'ble Commission's website.

2.27 Hon'ble Commission has already extended the last date for submission of comments by stakeholders for Draft Business Plan Regulations till 18th July 2017. Thus, the request by stakeholders for providing adequate opportunity for giving suggestions/comments has already been considered by the Hon'ble Commission.

2.28 Hon'ble Commission is obligated to perform and discharge certain functions mandated under the Electricity Act 2003, including tariff determination in a time bound manner. The ARR finalization cannot be left as an open ended exercise, which is in violation of the aforesaid functions of Hon'ble Commission. TPDDL strongly objects to the said request/comment.

2.29 Any delay in issuance of tariff order would adversely impact the overall growth of power sector. Therefore, Tariff Order should be released within given time frame as prescribed in the Regulations.

2.30 MYT control period of 3 years is more appropriate as the components of ARR undergo through various changes. The various factors impacting ARR like statutory increases, inflation, variation in power purchase cost, sale of power etc. can be conveniently mapped and factored after the 3 year control period. If the said period is considered to be longer to include more years, the same may lead to unrealistic projections and deviations. The 3 year period is in line with provisions of NTP etc. and thus, may be retained.

BYPL

2.31 As regards the circulation of hard copy of final Tariff Regulations notified by the Hon'ble Commission, we would like to submit that the Regulations were duly uploaded on the website of the Hon'ble Commission as circulation of hard copy to every stakeholder would not be possible. Moreover, it supports digital India initiative.

2.32 In terms of 4 of DERC (Terms and Conditions for Determination of Tariff Regulation, 2017), the following parameters shall be contained in the Business Plan Regulation:

(1) Rate of Return on Equity,

(2) Margin for rate of interest on Loan,

(3) Operation and Maintenance Expenses,

(4) Capital Investment Plan,

(5) Mechanism for sharing of incentive-disincentive mechanism,

(6) Allocation of overhead expenses incurred on account of Administrative Expenditure for Operation and Maintenance Expenses and for creation of Capital Asset,

(7) Generating Norms:

(8) Transmission Norms:

(9) Distribution norms:

(a) Distribution Loss Target;

(b) Collection Efficiency Target;

(c) Targets for Solar and Non Solar RPO;

(d) Contingency limit for Sale through Deviation Settlement Mechanism

(Unscheduled Interchange) transactions

(e) The ratio of various ARR components for segregation of ARR into Retail supply and wheeling business.

2.33 Accordingly, the Hon'ble Commission has issued the Draft Business Plan Regulations and invited comments from all stakeholders before finalisation.

2.34 Stakeholder has view that Commission is in depleted state with 67% vacancy of chairman and Members. With respect to the same we would like to contend that some of the Electricity Commission has single Member Commission. However fulfilment of vacancies is the sole prerogative of the Commission.

2.35 An explanatory Memorandum is also issued by the Hon'ble Commission which contains reasoning and justification of each and every issue of Draft Business Plan on which comments can be given. Hence, there is neither misuse of any power by Hon'ble Commission nor the exercise of circulating the Draft Business Plan Regulation is eye wash.

2.36 Hon'ble Commission in the Draft Business Plan regulations has defined the control period of 3 years. The Petitioner in its comments to the draft Regulations has also requested for revising the Control period to 5 years in view of the fact that the Hon'ble Commission's own Tariff Regulations 2017 contemplate that the utility shall have a "business plan" for the next five years. We hope that the Hon'ble Commission will consider the stakeholder's comment while finalizing Business Plan Regulations.

BRPL

2.37 As regards the issue of MYT Regulation, we would like to say that the same pertains to the Hon'ble Commission and the licensee would not be in a position to comment on the same.

2.38 As regards the 67% vacancy in the Hon'ble Commission is concerned, it is submitted that Section 82 of the Electricity Act, 2003 provides that the Chairperson and the Members of the Hon'ble Commission shall be appointed by the State Government on the recommendation of a Selection Committee. The licensee has no role to play in the appointment and therefore would not be in a position to comment on the issue.

2.39 As regards the comments on the Business Plan Regulations are concerned, we expect that the Hon'ble Commission will give due consideration to the comments.

COMMISSION'S VIEW

2.40 The Tariff Regulations notified by the Hon'ble Commission were duly uploaded on the website of the Commission. Circulation of hard copy to every stakeholder may not be desirable in view of digital India initiative.

2.41 The principles for determination of tariff have been finalized in Tariff Regulations. The draft Business Plan Regulations have been circulated inviting the stakeholder's comments. Comments received from the stakeholders on the operational norms indicated in draft Business Plan Regulations are considered in the final Business Plan Regulations approved by the Commission before issuance of the Tariff Order.

2.42 As per the judgement of Hon'ble APTEL dated 02.12.2013 in the matter of OP 1 of 2011, it is a settled law that a Commission may function even with a single member. The observations of Hon'ble APTEL are:

"9. In view of the above decision, we are to direct all the Commissions to conduct the proceedings irrespective of the quorum since the proceedings before the Commission could be conducted even by a single Member."

"12. Therefore, we direct that all the Commissions concerned irrespective of the Regulations with regard to the quorum for a meeting, that Commission, even with a single Member despite that there are vacancies of other Members or Chairperson, can continue to hold the proceedings and pass the orders in accordance with the law."

2.43 The last MYT Regulations, 2011 were also valid for three years (FY 2012-13 to FY 2014-15), and its applicability was only extended subsequently.

2.44 The Commission has already extended the last date for submission of comments by stakeholders for Draft Business Plan Regulations and the Tariff Petitions till 18th July 2017 in consideration for providing adequate opportunity for giving suggestions/ comments.

ISSUE 3: RENEWABLE PURCHASE OBLIGATION
STAKEHOLDERS' VIEW:

2.45 DISCOMs may provide the status of current RPO.

2.46 DISCOMs must submit the half yearly report on the RPO target and achievement to Commission.

2.47 Either the inefficient and costly power plants must be closed or RPO obligation must be removed so that power purchase cost does not go up as DISCOMs have sufficient long term PPA's. DISCOMs should promote net metering over REC purchase as it will reduce financial burden of DISCOMs.

2.48 It is requested to Commission to reconsider RPO targets with respect to cost to DISCOMs, in consumer interest.

2.49 Rooftop Solar should be promoted which will reduce power purchase cost. Commission should consider rooftop solar as a part of DISCOMs RPO.

2.50 Solar power should be made compulsory for Govt. offices and E-rickshaw. Banks should provide loan at low rates for solar project.

PETITIONER'S SUBMISSION

TPDDL

2.51 TPDDL has tied up 20MW of solar power from SECI, 60 MW of Small Hydro Power and 13 MW of Waste to Energy from Timarpur Okhla & Bawana Plant. In addition, TPDDL plans to harness 400 MW of solar rooftop under net metering through consumer rooftop in future years.

2.52 Targets are fixed by the Hon'ble Commission on yearly basis. The same precedent has been followed since notification of the RPO targets through separate Regulations in Oct 2012.

2.53 TPDDL is in agreement that its expensive power plants need to be reallocated and is pursuing the same at various forums i.e. both State and Central level. In addition, TPDDL has also requested Hon'ble DERC to reconsider the steep RPO trajectory considering the power surplus situation of Delhi and the availability of renewable resources.

2.54 TPDDL is in agreement of the same and has requested Hon'ble DERC to defer the steep RPO trajectory to future years allowing consumers of Delhi sufficient time to become Consumers of green power by installation of Solar Rooftops.

2.55 TPDDL has proactively engaged with RWAs and IWAs to create awareness on solar energy and implementation of solar rooftops. TPDDL is consistently pursuing the same with consumers to harness solar power through rooftop generation.

BYPL

2.56 We would like to respectfully submit that in terms of DERC (Terms and Conditions for Determination of Tariff) Regulation, 2017 the RPO targets for Solar and Non Solar RPO has been defined in the Draft Business Plan Regulations for the Control Period.

2.57 Further the targets are given on the percentage of total sales to retail consumers in its area of supply excluding procurement of hydro power for the financial year.

2.58 BYPL is encouraging its customers for installing roof-top solar under the Net metering Regulations of the Hon'ble Commission. In FY 14-15 BYPL had only Net Metering consumers of 20 KW under net metering Regulations which has now increased to 63 numbers contributing approx. 3.2 MW.BYPL has also long term contract in place for purchase of Solar and Non-solar energy.

2.59 We appreciate the concern of the stakeholder regarding implementation of roof top solar, we would like to submit that BYPL is encouraging its customers for installing roof-top solar under the Net metering Regulations of the Hon'ble Commission. BYPL also has long term contract in place for purchase of Solar and Non-solar energy.

As regard of stakeholder's comment of 17% RPO target we would like to submit that Hon'ble Commission has approved the RPO targets in Draft Business Plan Regulation, 2017 which are as under:

"The targets for Renewable Purchase Obligation (RPO) in terms of the Regulation 124 of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 for the distribution Licensee from FY 2017-18 to FY 2019-20 of the Distribution Licensees shall be computed as a percentage of total sales to retail consumers in its area of supply excluding procurement of hydro power" as follows:

Sr.No.	Distribution Licensee	2017-18	2018-19	2019-20
1	Solar Target (Minimum)	2.75%	4.75%	6.75%
2	Total	11.50%	14.25%	17.00%

2.60 However in view of the fact that there are very few Renewable sources available in Delhi for fulfilling the RPO and purchase of REC would be unnecessary burden on the part of Consumers of the Petitioner, BYPL has filed a petition before DERC for waiver/deferment of RPO targets for FY 12-13 to FY 16-17 and a separate petition filed for waiver/deferment of RPO targets of FY 16-17.

2.61 We appreciate concern on Renewable Purchase Obligations for Delhi DISCOMs. The Renewable resources are limited in Delhi so the DISCOM is bound to buy REC (Renewable Energy Certificates) to fulfil RPO obligations.

2.62 We would like to mention that BYPL was first among the DISCOMs in Delhi to have successfully installed solar net metering. Further, way before the net metering Regulations were in place and Delhi Government notification of Solar Policy, BYPL have installed roof top solar in many of its Grids.

BRPL

2.63 As regards submission of half yearly reports to the Commission is concerned, the licensee is already in compliance of the same.

2.64 As regards purchase of renewable energy it is pertinent to highlight that the Hon'ble Commission has already specified obligations to purchase renewable energy on a year-to-year basis. Accordingly, BRPL has been procuring renewable power to the extent possible. However, it may also be noted that availability of renewable power in Delhi has not been sufficient to meet the complete demand, a fact that has been highlighted before the Hon'ble Commission. Notwithstanding, BRPL continues to procure renewable power to the extent possible. During FY 2016-17, BRPL managed to procure 118 MU from renewable sources at an average tariff of Rs.3.76/unit. In addition, BRPL has also procured REC of 333 MU at a cost of Rs.1.5/unit to fulfil part of its RPO obligations

2.65 The stakeholder's concern for renewable power obligation on DISCOMs vis-à-vis surplus power is appreciated. It would only be relevant to mention here that the licensee has time and again sought for relaxation from the Hon'ble DERC in the RPO targets. The licensee has also given several representations before the DERC regarding RPO targets from time to time. The licensee's Petition 30 and 31 of 2015 is also pending adjudication before the Hon'ble DERC

COMMISSION'S VIEW

2.66 Electricity Act, 2003 entrusts on the appropriate Commission the responsibility for promotion of co-generation and generation based on renewable energy sources. The policy framework of the Government of India also stresses on the encouragement of renewable energy sources keeping in view the need for energy security and reducing carbon footprint.

2.67 Section 86 (1) (e) of the Electricity Act 2003 states:

"The State Commission shall discharge the following functions:

Promote co-generation and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee"

2.68 The Commission in pursuance of the same has mandated the renewable purchase obligation to be met through purchase of energy from renewable energy sources/renewable energy certificate to ensure that RPOs are met in the most optimum manner.

2.69 The Commission has issued DERC (Renewable Purchase Obligation and Renewable Energy Certificate Framework Implementation) Regulation, 2012, notified on 01.10.2012. As per these Regulation, every obligated entity is required to fulfil a defined minimum percentage of the total quantum/consumption from eligible renewable energy sources at the percentages as per the following schedule:-

Year	Solar	Total
2012-13	0.15%	3.40%
2013-14	0.20%	4.80%
2014-15	0.25%	6.20%
2015-16	0.30%	7.60%
2016-17	0.35%	9.00%
2017-18	4.75%	14.25%
2018-19	6.75%	17.00%
2019-20	8.75%	19.75%

2.70 The Commission has already notified the Delhi Electricity Regulatory Commission (Net Metering for Renewable Energy) Regulations, 2014 and the provision has been specified that the quantum of electricity generated under these Regulations shall qualify towards compliance of Renewable Purchase Obligation (RPO) for the distribution licensee if Renewable Energy Generator is not an obligated entity

2.71 The Commission is of the view that generation of electricity from renewable sources of energy should be promoted and hence non-compliance shall attract penal action as per provisions of the Regulations. Further, the penalty imposed by the Commission on the obligated entity has to be used for serving the best interest of the consumers, and cannot be allowed as a pass through in the Aggregate Revenue

Requirement (ARR), in case the obligated entity is a Distribution Licensee.

ISSUE 4: POWER PURCHASE COST

STAKEHOLDERS' VIEW:

2.72 DISCOMs must suggest some ways in Petition to reduce the power purchase cost and also think to re-develop the BTPS plant in UMPP to reduce power purchase cost. Kindly mention the status of agreement with low cost solar power from Rewa and Rajasthan project.

2.73 Power Purchase Cost is the major component of tariff, and DISCOMs are purchasing costly power from inefficient plants which add financial burden. DISCOMs must stop buying power from inefficient Plants and plants having FSA issue. Ways to reduce the power purchase cost like re-develop the BTPS plant to UMPP to reduce power purchase cost or procurement of low cost solar power from Rewa or Rajasthan project may be adopted.

2.74 Reason for 11% increase in power purchase cost over previous period and Sale of Power by 4% may be provided by the DISCOMs. Proper planning should be done by DISCOMs for prudent power purchase.

2.75 Proper planning should be done by DISCOMs for prudent power purchase.

2.76 North & South Delhi must receive power from new power station having higher tariffs whereas Old Delhi must receive power from old cheaper plants because North and South Delhi electricity is used in large scale for commercial purpose.

2.77 Surplus Sale of power by DISCOMs is at very low rates, why not this surplus power is sold to poor people under CSR initiative or the Industry of Delhi.

2.78 Is there any micro analysis for surplus power purchase? If yes, then provide the output.

2.79 The Commission had estimated rebate in power purchase and transmission charges at Rs. 128 Crore in comparison to actual amount of Rs. 26 crore. Please explain.

PETITIONER'S SUBMISSION

TPDDL

2.80 Power Purchase is a component of the ARR in addition to other cost of distribution utilities. All these costs together are taken for deciding the future tariffs.

2.81 TPDDL currently has no agreement with Rewa solar power or any plant in Rajasthan for sourcing power at tariff of Rs. 3/- per unit or less.

2.82 TPDDL has been proactively taking steps to reduce the burden of expensive power on the consumers. TPDDL has got its share from new stations such as Koldam and Tanda II reallocated through MoP. TPDDL has also submitted various proposals both to the Hon'ble DERC and MoP for reallocation of expensive power from plants like Aravali, Dadri 1 & 2 along with a suggested mechanism for realigning the existing allocation from these plants amongst Delhi DISCOMs in such a way that better scheduling can be done and power purchase costs can be optimized. The above proposal is currently in consideration by Hon'ble DERC.

2.83 As per the current Regulations in vogue, generators are eligible to recover full fixed costs if they are able to demonstrate availability of 85% even on the basis of expensive fuel.

2.84 TPDDL schedules these plants on the basis of Merit Order to avoid any additional burden on consumers.

2.85 TPDDL has also been pursuing the same for quite some time as BTPS has long outlived its useful. 3X95 MW units of the plants are under shutdown. However, remaining 2X210 MW units are still running on account of transmission constraints at DTL end. It is expected that the same will be closed by 1st June 2018 after Commissioning of 400/220 KV Tughlaqabad Grid by DTL.

2.86 Power allocations entered into by DVB/DTL have been entered for Delhi as a whole. The power re-allocation has been done by Hon'ble DERC based on load profile, consumer profile of the respective geographical licensed areas. The suggestion is impractical as tie ups for power purchase cannot be split to differentiate between old power procured versus new power procured for certain areas, while the grid is integrated and uniform tariff prevailing in Delhi. Further the Hon'ble Commission is bound under the Electricity Act 2003 not to show any undue preference to any specific consumers of an area.

2.87 The Hon'ble DERC cannot decrease power purchase cost for plants regulated by the Hon'ble CERC. Further DISCOMs are allowed schemes based on their criticality and necessity after due prudence by Hon'ble Commission. Power Purchase Costs do not govern the decision for investment in such schemes. Thus if a particular area requires new scheme, up-gradation the same must be pointed out to Hon'ble DERC with data of breakdowns, poor supply, load shedding etc.

BYPL

2.88 We appreciate the concern of the Stakeholder regarding closing down of Badarpur Thermal Power Station and reducing Power Purchase cost from other costlier plants. It is submitted that the Petitioner is making all efforts for power purchase cost optimization and has approached various forums such as CERC, DERC for reduction in Power Purchase Cost and closing down of costly stations such as BTPS.

2.89 Petitioner is also contesting the fuel availability of Pragati Bawana and is also filing its responses against the Tariff petition filed by Central Generating stations including Pragati Bawana, Aravali and other costly NTPC stations such as BTPS, Dadri Stations in CERC.

2.90 We appreciate the concern of the stakeholder and would like to apprise that BYPL is sincerely inclined towards power purchase optimization. Time and again BYPL has pursued DERC for exploring different possibilities to reduce loss on sale of surplus power. BYPL precisely forecasts its demand and corresponding energy requirement. Services of consultants and experts will further strengthen our endeavour towards power purchase optimization.

2.91 The petitioner has taken various steps for closing down higher cost power stations such as BTPS, Rajghat etc. It is further submitted that the Petitioner has also approached various forums such as CERC, DERC for reduction in Power Purchase Cost. Petitioner is also filing its responses against the petition filed by Central Generating stations in CERC.

As regard to difference in power purchase cost between new stations and old station, the petitioner would like to clarify that the power cost from old Hydro stations of NHPC etc. and Thermal stations such as Singrauli, Rihand etc. are cheaper however the power from new Hydro Stations and thermal/ Gas Stations such as Aravali, Pragati Bawana are costlier the same is on account of fact that pithead stations are cheaper in nature due to lower fuel cost as against the non pithead stations which have higher fuel cost and there is a higher recovery of Fixed cost for older hydro/ thermal stations as against the newer stations.

2.92 In this regard the petitioner submits that the power is sold in the short term market through following various means such as 1) Banking 2) Bilateral 3) Exchange 4) intra state sale & UI. The petitioner always endeavours to dispose power through banking along with the other available means. Although we always endeavour to sale surplus power through banking but due to various constraints it is not always possible to dispose the full quantum of surplus power only through banking. Hence, petitioner always endeavours to purchase and sale the power in the most economical manner as per the principles outlined by Hon'ble Commission.

2.93 Since the Hon'ble Commission allows PPC after deducting the maximum normative rebate from Gross Power Purchase cost, any actual rebate ought not to be deducted as it would lead to double accounting.

BRPL

2.94 We would like to submit that power plants are allocated to the licensee by the Hon'ble Commission and the Ministry of Power, Government of India. Further the tariff from these plants is determined by the Hon'ble CERC.

2.95 The stakeholder's observation regarding the need to surrender / reallocate costly power is well appreciated. In this regard it is noteworthy that the petitioner has written to the Hon'ble Commission on several occasions relating to surrendering of costlier power plants. We trust, the Hon'ble Commission would give due cognizance to this aspect while determining tariff.

COMMISSION'S VIEW

2.96 The long term Power Purchase Agreements are entered into by the Petitioner considering the overall average projected demand of the consumers and likely growth in the demand vis-à-vis the likely availability of Power from various sources. The surplus/shortfall in power availability arising due to difference in demand during peak hours and non-peak hours including seasonal variations is required to be sold/ purchased by the Petitioner on need basis. The Commission has directed the Petitioner to optimize such short term transactions and maintain transparency in its short-term power purchases and sales.

2.97 The Commission has specified in Tariff Regulations 2017, as well as in earlier Tariff Orders, that the Merit Order Dispatch principle should be adhered strictly by the Distribution Licensees in power procurement, and there is also incentive and disincentive mechanism for sale of surplus power to minimize the revenue from sale of surplus power. Further, as per the provision of Delhi Electricity Regulatory Commission Business Plan Regulations, 2017, the contingencies limit for sale of power under UI mechanism shall be limited to 5% of the gross power purchased by the Distribution Licensee to bring efficiency in their scheduling of power.

2.98 The Commission has already approved various PPAs entered into by the utilities for procurement of power from long term sources. The Commission has also directed the DISCOMs vide its letter dated 21.10.2009 that they should endeavour to provide uninterrupted power supply to the consumers in their respective areas. The licensees shall ensure that electricity which could not be served due to any reason what-so-ever (including maintenance schedule, break-downs, load shedding etc.) shall not exceed 1% of the total energy supplied by them in any particular month except in cases of force-majeure events which are beyond the control of the Licensees.

2.99 The Commission has also noted that the load curve in Delhi is peculiar in nature with high morning and evening peaks and very low load demand during night hours. It is due to the fact that a majority of the load in Delhi is of commercial establishments, office buildings, which have requirement of power primarily during day time. The round-the clock industries, which are a common feature in most of the States and which contribute towards flattening of the load curve, are very few in Delhi.

2.100 To cater to the peak demand during day time, DISCOMs have been buying Round the Clock (RTC) Power. The surplus power during night hours/off peak hours gets sold at the prevailing short-term market rate/Power Exchange Rate/UI Rates which is much lower than the average power cost. In order to optimize the cost of power purchase, the Commission has advised the distribution utilities to explore the possibility of higher banking transactions to avoid purchase of peaking power for a short duration, so as not to burden the consumers with avoidable purchases of RTC power which entail the sale of off-peak surplus at very low rates under the mechanism of Unscheduled Interchange.

2.101 The Commission has already issued guidelines for short term power procurement which inter-alia includes provisions related to power purchase and sales from sister concerns. Most of the power for Delhi is purchased from Central Generating stations and State Generating Stations based on long term Power Purchase Agreements. The price of power supplied by Central/State Generating stations is determined by CERC/DERC. A small quantum of power is purchased in the short term to meet the peak demand. The Commission tries to ensure that the entire process for power purchase for Delhi is transparent. The Commission approves the cost of power procurement after prudence check.

2.102 The Commission had projected power purchase cost net of rebate as per the provisions of MYT Regulations, 2011 in which the power purchase cost should be allowed to the distribution licensee after considering maximum normative rebate available for each generating stations.

ISSUE 5: AT&C LOSSES

STAKEHOLDER'S VIEW

2.103 How can the collection efficiency be greater than 100% for DISCOMs?

2.104 Why has TPDDL proposed higher AT&C losses for FY 2017-18 as comparison to FY 2014-15 (actual)? External support may be taken from experts like IIT Delhi for reduction of interstate transmission losses.

2.105 The whole country T&D losses in China and US are in the range of 6-8%, while in Delhi only T&D loss is around 17%. Kindly clarify the reasons for such high losses.

2.106 Honest consumers should not be penalized by high tariff because of high power theft in some particular areas like Janta Majdur Colony, Jafrabad, and Seelampur etc. DISCOMs must deploy CRPF, CISF and Police forces to reduce the power theft.

2.107 In some areas of Delhi, DISCOMs itself indulge in power theft and supplying power to industrial consumer against guidelines.

2.108 E-rickshaws are indulging in rampant theft of electricity. Separate Charging points for E-rickshaws should be provided by DISCOMs and apply rates under commercial tariff category.

2.109 DISCOMs should do more load shedding, impose additional penalty and disallow subsidy benefits for areas which indulge in power theft.

2.110 Recovery from power theft and other benefit by reduction in losses should be passed to consumers instead of DISCOMs.

2.111 Target for AT&C losses set by DERC was soft to allow high incentive out of proposition with reality and effort made by License.

2.112 DISCOMs shows wide gap between energy input and energy billed, DISCOMs must clarify for the discrepancy.

2.113 Also TPDDL shows a considerable increase in energy input as comparison on other distribution companies, TPDDL must clarify the reason for such increase.

2.114 DISCOMs sold more energy but collected less amount against Commission approved sales and income.

PETITIONER'S SUBMISSION

TPDDL

2.115 As per the Regulation incentive upon overachievement of AT&C loss reduction targets is earned by the DISCOMs. With the overachievement of AT&C loss target and continuously improvement/growth in its network, TPDDL is able to generate profit on accrual basis. Further it is clarified that fixation of tariff is done as per applicable Regulations/Rules/Judgments etc. and any accounting loss/ profit based on books of account of the DISCOMS has no impact on fixation of Tariff.

2.116 TPDDL in its Business Plan has given detailed reasons along with explanation why the Distribution Loss Level would increase in ensuing years. However, for easy reference the gist of main reason as given in Business Plan are as follows:

1. Impact of Open Access
2. Impact of Net Metering/ Solar Roof Tops
3. Change in Consumption Mix
4. Declining Enforcement collections
5. More Migration of Lower Income Class Families to Delhi
6. Issue of non-confirming Industrial clusters
7. Installation of Rooftop Solar

2.117 TPDDL is making all out efforts to curb theft and reduce AT&C losses and to come up to the expectations of the Consumers. Our Zonal and Enforcement Teams are on continuous vigil and whenever any such incidents are observed / reported, the defaulters are booked for Electricity Theft, as per the applicable law/s. Had such steps including curbing of theft not been undertaken, the AT&C losses would not have reduced to that extent and further, the tariff requirement would have been many fold higher than the existing tariff.

2.118 Police Support including CISF helps in curbing theft and hence, reduction in AT&C losses further. Any benefit accrued due to such AT&C loss reduction is passed on to the consumer and accordingly, cost of such Police Support/CISF should also be allowed in the ARR.

2.119 We have suggested a separate Tariff Category for E-Rickshaws in Tariff Rationalization Measures in our petition. Creation of Separate Tariff Category will help in ensuring charging of E- Rickshaw through Legalized Connections. We request Hon'ble Commission to consider it during Tariff Finalization.

2.120 It would be pertinent to mention that TPDDL has worked whole-heartedly and not only achieved these stiff AT&C loss targets but also over-achieved the target. It is also clarified that any loss on account of higher AT&C loss levels vis-à-vis the stipulated target is not passed on to the consumers.

2.121 Also, now that AT&C losses in TPDDL distribution area are approaching acceptable minimum technical loss levels, as also brought out by the Hon'ble Commission vide its public awareness bulletin-2 published in Times of India on 24.4.2011, where-in it has been mentioned that technical losses are normally in the range of 8-12%, further decrease would be increasingly arduous and will involve high order of Capex investments due to application of law of diminishing returns.

2.122 Therefore, every incremental percentage decrease in loss will be extremely difficult in the case of technical losses and commercially unviable to secure in terms of human effort as well as capital investment. It may be appreciated that even to sustain AT&C losses at the present level is in itself a challenging proposition.

However, to sustain AT&C losses at the present level, Police Support including CISF helps in curbing theft and hence, reduction in AT&C losses further. Any benefit accrued due to such AT&C loss reduction is passed on to the consumer and accordingly, cost of such Police Support/CISF should also be allowed in the ARR.

2.123 TPDDL has already reached a very low AT&C loss level and sustaining such low AT&C loss levels is a big challenge in itself. There have been reported cases of other DISCOMs who after reaching such levels have bounced back by 2%-3%. Rather, the loss levels are expected to go up on account of other factors like Open access, Net metering/Solar roof top etc.

2.124 CEA is actively involved in interstate transmission planning. Power Grid in consultation with CEA, MoP and NLDC has already planned and executed transmission lines to achieve reliability with minimum losses. NLDC is already an expert body in this regard.

BYPL

2.125 The Petitioner's endeavour is always to minimize the loss on account of theft as it not only impact its revenue but also hamper its performance in terms of AT&C loss. We are pleased to inform that BYPL has brought down its AT&C losses by more than 50% since FY 2002. This has been achieved through various efforts put in by the Petitioner including theft control. In order to further reduce the losses and curb theft, the Petitioner has strengthened and streamlined its enforcement machinery along with the augmentation of requisite infrastructure. Teams of enforcement officers are dedicated for the purpose of detection of theft and bringing to book the offending consumers. We have intensified our drive against those stealing power. A large number of power theft accused in BYPL has also been sent to jail for varying jail terms. However, contribution of our esteemed and honest consumers is always vital in further improvement of the system.

2.126 With regard to Stakeholder comment regarding the losses borne by the genuine consumers due to the theft in BYPL area, we would like to appreciate the concern of the stakeholder and would like to submit that Petitioner has already approached and appraised Hon'ble DERC in this regard on various occasions. The Petitioner has also approached task forces like Delhi Arm Police for curbing the losses.

2.127 It is also submitted that theft cases are billed at penal rates (two times the applicable tariff) in line with the provisions of the Electricity Act 2003. This not only serves as a strong deterrent for dis-honest consumers but also the additional revenue collected from all enforcement cases is taken in to account while determining the ARR of the petitioner.

We are pleased to inform that BYPL has brought down the AT & C losses in its distribution area by more than 50 % since FY 2002 and endeavour to further reduce the losses in future. However as regards the comment of the stakeholder to bring down the losses to 6 %, we humbly submit that it is in an ideal scenario and isolated from ground realities in the context of BYPL licensed area being densely populated old Delhi.

2.128 As regards the AT&C loss target of 18% for FY 2011-12, we submit that the issue was challenged by the Petitioner before ATE in Appeal no. 62 of 2012 which the Hon'ble ATE vide its judgment dated 28.11.2014 has disposed off directing the Hon'ble Commission to refix the AT&C loss levels for the FY 2011-12 as per its letter dated 8.3.2011 i.e. to the level of 21%.

2.129 Regarding subsidized tariff, Clause 9.1 of the MYT Regulations states that *any consumer desirous of getting subsidized tariff shall approach the State Government and if the request for subsidy is found justified, the State Government may give subsidy to that class of consumers so that these consumers get electricity at concessional tariff.*

2.130 Further, control of power theft needs active participation and support from all stake holders including the Govt., the public representatives, Citizens, RWAs and NGOs reinforced with effective legal and enforcement framework.

2.131 We appreciate the concern of the esteemed stakeholder and believe that the Hon'ble Commission will appropriately consider the stakeholders concern.

BRPL

2.132 We appreciate concern on electricity theft by E rickshaw as most of them are charged through direct theft. Not only theft is severely impacting AT&C Losses of the Licensee but at the same time open conductors being used for such theft is exposing danger to human life and animals. We have communicated to the Hon'ble Commission regarding charging stations for E rickshaws. We trust, the Hon'ble Commission would give due cognizance to this aspect.

2.133 We appreciate comments relating to deployment of Police officials along with BSES Enforcement team. Given this background control of power theft needs active participation and support from all stakeholders including Electricity theft has been one of the most aggressively pursued agendas of the Company & internal objectives are being set and management performance will be measured and rewarded based on loss reduction. Given this background control of power theft needs active participation and Police support from the Govt. /Hon'ble Commission reinforced with effective legal and enforcement framework.

COMMISSION'S VIEW

2.134 There can be over-lapping in the revenue billed and revenue collected. The Distribution Licensees may not be collecting 100% amount of the revenue billed in respective year. In one particular year, there may be a case that the collection efficiency is 98%, and in another year the collection efficiency can be 101% due to under achievement of collection efficiency in the previous year. Therefore the under achievement of 2% in a particular year may get reflected into additional collection in subsequent year(s). However, the Commission has fixed the target of collection efficiency in Tariff Regulations, 2017 at 99.5%, and any under achievement below 99.5% is to the account of Distribution Licensee in the respective year.

2.135 The DISCOMs are given an incentive if the distribution losses are reduced below the target fixed. If the losses are more than the target fixed, the loss above the target fixed is fully to the account of the DISCOMs. The targets every year are progressively decreasing and it is expected that DISCOMs will achieve them by putting in the extra efforts required. If the DISCOMs do not achieve the target, the financial impact will be to the account of the DISCOMs alone, and will get reflected in the true-up of ARR of the respective DISCOMS.

2.136 A detailed methodology for computing the target for distribution losses has been explained in explanatory memorandum issued by the Commission for the draft Business Plan Regulations 2017.

2.137 The Commission is of the view that Distribution loss is an inherent loss in the System which can be minimized up to the technical permissible limit, whereas the losses also include the theft which can be controlled by DISCOMs.

2.138 The details of actual incentive/disincentive given to the DISCOMs for over and under achievement of AT&C loss target are available in Chapter A3 (True up of ARR) of the respective tariff orders which are available at Commission website (www.derc.gov.in).

2.139 The Commission has been repeatedly emphasizing on the DISCOMs to step up their enforcement activities to reduce theft and control AT&C losses. The Commission is of the view that carrying out more load shedding in high loss/theft area is not an appropriate measure, as the honest consumers in these areas will also suffer without being on fault. The Petitioner should make all efforts to prevent theft of electricity by strengthening their enforcement activities without harassing the paying consumers.

2.140 The Commission is of the view that at present the E-rickshaws/Electric vehicles can be charged from any of the metered connections and the tariff shall be charged for that relevant category. Further, in case the E-rickshaws/Electric vehicles are charged at a charging station, then the Commission has specified separate tariff category in its schedule for FY 2017-18.

ISSUE 6: CONNECTED LOAD

STAKEHOLDERS' VIEW

2.141 What does Connected Load mean and how is it measured by the Distribution Company?

2.142 As DISCOMs consider maximum demand to increase the consumer's sanctioned load, DISCOMs must also consider lowest demand during the year to reduce the consumers' sanctioned load and DISCOMs must refund the security deposit accordingly.

PETITIONER'S SUBMISSION

TPDDL

2.143 Delhi Electricity Supply Code and Performance Standards Regulations issued by Hon'ble Commission stipulates that "Connected load" means aggregate of the manufacture's rating of all energy consuming devices in the consumer's premises, which can be simultaneously used. This shall not include the load of spare plug, sockets, load exclusively installed for fire fighting purposes. Only heating or cooling apparatus shall be taken into account as per prevailing season (1st April to 30th September for cooling use and 1st October to 31st March for heating use).

2.144 Overhead expenses are allowed by the State Commission on normative basis and amount incurred over & above the normative limit, is to be borne by the DISCOMs only. Any disallowance over and above the normative level, shall not form part of regulatory assets.

BYPL

2.145 As per DERC Supply code & Performance Standards Regulations 2007, the definition of connected load is; "Connected load" means aggregate of the manufacture's rating of all energy consuming devices in the consumer's premises, which can be simultaneously used. This shall not include the load of spare plug, sockets, load exclusively installed for fire fighting purposes. Only heating or cooling apparatus shall be taken into account as per prevailing season (1st April to 30th September for cooling use and 1st October to 31st March for heating use)."

2.146 The Fixed charges collected on the basis of sanctioned load/ contract demand is part of the total revenue available towards meeting the ARR of the DISCOMS and hence is suitably considered while determining the Tariff.

BRPL

2.147 It is respectfully submitted that connected Load is the aggregate of the manufacture's rating of all energy consuming devices in the consumer's premises, which can be simultaneously used. This does not include the load of spare plug, sockets, load exclusively installed for fire fighting purposes. Only heating or cooling apparatus are taken into account as per prevailing season (1st April to 30th September for cooling use and 1st October to 31st March for heating use). Sanctioned Load on the other hand is the contracted load opted by the consumer during time of activation.

2.148 Revision of Sanctioned Load: As regards revision of sanctioned load based on MDI readings, it is respectfully submitted that BRPL has been conducting this exercise both for upward as well as downward revision. However, it may be noted that as per the revision formula prescribed by the Hon'ble Commission, it is not mandatory that all consumer's load would be eligible for revision every year. Revision is only done in case a consumer' load is seen to be less or more than the highest average of 3 MDIs as noted in the previous financial year.

2.149 It is also noteworthy that that Hon'ble Commission has revised the norms of the MDI revision exercise vide the Third Amendment to the DERC Supply Code and Performance Standards Regulation 2007. The said amendment has been challenged under a writ petition before the Hon'ble High Court of Delhi and is presently sub-judice.

2.150 As regards the amount collected from Fixed Charges, the same goes towards meeting the total ARR / revenue gap. Any rationalization of fixed charges would need to be met through proportionate increase in energy charges meaning that the overall tariff for the consumer remains the same.

COMMISSION'S VIEW

2.151 As per the Delhi Electricity Regulatory Commission (Supply Code and Performance Standards) Regulations,

"Connected load" means aggregate of the manufacturers rating of all energy consuming devices in the consumers premises, which can be simultaneously used. This shall not include the load of spare plug, sockets, load exclusively installed for fire fighting purposes. Only heating or cooling apparatus shall be taken into account as per prevailing season (1st April to 30th September for cooling use and 1st October to 31st March for heating use).

2.152 As per the Delhi Electricity Regulatory Commission (Supply Code and Performance Standards) 3rd Amendment Regulations 2016, the sanctioned load of the consumer is reviewed by the Distribution Licensee based on the highest average of any four consecutive months maximum demand readings rounded off to the lower integer. The Commission has also made the provisions in the Regulations for sending a notice to the domestic consumers by the Distribution Licensee, if reviewed load based on maximum demand readings is lower than the sanctioned load. The load is reduced after getting the consent from the consumer. If no consent is received from the domestic consumers having load upto 5 KW in the last billing cycle of the Financial Year, the load is reduced automatically by the Distribution Licensee. In case of load reduction the excess security deposit is refunded to the consumer in subsequent bills.

ISSUE 7: DISTRIBUTION INFRASTRUCTURE

STAKEHOLDERS' VIEW

2.153 As submitted in the petitions DISCOMs have a connected load of 22,958 MW which may be substantiated with respect to the infrastructure equivalent to connected load to deliver quality power to consumers. If the connected load is as such, why do DISCOMs fail to meet peak demand even after collecting connection charges, load charges and other charges applicable to connected load?

2.154 The EHV transformer capacity is 5,288 MVA and distribution transformer capacity is 4,400 MVA which appears high as comparison to estimated maximum demand of BRPL during the year is 2,500 MW or 2,777 MVA. DISCOMs should clarify on this.

2.155 The no. Of DTs are 7,385 which lead to 22,048 LT feeders i.e. 3 feeders per transformer. DISCOMs must provide reason behind such low ratio.

2.156 As per Govt. order, why do DISCOMs need to buy 2.5 lacs smart meters which form part of ARR expenditure without any upliftment of the transmission and generation system?

2.157 DSIIDC collects development charges from the consumers and also demanding TPDDL to provide all facilities in the area for the same work, such TPDDL work considered as expenditure under ARR. Please stop misuse of consumer's fund.

2.158 DISCOMs must do proper equipment and material procurement planning so that it will not burden end consumers.

2.159 East Delhi DISCOM should be allowed more capex in comparison to other areas as East Delhi is densely populated which leads to difficulty in upgradation of distribution system.

2.160 Commission should allow interest cost on funds raised by DISCOMs for system augmentation and strengthening so that consumers will get uninterrupted power supply in future. DISCOMs should be allowed to incur higher OPEX/CAPEX to ensure good services to Consumers and the allowed CAPEX are bases on the DISCOMs consumer base & service area.

2.161 Commission should not allow North DMC demand of Rs. 75,162/sqm of land for underground cabling.

2.162 Disallowed higher cost of equipment purchased from REL should not be reviewed.

2.163 DTL sought money for upliftment of transmission system but still the consumers face load shedding, Commission must do prudence check of audit report submitted by DTL for their expenditure.

2.164 DISCOMs are not resolving issues of broken electricity pole even after complaining multiple times.

2.165 Commission should do physical verification of DISCOMs assets on yearly basis instead of lapse of multiple years so that the benefits should be passed to consumers as early as possible.

2.166 How Commission has calculated the operational expenses of DISCOMs on the basis of installed capacities in absence of physical verification?

PETITIONER'S SUBMISSION

TPDDL

2.167 We would like to clarify that TPDDL system did not fail at peak load seen by our network. Rather we have successfully met the peak demand of 1852 MW even in May 2017. Direct correlation between peak load & installed capacity may not accurately depict the true picture as different categories of consumer's face peak loads at different timings. Also, the capacities are planned keeping in mind the requirement of N-1 for providing redundancy in the network.

2.168 The Hon'ble Commission through Supply Code and Performance Standard issued from time to time has mandated that in area's sponsored by a developer, the electrification shall be carried out by the Licensee on payment of the applicable cost up to the point of supply by the developer towards EHT system, HT system, LT system, civil work, service line, street lights, road restoration charges, and supervision charges, as specified in the Commissions Orders. The Electrification of DSIIDC areas is being carried out as per of Hon'ble Commission.

Currently due to Load Growth in DSIIDC Area, few projects are planned by TPDDL to cater to new load in line with overall infrastructure requirement. Demand for same has been raised to DSIIDC for payment. Continuous follow up is being done with DSIIDC management for payment.

However due to above non-payment by DSIIDC, several connections in Bawana and J& F Block Narela are on hold due to non-availability of margin in existing grids and 11 kV N/w.

2.169 TPDDL welcomes the observation of consumer and requests to the Hon'ble Commission to approve the higher OPEX in view of the stringent norms of operational / performance standards in Supply Code Regulation.

BYPL

2.170 Infrastructure at consumer level i.e. capacity of service cable and meter is suitable for sanctioned load of consumer. Infrastructure of upstream network is designed by taking "Diversity Factor" of load into account. Diversity factor is the ratio of peak load to sanctioned load i.e. "Peak load of System/Sum of Individual Peak (Sanctioned) Loads". This is done due to the fact that all the consumers could not be able to use its full capacity of connected load at the same time for example a Domestic consumer may be able to use its full connected load during the night time when other non domestic consumers (including DMRC, Shops, Shopping Mall, offices etc) is not able to utilize even its 1% of the total connected load.

2.171 It is denied that the system of DISCOMs failed to meet the Peak load. DISCOMs were successfully able to meet the peak load of 6261 MW in FY 2016-17. BYPL always strived to meet the demand of all of its consumers but due to the constraints on account of Transco/ PGCIL/ Northern Grid/ or the season constraints or the cable broke while digging land by other utilities like MCD, DJB, PWD etc the supply to the consumer forced to stop. In terms of the Tariff Regulation DISCOMs are allowed to recover O&M expenses as determined by the Hon'ble Commission on normative basis. Any controllable expenses over and above the normative expenses are borne by the DISCOMs. Hence, there is no direct correlation of increase in expenses based on connected load.

2.172 We submit that for schemes which require augmentation of network by employing additional assets, BYPL submit scheme wise details to Hon'ble Commission before capitalization of the scheme. Hon'ble Commission after due prudence check approves the scheme and thereafter DISCOMs put any asset to use for the respective schemes. Therefore assets are added only when there is approval from the Hon'ble Commission based on future requirements.

2.173 BYPL would like to submit that capital expenditure done by company is subjected to the scrutiny and approval process of the Hon'ble Commission.

2.174 At the very outset we appreciate the concern of our esteemed stakeholder regarding services provided by the DISCOMs. The concern raised by you is rational and would decide the standard of performance and quality of services being served by the DISCOMs. Your concern that in East Delhi there is no much scope for Capital investment is very genuine.

Further, we would like to apprise you that as per Draft DERC Business Plan Regulations, 2017 Operation and Maintenance expenses are linked to capital assets. As factually mentioned by stakeholder East Delhi has limited scope for capex due to space congestion and relatively high consumer density, the quality of services will depend upon O&M expenses being incurred for technological up-gradation, Customer service improvement, training of O&M staff, repair and maintenance work, etc.

2.175 The Petitioner submits that the Hon'ble Commission has already initiated the process for physical verification of assets upto FY 2015-16. Further, the Hon'ble Commission in the Draft Business Plan Regulations '2017 has proposed physical verification on quarterly basis.

BRPL

2.176 The load of 10319 MW is actually the petitioner's total sanctioned load and not the connected load although conventionally, these two terms have been used interchangeably in the ARR Petition.

Also, it needs to be appreciated that actual load drawn from the gird is never even close to the combined sanctioned load and is significantly lower. Therefore, if we lay an infrastructure capable of meeting 10319 MW, the same would be a severe waste as most of the capacity will lie idle most of the time. Moreover, infusion of so much Capex will result in significantly higher tariffs for consumers and increase their burden.

This is the reason, why Hon'ble DERC allows Capex on simultaneous maximum demand instead of Connected Load or Sanctioned load. In the event, a transformer is continually loading more than 80% of its capacity (which represents Simultaneous maximum demand), we send a proposal to the Hon'ble Commission for up gradation of the same. Hon'ble Commission, after technical validation may approve the same only after which the scheme is executed to meet the increased demand.

2.177 As regards the report of ASCII on physical verification of assets, the Petitioner is unable to comment as the report has not been shared by the Hon'ble Commission with DISCOMs. Further the Hon'ble Commission appointed M/s Feedback Ventures Limited as consultant for physical verification of assets. The Petitioner has already provided all information to the consultant and has extended its cooperation in completing the physical verification of assets.

COMMISSION'S VIEW

2.178 The Capital Expenditure is allowed to the Utilities on the basis of peak load and not Connected Load or Sanctioned load. System augmentation by way of replacement, repairs and maintenance is a continuous exercise. The Commission has also issued the Capital Investment Guidelines to be followed by the utilities. Capital expenditures are approved after adequate technical validation based on which the Utilities are required to meet the increased demand for load.

2.179 The Distribution Licensees have to plan their network based on the peak load and to maintain the N-1 criteria for maintaining the reliable power supply. The Commission has directed Petitioner for restricting the outages so that they do not exceed 1% in its area. Direct correlation between peak load & installed capacity may not accurately depict the true picture as different categories of consumer's face peak loads at different timings and there is always a diversity factor.

2.180 The Commission in first phase has approved installation of Smart Meters for connections having monthly consumption of 500 units and more in line with the revised National Tariff Policy issued by Ministry of Power dated 28.01.2016, which specifies that the appropriate Commission shall mandate smart meters for:

i. Consumers with monthly consumption of 500 units and more at the earliest but not later than 31.12.2017;

ii. Consumers with monthly consumption above 200 units by 31.12.2019.

2.181 The electrification of an area sponsored by the developer such as DSIIDC is carried out by the Licensee on payment of the charges as notified in the applicable Supply Code Regulations.

2.182 The Commission has taken up the matter with GoNCTD to review the charges claimed by North DMC. The North DMC has reduced the way leave charges from Rs. 75162 to Rs. 684 per running meter.

2.183 Finalization of Capital Expenditure and Capitalisation of the DISCOMs is under process. Pending completion of True up exercise for capitalisation, the Commission has approved the capitalisation on provisional basis so that the future consumers are not burdened with past costs.

2.184 The normative unit rates of O&M expenses for distribution lines have been worked out on per circuit KM length of distribution lines and on per MVA transformation capacity basis for the sub-stations. These rates have been derived from data furnished by DISCOMs in respect of the audited O&M expenses for FY 2011-12 to FY 2015-16 and total length of distribution lines in circuit KM length & total MVA transformation capacities installed in the respective financial years. The variation in the network capacity if any found based on the physical verification shall be dealt appropriately.

ISSUE 8: O&M EXPENSES

STAKEHOLDERS' VIEW

2.185 TPDDL Petition shows increase in employee expense and R&M expense for FY 2014-15 & FY 2015-16, DISCOMs must clarify the reason for the same.

2.186 Employees appointed post privatisation cannot be treated at par with the DVB employees, salary and allowance should not be allowed as per 6th & 7th pay Commission for such employees.

2.187 Reason for TPDDL showing increase in employee expense and R&M expense for FY 2014-15 & FY 2015-16 in its petition may be provided.

2.188 Explanation for "Other adjustment" component given in True-Up Petition for FY 2015-16 may be provided.

2.189 DISCOMs should keep more efficient staff and provide regular training to their contractual staff.

2.190 Commission should allow sufficient O&M expenses to the DISCOMs so that they can spend properly on technology upgradation, customer service improvement, training of staff, carrying R&M work etc.

2.191 Please provide the reason to allow legal expenses to TPDDL for fighting the cases against DERC Orders.

PETITIONER'S SUBMISSION

TPDDL

2.192 O&M expenses are allowed on normative basis by the Regulator for the day to day operations, preventive as well as corrective maintenance of the network, direct consumer related expenses of billing and collection expense, for meeting the stringent performance guidelines etc. Any O&M expense over and above to the normative level is to the account of DISCOMs.

2.193 Detailed rationale along-with the computation of revised employee expenses has been given in the True up Petition. Also, detailed rationale i.e. non-truing up of capitalization in previous years and revised computation of k-factor along-with computation of R&M expenses has been given in the True up Petition.

2.194 Adequate and suitable operational training including safety training is given to all employees (including contractual employees).

It may please be noted that overhead expenses in TPDDL are incurred prudently after duly considering the overall interest/benefit of the Consumers, to meet the operational target (AT&C Loss Level), Stringent target level of performance standards and overall growth of power sector in Delhi. Overhead expenses are generally in operating nature for day to day running of operations.

2.195 Legal expense is part of normative O&M expense; hence any amount incurred over and above normative levels is to the account of utility and not adversely affecting to the consumers.

BYPL

2.196 We would like to apprise the stakeholder that BYPL often schedules training program for skill improvement of its O&M staff as it would help consumers get better services from the Licensee. We always strive best of the services to our consumers.

BRPL

2.197 No Response

COMMISSION'S VIEW

2.198 The Commission exercises prudence check on the expenses that are incurred or allowed to be incurred by the Utilities for approval of O&M expenses during a control period. O&M expenses are a controllable parameter in terms of DERC (Terms & conditions for Determination of Tariff) Regulations, 2017, and any surplus or deficit on account of O&M expenses shall be to the account of the Licensee and shall not be trued up in the ARR.

2.199 The Commission while determining the norms for O&M expenses in its Business Plan Regulations have disallowed the legal expenses.

ISSUE 9: POWER FOR SELF CONSUMPTION

STAKEHOLDER'S VIEW

2.200 Power consumed by DISCOMs are credited at zero price for the period 2002-2012, does this expense is a part of ARR or free power under any provision of EA 2003 or Distribution agreement between DISCOMs and Govt. Does DISCOMs pay 5% ED on self consumption power bill and is this a part of ARR or not.

2.201 DISCOMs in petition mentioned that units for self consumption are wrong due to human error, how consumers can trust DISCOMs on consumers billing accuracy. DISCOMs must clarify the matter.

2.202 DISCOMs must be restricted to 0.25% of the sale as self consumption.

2.203 There should not be any provision to provide free electricity to DVB Employees, also provide us with the break-up of how much percentage of electricity bills is accountable to such employees.

PETITIONER'S SUBMISSION

TPDDL

2.204 Based on the directive given by the Hon'ble Commission in its Tariff Order, DISCOMs avail credit at zero tariff up to normative limit of own consumption. Over and above the normative own consumption limit, DISCOMs has to pay at non-domestic tariff.

2.205 DISCOMs collect Electricity Tax of 5% on behalf of Municipal Corporation and then, reimburse the same to Municipal Corporation, after collecting the same. It is worth to mention that any applicability of electricity tax on own consumption of DISCOMs would ultimately increase the ARR.

BYPL

2.206 No Response

BRPL

2.207 As regards self-consumption it is submitted that own consumption in the electricity distribution business is of the following nature

1. Auxiliary consumption in the 66/33 KV/ 11 KV Substations. Such consumption is similar to the auxiliary consumption of Generating Stations.

2. Auxiliary consumption in offices which are responsible for operational maintenance of the distribution network. This type of consumption is similar to the office consumption in any Generating Station or transmission Utility.

2.208 All such consumption is allowed as essential integrated activity for any Generation, Transmission or Distribution Utility. Presently, the energy meters installed for accounting of energy consumption at the premises of the petitioner are read and billed on monthly basis. The own consumption is billed at zero rates only up to a predetermined limit specified by the Hon'ble Commission and accounted for accordingly in the books of the company.

2.209 We also understand that the practice of allowing own consumption at zero tariff was prevalent even prior to the privatization of the Delhi DISCOMs and has also been approved by the Hon'ble Commission. BRPL being one of the successor entities has been continuing the practice after privatization. Nevertheless, Hon'ble Commission has now imposed a cap on the quantum of own consumption which can be availed at zero tariff

COMMISSION VIEW

2.210 The Commission has already given directive to the DISCOMs to provide appropriate meters to record electricity consumption every month in the substations, offices, collection centres etc related to own consumption of the DISCOMs. Furthermore, in order to promote conservation of energy under Own Consumption, the Commission has fixed norms for Own Consumption based on total sales during the year. Any excess consumption beyond norms are charged as per applicable tariff categories, which shall not be allowed to be passed on in ARR of the Petitioner.

2.211 DISCOMs levy applicable electricity duty on the consumption which is over and above the normative consumption. O&M expenses are controllable expenses and are allowed on a normative basis. The electricity consumed forms part of the normative O&M expenses and thus there should not be any additional impact on the ARR of the DISCOMs.

2.212 At the time of unbundling, service conditions of the DVB employees had been protected through a Tripartite Agreement between GoNCTD, employees association, and resultant entities, wherein it was decided that DVB employees shall be entitled for subsidized rate of electricity as per their entitlement before unbundling.

ISSUE 10: DEPRECIATION

STAKEHOLDERS' VIEW:

2.213 Commission is requested to disallow 16% depreciation requested by DISCOMs and must do prudence check before allowing depreciation. DISCOMs must share the details of the assets guarantee period.

PETITIONER'S SUBMISSION

TPDDL

2.214 No Response.

BYPL

2.215 No Response.

BRPL

2.216 No Response.

COMMISSION'S VIEW

2.217 The Depreciation rates have been determined asset wise and there is no flat 16% Depreciation rate. Depreciation rates are specified in the MYT Regulations and Appendix-1 of the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017 and are accordingly allowed in the ARR of the Utilities.

ISSUE 11: OTHER INCOME

STAKEHOLDER'S VIEW

2.218 Revenue from street lighting maintenance, consulting and LPSC must be considered as DISCOMs' income.

2.219 Income from consultancy is not included as income in total income but the expenses is included in the total expenses so my point is either includes both or exclude both.

2.220 Please explain short term gains.

PETITIONER'S SUBMISSION

TPDDL

2.221 No Response.

BYPL

2.222 The Petitioner charged LPSC proportionate to the number of days of delay and not on flat basis. The methodology of charging LPSC proportionate to the number of days of delay leads to recovery of only financing cost of LPSC for the delay in payment and not on flat basis. However the Hon'ble Commission without referring to its direction for change in charging of LPSC continued with the earlier methodology which was utilised for computation of financing of LPSC till FY 2012-13. Such treatment has actually resulted in allowance of financing cost of LPSC at much lower rate.

As per DERC Tariff Regulations, 2011, the methodology of computation of revenue realisation for the purpose of computation of AT&C Loss has been changed and LPSC is no longer being included as a part of revenue realisation for computation of AT&C Loss from FY 2012-13 onwards. Since the methodology for computation of AT&C Loss has been changed, the Petitioner ought to be allowed entire LPSC instead of financing cost of LPSC.

It is further submitted that concept of financing cost of LPSC is based on the principle that the Petitioner will fund the amount delayed through loans whereas, it is practically not possible to arrange for the funding of such delayed payment as the Petitioner does not know in advance as to which consumer will pay the bill on deadline and which consumers will not pay the bill on deadline. The process of raising loans for funding any expenditure is time taking process and therefore, in case of any default on part of consumers to pay electricity bills in time, the Petitioner has to face the following penalties as per the MYT Regulations 2011:

a) Penalty on account of under-achievement of AT&C Loss: As per DERC MYT Regulations, 2011, the AT&C Loss Target has been categorized as controllable parameter. In case of any under-achievement of AT&C Loss, the Hon'ble

Commission levies penalty on the Petitioner irrespective of the fact that the default in collection efficiency is on account of consumers.

b) Penalty in repayment of Loans: In present scenario, the Petitioner is not operating in business as usual situation. Apart from normal capex loan and working capital loan, the Petitioner is required to fund huge amount of regulatory assets and the revenue gap during the year on account of variation between the estimated ARR and actual ARR. In such a situation any default in payment of billed amount put financial constraints on the ability of the Petitioner to efficiently discharge its debt obligations. As a result the Petitioner has to face penalty on account of delay in repayment of loans which is not being passed in the ARR.

c) Penalty by Generators: Generators levy penalty of 1.5% per month in case of non-payment of dues within time.

The Commission neither allows the amount nor financing cost on account of these penalties. These penalties are entirely borne by the Petitioner.

However the penalty paid by the consumers on account of the delayed payment is not being allowed to the Petitioner and only financing cost on such delayed payment is being allowed.

2.223 The Petitioner would like to submit that Short term gain is on account of interest received on fixed deposits maintained by the Petitioner as margins for loans raised. These fixed deposits have been created for the purpose of debt service reserve account (DSRA) required meeting debt service obligation.

BRPL

2.224 No Response.

COMMISSION'S VIEW

2.225 In the event a Licensee engages in any other business for optimization of the assets, any income arising out of such engagement is liable to be treated as other business income of the Licensee as per Delhi Electricity Regulatory Commission (Treatment of Income from Other Business of Transmission Licensee and Distribution Licensee) Regulation, 2005. As per the applicable Regulation, the Licensee shall retain 20%of the revenues arising on account of Other Business and pass on the remaining 80% of the revenues to the regulated business owing to use of the assets used for power distribution which is the main function of the Licensee. Further, as per the provisions of DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017, 80% of the net revenue accrued from other business shall be adjusted in the ARR of the relevant year.

ISSUE 12: APTEL DIRECTIVES

STAKEHOLDER'S VIEW

2.226 Commission must follow the APTEL orders and implement the same to prevent the carrying cost.

PETITIONER'S SUBMISSION

TPDDL

2.227 Timely Implementation of APTEL orders by the Commission is in overall consumer interest and it will prevent carrying cost burden on consumers. Hon'ble APTEL has observed in its judgments that its judgment, orders are to be implemented promptly, in cases, where its judgments have been passed and no stay order has been granted by Hon'ble Supreme Court. Even the mere pendency of an appeal against APTEL judgment is not an excuse for its delay in implementation or non-implementation.

BYPL

2.228 No Response

BRPL

2.229 As regards the judgments and directions of the Appellate Tribunal, it is submitted that the Commission is a quasi-judicial body under the Electricity Act, which is bound to follow the orders and directions of the Appellate Tribunal. The principle of judicial discipline and propriety calls for implementation of the Appellate Tribunal's orders by the Commission in true letter and spirit.

COMMISSION'S VIEW

2.230 The Commission considers all the judgement / Orders passed by the Hon'ble APTEL / High Court / Supreme Court while exercising the prudence check for finalisation of ARR of the Petitioner. Further, the issues decided by the Hon'ble APTEL, in which there is no stay by the Hon'ble Supreme Court or review / clarification application pending before Hon'ble APTEL, are implemented by the Commission.

ISSUE 13: REGULATORY ASSET & PAST PERIOD CLAIMS

STAKEHOLDER'S VIEW

2.231 DISCOMs must give details about their regulatory asset, till date.

2.232 Commission may request Govt. for funding of regulatory asset under UDAY scheme, as it is financial burden on general consumers.

2.233 Regulatory assets should be liquidated in the time bound manner to remove the burden on consumers.

2.234 8% surcharge was allowed to DISCOMs to recover regulatory assets still after lower fuel cost, lower power purchase cost and bailouts, DISCOMs have huge regulatory assets.

2.235 8% surcharge should be removed.

2.236 Regulatory Assets projected by DISCOMs are incorrect. Petitioner has failed to furnish true / correct statement of accounts, revenue gap, etc.

2.237 Commission should bring some mechanism on recovery of regulatory asset and to check whether DISCOMs have borrowed fund.

2.238 Rate of carrying cost should be in line of SBI PLR.

2.239 Is there any proposal in Commission to provide financial aid to DISCOMs so that they will not face any power regulation notice in future?

2.240 Penalty charges against the regulated power should not be part of ARR and DISCOMs must the bear the cost of this.

2.241 Commission should allow appropriate tariff and past recoveries so that DISCOMs can lend loans from Financial Institutions at lower interest rate. DISCOMs are unable to strengthen their system as Commission disallows lending money at higher interest rate.

2.242 Please explain Syndication Fees and borrowing costs.

PETITIONER'S SUBMISSION

TPDDL

2.243 Regulatory Assets of Rs. 7,665.92 Cr. at the end of FY 2015-16, being the year for which truing up is required to be done in current tariff petition, as estimated by TPDDL subject to prudence check of the Commission.

2.244 The Commission has brought into effect a mechanism for dealing with regulatory assets. However any such funding as suggested in this stakeholder comment may be extended to Delhi DISCOMs, which would be welcome and in overall consumer interest.

2.245 We agree with the comment of stakeholder and even National Tariff Policy mandates the same. The Commission has brought into effect a mechanism for dealing with regulatory assets. Even in past, DISCOMs have been advocating at various Forums for time bound recovery of Regulatory Assets.

2.246 Any such funding as suggested may be extended to Delhi DISCOMs, would be welcome and in overall consumer interest.

BYPL

2.247 In this regard it is submitted that the Petitioner is in severe financial conditions due to time lag in recovery of Regulatory Asset, non-implementation of ATE judgments which are in favour of the Petitioner and non-cost reflective tariff. We would like to submit that BYPL from time to time has been drawing the kind attention of the Commission regarding precarious financial crisis faced by it in the absence of cost reflective tariff and time bound recovery of accumulated Regulatory Asset.

2.248 In the past there has been a wide gap between DERC projections in the Tariff Order and the actual expenses of DISCOMs resulting in creation of Regulatory Assets. The Appellate Tribunal for Electricity has also raised serious concern on the rising

Regulatory Assets and deferment of legitimate expenses of DISCOMs by DERC through improper projections.

2.249 This huge un-recovered Regulatory asset is severely impacting the financials of the Company leading to the precarious financial position. DISCOMs have so far sustained operations by funding the Regulatory Assets through heavy Bank Borrowings. However, this trend is detrimental to the Power Sector Reforms in the state of Delhi. The Commercial Banks have already stopped extending additional loans to the DISCOMs which has further limited the financial capability to procure power to meet the Demand.

2.250 The Revenue Gaps will be further compounded with similar gap in the future years making it impossible for the Petitioner to sustain its power supply obligations. Further, it is also hampering the ability of the Petitioner to implement the capital expenditure plan and is limiting its capacity to borrow funds because of precarious financial position.

2.251 It would be pertinent to mention that the accumulation of huge regulatory assets is not only against the provisions of the Electricity Act, 2003, National Tariff Policy, MYT Regulation and various directions of the Appellate Tribunal for Electricity, but also against the public interest as it further impacts the tariff by adding the carrying cost. Hence, Commission should evolve some remedy for amortization of the Regulatory Assets in a time bound manner such that it neither cripples the DISCOMs nor the consumers.

2.252 We agree with the stakeholder's suggestion that the benefits of Government schemes like UDAY should also be extended to Delhi DISCOMs and the consumers of Delhi should not be deprived of such benefits just because they are being served by private DISCOMs. Commission may issue suitable advice to the Delhi government for taking up the matter with Central Government in the interest of both the DISCOMs and consumers.

2.253 We appreciate the concern raised by the esteemed stakeholder regarding financial viability of the Petitioner. In this regard it is submitted that the Petitioner is in severe financial conditions due to time lag in recovery of Regulatory Asset, non-implementation of ATE judgments which are in favour of the Petitioner and non-cost reflective tariff. The Petitioner is making every effort to pay outstanding dues of Genco's but due the reasons mentioned above which are not in control of the Petitioner, results in shortfall of dues for some of the Genco's. The same leads to notice by the Genco's. The root cause for notice has been mentioned above which are beyond the control of the Petitioner.

2.254 We appreciate the concern of Stakeholder regarding reduction in higher interest cost. Due to the high regulatory asset and various factors such as credit rating, bench marking and other relevant matters such as risk free return, risk premium, prime lending rate etc., It is difficult to get the required interest rate from banks. However petitioner has approached Commission and taken various steps for curbing the higher rate of interest.

2.255 It is submitted that Petitioner has had to take huge loans to finance its Regulatory Assets. For the purpose of availing such loans, the banks in the ordinary course of its business have charged various bank charges. These charges are called syndication fees. Additionally, the lead bank in a consortium of lenders charged syndication fee which is ad valorem to the quantum of the syndication.

2.256 We appreciate the concern of stakeholder regarding the UDAY and RPDRP Scheme and we would like to submit that benefits of Government schemes like UDAY and RPDRP should also be extended to Delhi DISCOMs and the consumers of Delhi should not be deprived of such benefits just because they are being served by private DISCOMs. Commission may issue suitable advice to the Delhi government for taking up the matter with Central Government in the interest of both the DISCOMs and consumers.

2.257 Carrying Cost - The Petitioner submits that the Commission in previous tariff orders has over and over fallen short of providing a cost reflective tariff to DISCOMs. The deferment of recovery of expenses incurred in the previous years has forced Delhi DISCOMs to resort to heavy borrowings, which has reached unsustainable levels. As regards the rate of carrying cost, the petitioner has claimed the rate of funding of Regulatory Asset based on its actual cost of funding of RA.

2.258 The Commission in the Tariff Regulations'17 has provided rate of interest as bank rate as on 1st April of the year plus the margin as approved by the Commission. Bank rate is defined as Base rate or MCLR or any other Benchmark rate as notified by

SBI. The Commission has linked interest rate on long term borrowings to MCLR or any other benchmark. If the MCLR falls, interest rate allowed by DERC will also decrease.

BRPL

2.259 The total accumulated regulatory asset is Rs.16335 crore till FY 2016-17 for BRPL.

2.260 It is submitted that the comments pertain to the Commission and therefore the licensee would not be in a position to respond to the same. However, it is noteworthy to mention that the creation of regulatory assets is not beneficial to either to the licensee or to the consumers. The creation of regulatory assets is detrimental to the interest of the sector also. It further defies object and intent behind the Electricity Act and also against the Tariff Policy.

2.261 It is also relevant to say that uninterrupted power supply, upgraded power system infrastructure and the quality and reliability of power supply hugely depends upon the financial health of the DISCOMs, which can only be ensured with the determination of tariff which is cost-reflective tariff and covers all the legitimate claims of the DISCOMs.

2.262 As far as bail-out package is concerned, it is up to the Commission to issue Statutory Advice to the Government in this regard under the provisions of the Electricity Act. It is further submitted that the grant of subsidy to any consumer is the prerogative of the State Government under Section 65 of the Electricity Act, 2003.

2.263 As regards levying of surcharge @ 8% of tariff, the Petitioner would like to submit that the Aggregate Revenue Requirement (ARR) is calculated on a consolidated basis for all consumers and not for a particular consumer. The Commission in its Tariff Order dated July 31, 2013 has stated the following:

"2.24 The Commission is of the view that DMRC has already been considered under a special tariff category in view of the essential services being provided to common consumers of Delhi. The Commission has levied a surcharge for the recovery of revenue gap so that the burden of carrying cost may be mitigated. Further efforts are being made to analyze tariffs and bring them to cost to serve basis."

It is a matter of fact that in absence of cost reflective Tariff, huge Regulatory Assets has been created. The Commission itself has recognised Regulatory Assets of Rs. 5206 Crore upto FY 2011-12 in Tariff Order dated July 31, 2013. The Commission has acknowledged the fact in past Tariff Orders and press releases that in absence of cost reflective Tariff; huge Regulatory Assets has been created.

Further in order to recover the Regulatory Assets, the Commission has determined surcharge of 8% along with the reasons for the levy of the same which is reproduced below:

"2.191 For meeting the carrying cost of the revenue gap till FY 2010-11 and liquidation of revenue gap, the Commission had decided to introduce a surcharge of 8% over the revised tariff in tariff order dated July 13, 2012 and appropriate surcharges shall be considered by the Commission in FY 2013-14 also to reduce the burden of carrying cost on the consumers of Delhi.

5.28 For meeting carrying cost of the revenue gap till FY 2013-14, the Commission has decided to continue the existing surcharge at 8% over the revised tariff. The Commission in consultation with GoNCTD shall evolve a reasonable schedule for liquidation of revenue gap which will be fair to all stakeholders."

It is noteworthy to mention here that the surcharge of 8% is not even enough to recovery the carrying cost borne by the Petitioner for funding the Regulatory Asset. The Commission has also recognized this fact in its statutory advice dated Feb 1, 2013 that not only have tariffs increased significantly in the last 2 years, but the residual revenue gap has also built up to alarming levels. A fuel surcharge was levied in addition to the said tariff increase. Further, in a time span of less than a year, w.e.f. 1st July 2012, a tariff hike of 23% was announced with an additional surcharge of 8% in order to start recovery of accumulated shortfall. However, this surcharge has not made any significant dent in reduction of accumulated shortfall as it has mainly contributed towards meeting the carrying cost of the accumulated shortfall.

Hence the Petitioner has prayed before the Commission for a cost-reflective tariff with appropriate recovery of principal amount of Regulatory Asset along with the carrying cost which will ensure uninterrupted and quality supply of power and financial viability of the Utilities.

2.264 The Petitioner limits its comments to the issue of accumulation of huge regulatory assets (arrears). It may kindly be noted that creation of Regulatory Assets is against the provisions of the Electricity Act, 2003, National Tariff Policy, MYT Regulations and various directions of the Appellate Tribunal for Electricity all of which envisage cost-reflective tariff be allowed to distribution licensees so that the licensees have sufficient working capital to pay off their power purchase bills and fulfil other statutory obligations.

The National Tariff Policy dated January 28, 2016 however, specifies that regulatory assets may be created under exceptional circumstances. The relevant provisions read as under:

"8.2.2 The facility of a regulatory asset has been adopted by some Regulatory Commissions in the past to limit tariff impact in a particular year. This should be one only as a very rare exception in case of natural calamity or force majeure conditions and subject to the following:

a. Under business as usual conditions, no creation of Regulatory Assets shall be allowed;

b. Recovery of outstanding Regulatory Assets along with carrying cost of Regulatory Assets should be time-bound and within a period not exceeding seven years. The State Commission may specify the trajectory for the same."

However, now that huge accumulated RA has been created for the Petitioner, it is imperative that the same is liquidated as early as possible as envisaged in the National Tariff Policy. Such time bound liquidation of regulatory assets is not only in the interest of the Petitioner DISCOMs, but also in the interest of consumers who are presently bearing huge interest burden as carrying cost.

It may also be noteworthy to mention that DERC in its Statutory Advice to GoNCTD dated 01.02.2013 had held as under:

"9. … Further, in a time span of less than a year, w.e.f 1 July, 2012, a tariff hike of 23% was announced with an additional surcharge of 8% in order to start recovery of

accumulated shortfall. However, this surcharge has not made any significant dent in reduction of accumulated shortfall as it has mainly contributed towards meeting the carrying cost of the accumulated shortfall."

Furthermore, the Petitioner would like to submit that the matter of Regulatory Assets is sub-judice before the Hon'ble Supreme Court of India in W.P. No. 104 & 105 of 2014.

2.265 As regards the issue of tariff and financial help, we would like to state that the determination of electricity tariff to be charged from a category of consumer is the prerogative of the Commission, under Section 45 of the Electricity Act, 2003.

2.266 As regards the issue of tariff and past recoveries are concerned, we would like to state that the determination of electricity tariff to be charged from a category of consumer is the prerogative of the Commission, under Section 45 of the Electricity Act, 2003.

2.267 We appreciate comments relating to good work and performance by the DISCOM. We further appreciate concern pertaining to Uday Schemes, etc.; however it is upto the Commission to issue Statutory Advice to the Government under the provisions of the Electricity Act.

COMMISSION'S VIEW

2.268 Recovery of accumulated revenue gap, Regulatory Asset as envisaged in clause 8.2.2 of Tariff policy is as under:

a. Carrying cost of Regulatory Assets should be allowed to the utilities.

b. Recovery of Regulatory Assets to be time bound and within a period not exceeding three years at the most, preferably within the control period.

c. The use of the facility of Regulatory Assets should not be retrospective.

d. In case when Regulatory Asset is proposed to be adopted, it should be ensured that the ROE should not become unreasonably low in any year so that the capability of licensee to borrow is not adversely affected.

2.269 The Hon'ble Appellate Tribunal for Electricity (APTEL) has also reiterated the above policy in its judgment dated 11.11.2011 (OP 1 of 2011).

2.270 The Commission is guided by the National Tariff Policy and in accordance with the

Hon'ble APTEL judgment and has allowed carrying cost to DISCOMs. For liquidation of the past accumulated revenue gap, the Commission introduced a surcharge of 8% over the revised Tariff, in tariff order dated July 13, 2012, and has been revising tariff every year to a reasonable level to provide additional revenue to DISCOMs and also to reduce the burden of carrying cost on the consumers of Delhi.

2.271 The build-up of the revenue gap commenced in 2009-10 when power purchase costs went up substantially and the rate of sale of surplus power steeply declined due to stringent frequency controls imposed by CERC.

2.272 The Tariff Order for FY 2010-11 was not issued due to court proceedings. Therefore, while the tariff increase from FY 2011-12 onwards has to some extent offset the incremental increase in revenue gap, however cumulative revenue gap along with applicable carrying costs still remained uncovered. Thus, the formula evolved by the Commission i.e., including carrying costs in the ARR every year, for tariff determination and using 8% surcharge for liquidating the principal over a time is expected to liquidate the Regulatory Assets in a reasonable period of 6 to 8 years.

2.273 The Commission has submitted before the Hon'ble Supreme Court of India in Civil Appeal No. 884 of 2010 that additional surcharge of 8% shall liquidate the principal amount of the accumulated revenue gap within 6 to 8 years.

2.274 UDAY scheme is not applicable to private distribution licensees.

2.275 The cost of financing has been set by the Commission as per the performance of the Utilities from time to time. Regulations being performance based, the Utilities are expected to achieve the targets that have been set seeing their past performance and the industry standards.

2.276 The Commission determines the ARR for the DISCOMs as per the provisions of the Regulation. The Commission in its Tariff Order has provided the break-up of the major components considered for projecting costs of supply during FY 2017-18, like power purchase cost, O&M costs, CAPEX, financing cost, gap in true up of FY 2014-15 & FY 2015-16 and carrying cost for the regulatory assets etc. This forms the basis for projection of the gap between present requirement in terms of ARR and revenue available at existing tariff. It is in the consumer's overall interest, that the gap between these two figures is filled by adjusting the tariffs so as to reduce the accumulated Revenue Gap/Regulatory Assets and the Carrying Cost thereof, which otherwise would impose an additional burden on the average consumer. The Tariff Order is issued after prudence check of the Petitions submitted by the DISCOMs and after considering each element of cost projected in the petitions with due analysis and ensuring proper justification.

ISSUE 14: PENSION TRUST

STAKEHOLDERS' VIEW

2.277 Burden of DVB employee's pensions should not be a part of ARR, as it increases the tariff.

2.278 Commission should approve the amount of Rs. 1,195 crore to the pension trust in FY 2017-18 Tariff Order.

PETITIONER'S SUBMISSION

TPDDL

2.279 Pension liability of FRSR employees is of pension Trust only. No such liability can be cast upon TPDDL in ARR.

BYPL

2.280 The Petitioner appreciates the concern of the esteemed stakeholder regarding considering Pension payments in the ARR of the DISCOMs. In this regard we would like to submit that it is a legacy issue linked to the underfunding of pension trust by GoNCTD and the matter is subjudice before the Hon'ble High Court.

2.281 The Commission in past Tariff Orders has made a provision of Rs. 150 crores for FY 2011-12, Rs. 160 crores for FY 2012-13, Rs. 400 crores for FY 2013-14, Rs. 470 crores for FY 2014-15 and Rs. 573.23 crores for FY 2015-16 as a part of transmission charges for pension payment. The Commission in its past Tariff Orders has noted that the arrangement is an ad-hoc arrangement and the same cannot be permitted to be institutionalized. However, the Commission has over and over again allowed pension payment in the ARR of the DISCOMs.

2.282 The Petitioner in its tariff petition has proposed that such amount should be recovered through a separate surcharge from all consumers including open access consumers.

2.283 It is to be noted that the Hon'ble ATE has in its Order dated May 15, 2015 in RP No.7 of 2015 in Appeal No.61 of 2012, RP No.13 of 2015 in Appeal No.62 of 2012 directed the Commission to consider the expenses of the non-FRSR employees as per the judgment of the Hon'ble ATE in 2009 ELR (APTEL) 880.

The Hon'ble ATE in Judgment dated May 15, 2015 (RP No. 13) has ruled as under:

"The Review Petitioner/Appellant had also furnished the comparison between average salary of FRSR employees and non-FRSR employees showing that the average salary of non-FRSR employees is lower than FRSR employees. It is also stated that the average cost to company (CTC) of non-FRSR employees even after accounting for additional emoluments given in view of implementation of Pay Commission Report for FRSR employees, the average CTC of non-FRSR employees is less than average CTC of FRSR employees.

In view of above we allow the Review Petition. Delhi Commission will consider the issue as per the judgment of this Tribunal in 2009 ELR (APTEL) 880."

BRPL

2.284 No Response

COMMISSION'S VIEW

2.285 The Pension Trust was established as a part of Transfer Scheme Rules, 2001 framed under Delhi Electricity Reform Act, 2000 (DERA) and the Tripartite Agreements executed by the GoNCTD with unions of employees and Associations of officers of the erstwhile DVB. In terms of the aforesaid Rules and Tripartite Agreements, the Pension Trust was funded at the time of unbundling of the DVB by way of one lump sum payment by the GoNCTD. The issue of under funding of corpus fund of the pension trust is sub-judice in W.P. (C) 1698/2010 in the Hon'ble High Court of Delhi. Subsequent contributions from the date of unbundling have to be made to the Pension Trust by the successor entities of DVB. The Commission has been releasing ad-hoc payments in the DTL Tariff orders from FY 2011-12 onwards up to FY 2014-15.

2.286 Section 86 of the Electricity Act, 2003, which defines functions of State Commission, does not provide for issuing Regulations of Pension Trust. The fact has also been appreciated by the Hon'ble APTEL in Appeal No. 238 of 2013 (Mahendra Gupta & Others Vs DERC), wherein it has held that " the learned state Commission has no jurisdiction to go into disputes between the Appellants and the Pension Trust with regard to release of terminal benefits in their favour. The grievances of individual employees/appellants relating to service matters relating to the terminal benefits including pension are not under the jurisdiction of the State Commission". The Commission reiterates its view that it is beyond its jurisdiction to regulate the Pension Trust or to frame Regulations in this regard.

2.287 The Commission vide letter no. F.17(44)/Engg./DERC/201213/C.F. No.3481/3320 dated 11.09.2012 has issued Statutory Advice under Section 86(2) of the Electricity Act, 2003 to Govt. of NCT of Delhi to constitute an Oversight Committee to look into the issues related to pensioners of erstwhile DVB. The subject matter is presently sub-judice before Hon'ble High Court of Delhi and the parties to the dispute should expedite the proceedings before the court and explore other avenues for settlement of dispute.

2.288 The Commission has already made provision on ad-hoc basis of Rs.150 Crore, Rs.160 Crore and Rs.400 Crore and Rs. 470 Crore and Rs. 573 Crore in the Tariff order of FY 2011-12, FY 2012-13, FY 2013-14, FY 2014-15 and FY 2015-16 respectively for passing on to the Pension Trust to avoid undue hardship to the pensioners till all issues concerned with Pension Trust are settled by the Courts/Delhi Govt.

2.289 A correspondence was made by DTL seeking clarification from GoNCTD in regard to the competent authority (new entity) to deal with vigilance/disciplinary/court cases in respect of employees of the erstwhile DVB, who could not become part of any company on 01.07.2002 in terms of Delhi Reform (Transfer Scheme) Rules, 2001 due to pending cases of retirement/dismissal/remove compulsory retirement while in the DVB. The GoNCTD clarified in its letter dated 21.01.2004 that the DVB employees who could not become part of any company i.e. DPCL, DTL, IPGCL, BYPL, BRPL and NDPL (now TPDDL) on the date of restructuring due to cases of retirement/dismissal/removal /compulsory retirement etc being pending as on 01.07.2002 shall be processed and decided by such company who could have been the controlling authority of the employee. And retirement/removal/ dismissal/compulsory retirement etc will be dealt as per schedule 'B', 'C', 'D', 'E' and

'F' of the Delhi Electricity Reform (Transfer Scheme) Rules, 2001.

2.290 In LPA No 98/2005, the Hon'ble High Court of Delhi in its judgment dated 30.03.2006 has held that: *"There is no escape from concluding that even in all these suits which are pending are filed by the retired employees in the Court claiming for their service benefits, thereby creating liability of DVB on the respective transfer company. The transferor company shall be substituted instead of DVB."* In civil Appeal No 4269 of 2006 read with civil appeal No 4270 of 2006, the Hon'ble Supreme Court of India has observed that the GoNCTD has taken a clearest decision possible by its letter dated 21.01.2004, which is binding on all parties. The Hon'ble Supreme Court has further observed that the view taken by the High Court of Delhi is correct.

2.291 In view of the clarification given by the GoNCTD in its letter dated 21.01.2004 and the above mentioned judgments of the Hon'ble High Court of Delhi and the Hon'ble Supreme Court, it is the responsibility of the respective DISCOMs to look after the interests of the DVB retirees as well as those who retired/retire in the DISCOMs after unbundling of the DVB. It would therefore be appropriate that the DISCOMs provide for funding for the liabilities of the retired/ to be retired employees under their control in their respective ARRs.

2.292 The Commission vide letter dated 08.12.2016 has requested GoNCTD for conducting a forensic audit of Pension Trust for authentication of the data of pension disbursement from FY 2002-03 to till date to ascertain the actual liability of Pension Trust. The Commission has considered the amount of Rs. 693 Crore sought for FY 2017-18 by the Pension Trust on an ad-hoc basis recommended by GoNCTD vide it's letter dated 26.07.2017.

ISSUE 15: OPEN ACCESS

STAKEHOLDERS' VIEW:

2.293 End monopoly and bring competition in Power Sector in favour of consumer's benefit.

2.294 Power Guzzlers should buy from open market and should not be allowed to burden domestic consumers.

2.295 Commission should discontinue the concept of Open Access, as revenue loss due to migration of industrial consumers from DISCOMs will put extra burden on domestic consumers.

2.296 DIAL is buying cheap energy from open access and selling it to the hotels at higher rates. So, request is to kindly review the agreement of DISCOMs.

2.297 Commission should prepare a road map to reduce cross subsidy and make all tariffs cost effective in terms of voltage wise cost of supply, and all tariffs should be within the limit of +/- 20% of average cost of supply.

PETITIONER'S SUBMISSION

TPDDL

2.298 Competition has already been introduced in the sector, with all consumers above 1MW free to choose their supplier.

2.299 Electricity Act mandates promoting of Open Access. However, to address the issue of surplus power and burden on consumers thereof, Commission may take up with Ministry of Power, Govt. of India for surrender of expensive power of Delhi and re-allocation of the same to needy states.

BYPL

2.300 As mandated in Section 42 (2) of the Electricity Act, 2003 and as provided in the DERC (Terms and Conditions for Open Access) Regulation 2005, the Open Access, for the present, is applicable to consumers with a load of 1 MW and above. However, the Commission may allow open access to consumers with capacity requirement less than one MW subject to review of the Operational Constraints and other factors and the experience of open access for loads above 1MW. The Commission in its tariff orders has stated that it will consider the license application, if any, for the second Licensee in the same area in accordance with the applicable provisions of the law to create competition.

2.301 We appreciate the concern of the esteemed stakeholder regarding high level of cross subsidies in the tariff structure for Delhi. In this regard the Petitioner submits that determination of Tariff for different category of consumers is the sole prerogative of the Commission.

Further, we would also like to apprise the esteemed stakeholder that the Commission vide its order dated 01.06.2017 in the matter of Determination of Open

Access Charges and related matters has determined Transmission and Wheeling charges, Cross subsidy surcharge, Regulatory Surcharge, Additional surcharge and other applicable surcharge applicable to consumers availing open access, hence it is submitted that petitioner follows Commission directions with respect to above mentioned matter.

BRPL

2.302 We request the consumer to provide his CA number and further details so that we can look into the issue. It has to be noted that the licensee is committed towards its standards of performances and providing excellent services to its consumers. However, many a times, the performance of the licensee is dependent upon the other civic bodies, i.e. MCD, PWD etc. which is uncontrollable at the end of the licensee.

2.303 We would like to inform the stakeholder that as mandated in Section 42 (2) of the Electricity Act, 2003 and as provided in the DERC (Terms and Conditions for Open Access) Regulations issued on 03.01.2006, the Open Access, for the present, is applicable to consumers with a load of 1 MW and above. However, the Commission may allow open access to consumers with capacity requirement less than one MW subject to review of the Operational Constraints and other factors and the experience of open access for loads above 1MW. The Commission in its tariff orders has stated that it will consider the license application, if any, for the second Licensee in the same area in accordance with the applicable provisions of the law to create competition.

2.304 As regards the comments on the Open Access are concerned, we restrict our comments to ARR petition only. Matters' relating to Open Access has been dealt separately by the Commission.

2.305 Tariffs are not cost reflective which make big consumer susceptible to Open Access, adversely impacting remaining consumers:

We agree with the statement that in spite of several provisions in Electricity Act and Tariff Policy to reduce cross subsidies, the issue still persists. However we understand that this issue of cross subsidy stems from the historical tariff trends and with its prerogative to determine tariffs, the Commission has been working towards removing this shortcoming. Electricity being a basic resource for social development, the governments in the pre-2003 reforms era kept tariffs high for certain consumers in accordance with their ability to pay and the benefit was passed on to other consumers. With the introduction of independent regulators and transparent tariff determination process, efforts have been made to gradually reduce this method of providing subsidy and move on to more efficient ways of direct subsidy and reducing overall cost of supply. The regulators are however bound by the pressures to avoid tariff shocks for domestic and agricultural consumers and therefore the work of eliminating cross subsidies is still work in progress.

2.306 It is also true that cross subsidy in tariff has detrimental impact on economy in the long run and it makes large consumers susceptible to open access. Railways have already explored this route and other big consumers like DIAL and DMRC are soon to shift on open access. With long term tied up costs for power purchase, limits on cross subsidy surcharge and pending recovery of regulatory assets this puts us in a peculiar situation of having to recover these costs from remaining consumers in the system, effectively negating the intended effect of cross subsidy. Therefore it is in the best interest of all stakeholders to eliminate cross subsidy in tariffs as soon as possible and make tariffs cost reflective.

2.307 We would further like to add to the point here by highlighting the fact that high losses of upto 70% in sub-urban areas and villages on outskirts of Delhi are affecting the overall loss figures of utility. This loss is generalized over all consumers and therefore keeps tariff on higher side for even industrial areas where losses have been reduced to even 8%. While the utility is constantly engaging in special drives to reduce theft and improve metering in such high loss making areas, stiff resistance is being faced by political and social groups.

It is our view that if tariffs were to be made cost reflective and areas wise losses were to be allowed, we as utility can offer competitive tariffs to large industrial and commercial consumers without them having to explore open access route. We therefore request commission to take cognizance of this issue and work constructively towards making tariffs cost reflective with respect to voltage wise cost of supply.

COMMISSION'S VIEW

2.308 Section 42 of the Electricity Act, 2003 provides for non-discriminatory open access to consumers as per the provisions specified by the Commission. Accordingly, the Commission has already notified Regulations for allowing open access to consumers whose contract demand is 1 MW and above. The Commission has decided to allow Transmission and Wheeling Charges, Cross Subsidy Surcharge, Additional Surcharge and other applicable charges under Open Access keeping in view the provisions of the Electricity Act, 2003, National Electricity Policy, National Tariff Policy and the Open Access Regulations of the Commission.

2.309 The Commission is of the view that it will consider the license application, if any, for additional Licensees in the same area in accordance with the applicable provisions of the Rules & Regulations to create competition.

ISSUE 16: ELECTRICITY BILL & BILLING CYCLE PERIOD

STAKEHOLDERS' VIEW:

2.310 The date of billing must be fixed instead of random billing date which results in financial loss to consumer. DISCOMs must provide detailed information of expense recovery in bills to aware consumers.

2.311 Limit of cash payment should be increased Rs. 4,000 to Rs. 20,000 as many consumers are not aware about digital payment. Electricity bills should be collected at PSU Banks to bring more transparency and accountability of DISCOMs.

2.312 DISCOMs should promote digital payment and maximum limit through cash payment must be reduced to Rs. 1000.

2.313 Electronic meter should be audited by Independent Party; consumer should be refunded in case of any faulty meter/reading.

2.314 Allotment of new connections should be linked to customer Aadhar card.

2.315 Details for additional charges (hidden Charges) in the bill should be provided.

If we pay our electricity bills in advance, do we get any benefit/subsidy from DERC or any distribution licensees?

2.316 Accuracy of meter should be 0% instead of $\underline{+}3\%$.

PETITIONER'S SUBMISSION

TPDDL

2.317 Collection of bills is obligation of the Distribution licensee and major steps for convenience of consumers have already been taken in this area to improve collection. The data of collection efficiency is at all-time high which is evident from the figures shared with Commission. It would be inconvenient for consumers to search and visit PSU banks branches which would be available only during banking hours and not available on banking holidays etc. resulting in inconvenience for consumers.

2.318 Also, TPDDL Collections including Bank reconciliations etc. are verified by Commission during Prudence Check exercise of Tariff petitions. In addition, statutory auditors (CAG empanelled) also audit the collection on quarterly basis and check all bank reconciliations as well as takes balance confirmation from all the banks.

2.319 TPDDL is already promoting Digital Payment through Various Pay & Win Scheme and various cash back schemes with various wallets like Phone Pe, Paytm etc.

The credit / debit card processing fee for bill amount up to Rs. 5000 is already borne by DISCOMs and only processing fee for Bill Amount with greater than Rs. 5000 is to be paid by Consumers.

Commission may like to take up with Banks for waiving off processing fees from Consumers or allow additional expenditure in ARR.

2.320 We fully agree that Aadhar should be captured from Consumers as it will help in linking with Digital Initiatives being taken by Govt. of India and request Commission to consider it appropriately.

2.321 We agree with the observation that some mechanism may be introduced for incentivizing consumers paying before due date.

2.322 It is technically / commercially not feasible / viable to make a meter which has 0% error. The margin of error is allowed at +/- 2.5% in accordance with statutory provisions under IS 15707:2006 for Testing, Evaluation, Installation and Maintenance of AC Electricity Meters – Code of Practice, issued by Bureau of Indian Standards.

BYPL

2.323 The Electricity bill is charged on monthly basis as per the billing cycle of the consumer.

2.324 The Commission has, in its tariff orders repeatedly held that it had taken the conscious decision to maintain the limit of payment of Rs. 4,000 through cash “in order to ensure transparency in payment collection and to ensure proper accounting of collection".

2.325 The Petitioner in compliance to above direction of the Commission accepts cash payment of electricity bills only up to Rs. 4000. However, the Petitioner on various occasions had apprised the Commission of the difficulties in enforcing the abovementioned direction as this causes inconvenience to the consumers besides adversely affecting our recovery.

2.326 The Commission was also apprised that the background in which the Rs. 4000/- limit was introduced by the Commission was in the context of one of the criteria for filing a income tax return included in the Finance Bill, 2005 of the Govt. of India. It is noteworthy that this particular criterion was subsequently withdrawn and was applicable only up to 1st April 2005. Also as per the Section 40 A of the Income Tax Act, 1961 and provisions under Income Tax Rules, the maximum limit for payments/receipt in cash is Rs. 20000.

2.327 We would also like to mention that, we have again requested the Commission for the relaxation of limit for accepting cash payments on account of several representations made by our consumers.

2.328 There are various modes of payment both online as well offline available for the convenience of the consumers. A consumer can make offline payment on any day of the week at our cash collection offices located at various locations.

2.329 We appreciate the concern of the Stakeholder and agree that the Electricity bill of the utility should reflect the clear picture of the ARR being allowed to be recovered from the consumers. BYPL in its ARR Petition has also requested the Commission to allow any recovery on account of Pension Trust payments as a separate surcharge.

2.330 In connection to comments relating to the genuineness of the new electronic meters are concerned, we have to say that in compliance with the Electricity Act 2003, the Central Electricity Authority (CEA) Regulations and Delhi Electricity Supply Code and Performance Standards Regulation 2007 thereof, we have replaced almost all consumer meters with static meters (Electronic Meter). The Electronic Meters are ISI marked and are tested for quality and accuracy as per IS 13779:99. Meter test drives conducted by the Commission, GoNCTD, and the Public Grievance Cell of GoNCTD and by us through independent reputed third party test laboratories have established the accuracy of the meters as per applicable standards. Action for advising the consumer's about electronic meters, internal wiring, earth leakage indications, etc. before installation of meters are also complied with in terms of the applicable Regulation. To bring transparency in the system and instil faith in the consumers, the consumers have also got an option to purchase their own meter. The meter has to be consistent with the CEA Regulations in terms of the Electricity Act (Section 55) and should have all additional features approved by the Commission. All meters shall conform to requirements as laid down in the Regulations issued by the CEA under Section 55 of the Act. The Delhi Electricity Supply Code and Performance Standards Regulation 2007 ("Supply Code"), in Section 38, lays down the detailed procedure to be adopted for testing of Meters. Further, the Commission has laid down the procedure for testing of meters by Independent third party.

BRPL

2.331 Number of days on a bill: It is respectfully submitted that BRPL follows a monthly billing system. However, readings of meters require physical visit of meter readers even though the reading process itself is automated. At the same time BRPL has around 23 lakh consumers. In order to minimize the human resources needed to read such a large number of meters, meter reading are done in phases throughout the month which is the reason it is not practically possible to ensure that all meters are read exactly on the last date of every calendar month.

2.332 Even though the number of bill days in a month may vary slightly, it is ensured that all charges, especially fixed charges are pro-rated based on the actual number of days in the month and number of units consumed under each slab is also pro-rated on the actual days of the month to ensure that the consumer is charged exactly what he has consumed for the exact number of bill days. We further invite the esteemed stakeholder to any of our offices so that we can personally explain the bill calculation methodology by using a simple financial model.

2.333 As regards, the enhancement of cash limits of Rs. 4000/- is concerned, it is the prerogative of the Commission to decide and fix the same. We expect that the comments of the stakeholder will be duly considered by DERC. It is also noteworthy that the licensee has raised this issue before Hon'ble Tribunal for Electricity in

Appeal No. 265 of 2013 and 235 of 2014, and the matters are presently sub-judice.

2.334 In connection to your comments relating to the genuineness of the new electronic meters is concerned, we have to respectfully say that in compliance with the Electricity Act 2003, the Central Electricity Authority (CEA) Regulations and Delhi Electricity Supply Code and Performance Standards Regulation 2007 thereof, we are replacing all consumer meters with static meters (Electronic Meter). The Electronic Meters are ISI marked and are tested for quality and accuracy as per IS 13779:99. Meter test drives conducted by the Commission, GoNCTD, and the Public Grievance Cell of GoNCTD and by us through independent reputed third party test laboratories have established the accuracy of the meters as per applicable standards. Action for advising the consumer's about electronic meters, internal wiring, earth leakage indications, etc. before installation of meters are also complied with in terms of the applicable regulations. To bring transparency in the system and instil faith in the consumers, the consumers have also got an option to purchase their own meter.

2.335 As far as the design of meter is concerned, a meter to be installed at consumer's premises has to be consistent with the CEA Regulations in terms of the Electricity Act 2003 (Section 55) and should have all additional features approved by the Commission. All meters shall conform to requirements as laid down in the Regulations issued by the CEA under Section 55 of the Act. Furthermore, the Delhi Electricity Regulatory Commission (Supply Code and Performance Standards) Regulation 2017 ("Supply Code"), in Section 32, lays down the detailed procedure to be adopted for testing of Meters.

2.336 With regard to the quality of meters, we would like to submit that the GoNCTD has time and again conducted Independent third party testing of meters through its Public Grievance Cell (PGC) but there were hardly any consumer turnouts that they are unhappy with the quality of meters. We would also like to state that the term "Fast running meters" is a subjective term. As the consumption of electricity at the consumer's end increases, the electronic meter captures and records the higher units consumed

2.337 It is submitted that the Petitioner has arrangements with Bank of Baroda and IDBI for bill payment at any branches of these banks in Delhi. Any branch of these two banks can accept payment through either cash (up to Rs. 4000/-) or cheque/ DD. It may be noted that Bank of Baroda also accepts payment through transfer by its account holders. The Petitioner has collection account with these two banks.

2.338 It is submitted that the comments pertain to the Commission and therefore the licensee trusts that same will be duly considered by DERC.

2.339 We appreciate notion of Linking Aadhar Card to electricity connection. As Govt. of India has been linking Aadhar to most services such as PAN Number, Mobile Number, and Bank Accounts etc. in order to ease the tracking and check any fraudulent activities. BRPL has been taking Aadhar number as an ID proof for new connection but it is not compulsory. We trust, the Commission would give due cognizance to this aspect as it will avoid consumers to take connections on false documents and arrears pending towards such consumers would be recovered resulting in reduction of AT&C Loss Levels.

2.340 We appreciate concern on digital payments. BRPL has made provisions for digital payments through E wallets, Banks, Net Banking, Debit Card, Credit Card etc. We trust, the Commission would give due cognizance to this aspect while promoting digital payments.

COMMISSION'S VIEW

2.341 As per the Delhi Electricity Regulatory Commission (Supply Code and Performance Standards) Regulation 2017, the billing cycle is defined in clause 2(15) as "Billing cycle" or "Billing period" means the period as approved by the Commission for which regular electricity bills are to be prepared by the Licensee for different categories of consumers. The Commission in these Regulations have also specified that the billing cycle shall be for a consecutive period of 30-35 days. Further the Licensee shall also upload the billing cycle dates on its website.

2.342 The Commission has taken a conscious decision that in case the bill for consumption of electricity is more than Rs. 4000/-, payment of the bill be accepted by the Petitioner by means of Account Payee Cheque/DD. However, payment of any amount can be made through net banking payment. The Commission has also directed the petitioner to accept the cash payment of more than Rs. 4000/- for payment of electricity bill in the case of visually impaired consumers only. The Commission vide letter dated 22.01.2016 has directed that in cases of settlement done on the order of a Court, the licensee can accept the settlement amount in cash from the litigant along with order of the Court. Further, based on the stakeholder's request the Commission has decided to allow cash deposit upto Rs.50000/- against electricity bills in scheduled commercial bank account of the Petitioner.

2.343 The Commission in its Delhi Electricity Regulatory Commission (Supply Code and Performance Standards) Regulation, 2017 has specified that the meter shall be tested in an accredited laboratory notified by the Commission. Further, in the absence of notification of accredited laboratory by the Commission, the meter shall be tested in any NABL accredited laboratory other than that belonging to DISCOMs.

2.344 The Commission has allowed the distribution companies to accept Adhaar Card as one of the documents for proof of identity.

2.345 The Commission in its draft order under Delhi Electricity Regulatory Commission (Supply Code and Performance Standards) Regulation, 2017, has made the provisions for issue of electricity bills in the format prescribed in the regulations, giving details of parameters to be captured in the bills.

2.346 The matter regarding rebate/interest on advance payment shall be dealt appropriately in the order to be issued under Delhi Electricity Regulatory Commission (Supply Code and Performance Standards) Regulation, 2017.

ISSUE 17: TARIFF HIKE

STAKEHOLDERS' VIEW

2.347 Consumers requested to disallow any tariff hike and DISCOMs accounts should be audited by any independent authority.

2.348 Due to higher AT&C losses and DISCOMs incapability, honest consumers may not be penalized by tariff hike.

2.349 There is no need of tariff hike if Commission disallow rent to Delhi govt. against the land given to DISCOMs which is 20% of circle rate.

2.350 The main reason of tariff hike is purchasing of costly power from new power plants, it is requested not to burden domestic consumer with tariff hike and requested to hike tariff of commercial driven areas like North and South Delhi.

2.351 After privatization the condition of Power Sector in Delhi have improved a lot in terms of reliability and quality of power, customer satisfaction, loss reduction etc., DISCOMs are also regularly engaging with RWAs and other stakeholders for the betterment of society. Commission is requested to allow hike in tariff in such a manner that DISCOMs will provide quality and reliable power to consumers. It is also requested to Commission do not work under any Political influence.

2.352 Instead of rational tariff structure among all three DISCOMs, Commission should follow the differential tariff across DISCOMs depends on their financial health & revenue realization.

2.353 The slabs of electricity tariff need to be redesigned for better management of cross subsidies and Commission should ensure that only poor people get the benefit of lower tariff/subsidy.

2.354 Tariff of Bawana Industrial area should be compatible with other states as GST makes whole country as one market and difference in tariff will hamper MSME of Delhi.

2.355 Prudence check for expenses and revenue by DISCOMs should be given importance.

2.356 LPSC charges must not be increased beyond 18%.

2.357 Charges of Rs. 14000/kW is very high. Energy charge of Rs.2.75/unit upto 2014 is now increased to Rs.6/unit. It's very high for farmers. Tariff for energy charges for agriculture should be reduced.

PETITIONER'S SUBMISSION

TPDDL

2.358 Tariff for a year is determined based on the principle that there should be 100% recovery of ARR requirement for that respective year. If ARR requirement is going to be increased/ decreased, correspondingly tariff has to be changed for the financial viability of the sector. Thus, if there is no increase in tariff, there would be a situation of revenue deficit, which ultimately has to be recovered from consumers in ensuing years along with the carrying cost. Therefore in the interest of consumer and financial viability of the power sector, Tariff hike is proposed to recover the entire ARR for next year along with the recovery of past accumulated Revenue Gap and carrying cost, which may be considered by the Commission after prudence check.

2.359 The Financial Statements have been prepared in accordance with the AS notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

Further such financial statements are subject to audit by statutory auditors (empanelled with CAG) and on which the statutory auditors gives their opinion about the true and fair view on state of affairs of the company.

2.360 The tariff in any year is determined by the Regulator in line with the applicable Rules/s and on the basis of the True up /ARR which is different from the financial books of accounts. Therefore, the tariff order is released by the Regulator only upon completion of the prudence check of the ARR submitted to the State Commission. Therefore, the decision of tariff hike is linked to the approved ARR only after prudence check.

2.361 We welcome this comment in overall consumer interest that such lease rent in turn is getting loaded in ARR and consumer tariff thereof and may be re-looked into as per past practice of charging notional Re. 1/- for the same. It will hence help in lowering the tariff burden on Consumers of Delhi.

2.362 Section 61 (g) of Electricity Act 2003 mandates that Appropriate Commission while determining tariff shall be guided by the principle that the tariff progressively reflects the cost of supply of electricity and also, reduces and eliminates cross-subsidies within a time period as decided by Commission.

Even National Tariff Policy states that tariff design shall be linked to cost of service and tariff thereof, progressively reflects the efficient and prudent cost of supply of electricity.

Accordingly, in line with the objectives of the Electricity Act and National Tariff Policy, a road map for reduction in cross subsidy has to be made in the interest of consumers so that electricity tariff reflects voltage wise cost of supply.

2.363 Tariff determination and tariff design for all consumer categories is the sole prerogative of the Commission.

2.364 Prudence check of data is carried out very strictly by Commission which cannot be doubted.

BYPL

2.365 We would like to apprise that BYPL is a company established under the Companies Act, 1956. Accordingly the accounts of the DISCOMs are audited both internally and externally by statutory auditors as per the requirements of the Companies Act, 2013. The Commission also undertakes detailed scrutiny of the accounting statements before admitting the expenses in the ARR proceedings.

2.366 As regards the issue of increase in power Tariff, we would like to state that the determination of electricity Tariff to be charged from a category of consumer is the prerogative of the Commission, in terms of the provisions of the Electricity Act, 2003.

2.367 The Commission determines the Tariff after considering the operational and capital expenditure required by the licensee for supplying power and maintaining its distribution network/ infrastructure to meet the load requirements of the consumer. The Commission will take into account all relevant facts and figures for approving the expenses while determining the ARR of the licensees.

2.368 Further we would like to mention that Company's Balance sheet and accounts is duly audited by the Statutory Auditors. Also DERC conducts a comprehensive prudence check before allowing any costs in ARR.

2.369 Tariff revision process is governed by Regulations provided by the Commission. According to these Regulations, DISCOMs submit the ARR covering past expenses along with projections. After due prudence check of the data submitted by DISCOMs and considering all Stakeholders' views, Commission decides the Tariff. However for FY 2017-18, BYPL has not sought Tariff hike of 30% as mentioned by the Consumer.

2.370 First of all, petitioner likes to humbly submit that the figures for BYPL as shown in the table are incorrect. The Domestic consumption in MU for BYPL in FY 2015-16 is 3180 MU out of the total consumption billing of 5676 MU which comes to 56% instead of 54% as shown by the stakeholder in its letter.

2.371 Apart from this, there is cross subsidy present in the billing system, being the uniform tariff among the Delhi discoms. As per the tariff approved by Commission, in case of domestic consumers, slab wise billing is applicable i.e. higher the consumption slab higher the recovery from consumer. The consumption by Domestic consumer falling in the slab of more than 400 units per month subsidizes the consumption of domestic consumers falling in the slab lower than 400 Units, which are at a rate of Rs 4 per unit. Further, other categories like Non Domestic, Industrial, DJB, DIAL, DMRC etc are billed at higher tariff and hence subsidize the consumption of all the consumers being billed at lower tariff.

2.372 BYPL does not have special category consumers like DIAL which are billed at higher tariff and infuse lowest loss in the distribution system of other DISCOM. BYPL does not have higher billing share of disciplined consumers like industrial, 30% industrial billing in case of Other DISCOM.

Table 1 Reveals the fact which is as follows:-

Particulars	Consumption in %		
	BRPL	BYPL	TPDDL
Domestic Total Consumption	57%	56%	44%
Domestic category consumption lower than 400 Units slabs (Cross Subsidized)	28%	32%	24%
Domestic category consumption higher than 400 Units slabs (Cross subsidizing)	29%	24%	19%
Consumption in Other than Domestic Category (Cross subsidizing)	43%	44%	56%
Total Consumption under cross subsidizing category	**72%**	**68%**	**76%**

2.373 As per the table above, BYPL has the Lowest consumption in the cross subsidized category being billed at lower tariff i.e. 32% vis a vis 28% and 24% in case of other DISCOMs.

Besides above, per consumer consumption per annum in case of BYPL is lowest among all discoms. Hence, the other discoms are able to gain more margins as compared to BYPL. This is shown with the help of table below:-

Particulars (FY 2015-16)	**BRPL**	**BYPL**	**TPDDL**
No of consumers (No)	2228127	1519673	1515626
Total sales(MU)	10,505	5,676	7,854
Per consumer consumption per annum (Units/Consumer/Annum)	4,715	3,735	5,182
Higher per capita Consumption (MU)	980	-	1447
Percentage margin (%)	26%	-	38%

2.374 It can be seen from the above table that BYPL is deprived of the margin by almost 38% vis a vis other discoms in view of the uniform tariff regime in Delhi.

We appreciate the concern raised by the esteemed stakeholder for providing the cheaper power to the DISCOMs that have domestic consumer on the one hand but on other hand this logic lacks the holistic view of the consumer profile of the DISCOMs. But instead of domestic consumer, the cross subsidization across all categories and the margin earned by the DISCOMs due to higher consumption in its area shall also be kept in the mind while reallocating the cheaper power. BYPL has the lowest strata of consumer base across all DISCOMs being billed at lower tariff and also have the comparatively lowest consumption which is cross subsidizing these low end consumers.

2.375 We appreciate the concern of the esteemed stakeholder and we would like to submit that BYPL from time to time has been drawing the kind attention of the Commission regarding precarious financial crisis faced by it in the absence of cost reflective tariff and time bound recovery of accumulated Regulatory Asset.

2.376 In this regard we would like to inform that the Commission determines the tariff only after considering the prudency of operational and capital expenditure required by the licensee for supplying power and maintaining its distribution network / infrastructure to meet the load requirements of the consumer. The Commission takes into account all relevant facts and figures for approving the expenses while determining the ARR of the licensees. The Commission determines the tariff to be charged from a category of consumers based on the approved ARR of the licensee.

BRPL

2.377 As regards the issue of increase in power tariff, we would like to state that the determination of electricity tariff to be charged from a category of consumer is the prerogative of the Commission, under Section 45 of the Electricity Act, 2003.

2.378 The stakeholder has also raised the issue of audit. In this regard it is respectfully submitted the Petitioner Company's accounts are audited both internally and also externally by statutory auditors as per the requirements of the Companies Act, 1956 and the Commission also undertakes detailed scrutiny of the accounting statements before admitting the expenses in the ARR proceedings. Further, it is also pertinent to note that the Commission determines the tariff only after considering the prudence of operational and capital expenditure required by the licensee for supplying power and maintaining its distribution network/ infrastructure to meet the load requirements of the consumer. The Commission takes into account all relevant facts and figures for approving the expenses while determining the ARR of the licensees.

The Commission determines the tariff to be charged from a category of consumers based on the approved ARR of the licensee.

2.379 It is noteworthy that over 80% of DISCOMs expenses are towards power purchase, an uncontrollable expense. Of the remaining 20%-10% are Financial and other costs and 10% O&M costs. Delhi DISCOMs buy power mainly from Central/State Government Generating Stations/Transcos, which are subjected to CAG audits. Hence 80% of a Delhi DISCOMs expenses are indirectly subjected to CAG audits. Tariffs for generating stations are determined by CERC and the bills are vetted by the SLDC, an independent systems operator. Moreover, the invoices raised by these stations on the DISCOMs are further subjected to detail scrutiny by DERC. The remaining 20% expenditure incurred pertains to controllable costs controllable costs which are already capped by the Commission. Expenditure incurred towards these controllable costs is subjected to audit by BRPL's statutory auditors and are further scrutinized by the Commission during prudence check.

2.380 As regards the issue of differential tariff/ penalty in high loss areas is well appreciated , we would like to state that the determination of electricity tariff to be charged from a consumer is the prerogative of the Commission, under Section 45 of the Electricity Act, 2003.

2.381 We agree with the view point that the size of slabs needs to be in line with the average electricity consumption of various sections of society. For instance if the average consumption of marginalized consumers in the society is say 50 units in a month (enough for a small family of 4 people with limited use for CFL bulbs, fan, TV and small kitchen appliances), the first slab could be restricted to say 100 units per month. Since tariff setting, consumer category/slab design are regulator’s prerogative, we request the Commission to study this issue in detail and carry out a detailed study to determine the appropriate slab sizes in line with consumer’s ability to pay.

Further to add to the point of cross subsidy between tariff slabs, we believe that in a cost reflective scenario, the benefit of lower tariffs should be restricted to only marginalized consumers of bottom slab of tariff. In line with provisions of Electricity Act 2003, the Delhi Government should provide direct subsidy in advance for the difference in tariff and cost of supply for remainder of consumers. We request the

Commission to allow for cost reflective tariffs and direct Delhi Government to fund direct subsidies, if any.

2.382 The calculation provided by comparing jump between slabs in terms of ABR and tariff, provides a compelling case for non-telescopic tariffs. While we agree with the view point that due to telescopic tariff slabs the consumers with higher consumption also get the benefit of lower tariffs for bottom slabs, non-telescopic tariffs also have their fair bit of disadvantages. The advantage and disadvantage of telescopic vs. non telescopic slabs are as follows –

Sr. No.	Particulars	Advantage	Disadvantage
1	Non Telescopic Slabs	• Benefit of subsidised tariff given to consumers with lower consumption is not passed onto other consumers.	• Borderline consumers falling with consumption like 201 units or 401 units would suddenly be charged higher tariffs for entire amount, increasing variation in consumer bills from month to month due to marginal consumption
		• Effectively allows the Commission to bring down the tariff rates of domestic consumers to their respective slab's ABR and still allow same revenue recovery for utility.	• Could further encourage consumers to split their consumption over several connections to remain within the limit of lower slabs
2	Telescopic Slabs	• Protects borderline consumers against sudden jumps in consumers bills due to change in slab	• Un-targeted subsidies, enjoyed by all consumers irrespective of their ability to pay

2.383 We believe that in an ideal case of cost reflective tariffs and along with direct subsidies to consumers from Delhi Government, the need for tariff slabs would cease to exist and therefore ending this debate on telescopic vs. non telescopic slabs. Further with the Government working on the concept of Direct Benefit Transfer in electricity subsidies (similar to LPG subsidy project), the need for creating tariff slabs wouldn't be there in the future. However these reforms would be implemented in phases and till that time, the Commission could conduct a detailed impact analysis study on telescopic vs. non telescopic tariffs.

2.384 We agree with the economic argument given that better services should warrant better tariffs, however this is not possible in the regulated market scenario of cost plus tariff determination. This could entail in future as and when competition is introduced in retail sale of electricity. This argument however rightly forces us to think towards analyzing other parameters for subsidy design instead of just cost coverage ratio. The parameter of measuring ability to pay has been rightly identified as one of such parameter. With such vast differences in per capita income of consumers from state to state, the common approach of +/- 20% cross subsidy cannot be adopted everywhere.

2.385 We therefore, request the Commission to conduct a detailed Tariff Affordability Study for analyzing the % spend on electricity of different sections of society and analyze subsidies in tariff in detail.

2.386 It is noteworthy to mention that the quality and reliability of the power supply largely depends upon the cost reflective tariff. As regards the issue of determination of tariff, we would like to state that the determination of electricity tariff to be charged from a category of consumer is the prerogative of the Commission, under Section 45 of the Electricity Act, 2003.

2.387 It is submitted that the Petitioner is mandated by Regulations to file the ARR Petition/True-Up Petition with the Commission within a specific timeline. Once the ARR is submitted, the Commission conducts comprehensive checks for correctness and adequacy of the data provided w.r.t energy sales, billing, power purchase costs, distribution costs etc. in the Petition. Accordingly, in case some deficiencies are identified, additional inputs are sought from the Petitioner for curing the identified defects. It is only after curing all such defects to the satisfaction of the Commission, that the ARR Petition/True-Up Petition is admitted and taken on record.

2.388 In the instant case, the True-Up Petitions for FY 2014-15 & FY 2015-16 were submitted with the Commission on 18.04.2016 & 24.01.2017 respectively. Subsequent to the submissions, Commission after due scrutiny and receipt of data gaps and additional submissions as sought by the Commission to its satisfaction finally admitted the Petitions vide its Order dated 26.05.2017.

2.389 The Petitioner also adheres to periodic compliance reports regarding billing, power purchase, CAPEX etc. which is subject to exhaustive prudence checks by DERC. The Petitioner also submits the above compliances in “Compliance to Directives” chapter in its ARR/ True-Up Petitions.

COMMISSION'S VIEW

2.390 The Commission determines the ARR for the DISCOMs as per the provisions of the Regulations. The Commission in its Tariff Order has provided the break-up of the major components considered for projecting costs of supply during FY 2017-18, like power purchase cost, O&M costs, CAPEX, financing cost, gap in true up to FY 2015-16 and carrying cost for the regulatory assets etc. This forms the basis for projection of the gap between present requirement in terms of ARR and revenue available at existing tariff. It is in the consumer's overall interest, that the gap between these two figures is filled by adjusting the tariffs so as to reduce the accumulated Revenue Gap/Regulatory Assets and the Carrying Cost thereof, which otherwise would impose an additional burden on the average consumer. The Tariff Order is issued after prudence check of the Petitions submitted by the DISCOMs and after considering each element of cost projected in the petitions with due analysis and ensuring proper justification.

2.391 The issue related to LPSC & levy of Rs. 14000/KW for release of connection for unelectrified areas is related to the draft order issued under Delhi Electricity Regulatory Commission (Supply Code and Performance Standards) Regulation 2017 and shall be dealt accordingly.

ISSUE 18: CAG AUDIT

STAKEHOLDERS' VIEW

2.392 Commission is requested to intervene in the matter of CAG Audit in Supreme Court to save consumer money.

PETITIONER'S SUBMISSION

TPDDL

2.393 There is no provision in the scheme of Electricity Act 2003, CAG Act 1971 or the constitution of India for conducting any CAG audit of Private Distribution Companies. The DERC is a statutory body performing its functions, discharging its duties as enumerated under the Electricity Act, 2003. No fruitful purpose will be achieved by intervention of the DERC in the matter.

BYPL

2.394 CAG Audit was commenced pursuant to the GoNCTD's letter dated 07.01.2014 to which the Petitioner has provided its full co-operation. However, the Hon'ble High Court of Delhi vide judgment dated 30.10.2015 set aside the direction of GoNCTD for audit of the Delhi DISCOMs by CAG and all actions undertaken in pursuance to above directive are also rendered inoperative and to no effect. United RWAs Joint Action, GoNCTD and CAG have filed appeals before Supreme Court and the matter is sub-judice.

BRPL

2.395 As regards CAG Audit of the DISCOMs is concerned, it is submitted that the issue is sub-judice before the Hon'ble Supreme Court of India. It is noteworthy to mention that the issue was decided in favour of the DISCOMs by the Hon'ble High Court of Delhi vide Judgment dated 30.10.2015 in United RWAs Joint Action V/s. Union of India & Ors. The Hon'ble High Court of Delhi while quashing the direction for CAG audit of DISCOMs u/s 20(1) of the CAG Act observed that the determination of tariff is the sole domain of DERC, which is well empowered to itself conduct the same or have the same conducted and the report of CAG audit of DISCOMs has no place in the Regulatory regime brought about by the Electricity Act 2003 and the Reforms Act.

COMMISSION'S VIEW

2.396 The matter of CAG Audit is sub-judice before the Hon'ble Supreme Court of India.

ISSUE 19: TIME OF DAY TARIFF

STAKEHOLDERS' VIEW

2.397 Do all electronic meters consumers have "time of the day" metering facility? Cost of up-gradation of TOD Meters should be borne by DISCOMs. Rebate of Off-Peak Hours should be increased to 35%.

2.398 Off-peak hours should be from 9PM to 9AM and rebate should be increased to 35% for industrial consumers.

2.399 DERC had decided earlier that anything below 25 KW should not be subject to ToD but now the scenario is that even the meters for less then 25 KW have ToD compliance, because it requires bigger investment which means bigger returns to the DISCOMs.

PETITIONER'S SUBMISSION

TPDDL

2.400 TOD tariff is mandatory applicable for consumers (other than Domestic) where sanctioned load/MDI (whichever is higher) is 25KW/27kVA and above as per Tariff Order Issued by Commission. The upgradation cost of such customer is borne by DISCOMs. However, Option of TOD tariff is also available for consumers (other than Domestic) where sanctioned load/MDI (whichever is higher) is 11KW/12kVA to 25KW/27kVA and upgradation cost is only charged, if ToD is opted by such consumers.

2.401 Tariff determination and tariff design for all consumer categories is the sole prerogative of the Commission.

BYPL

2.402 By opting ToD metering the consumers will be directly benefited through reduced monthly bills. The concept of ToD tariff is aimed at optimizing the cost of power purchase, which constitutes over 80% of the tariff charged from the consumers. Implementation of ToD tariff directly as well as indirectly benefits the consumers.

2.403 Imposition of ToD charges to any particular category is the sole prerogative of Commission. Currently ToD is applicable to all consumers except domestic category i.e. on the loads 25KW/27KVA and above (mandatory applicable) and 11KW/12KVA to 25KW/27KVA optional. As the DISCOMs has no other option but to shut down the plants below technical minimum therefore long term arrangement of power is on Round the Clock basis. DMRC operates in the peak and normal hour and shut down in off peak hours due to the RTC arrangement to meet the peak demand for all the consumers BYPL. BYPL incur losses in terms of surplus power sale in other time slot and hence ToD is being charged from the consumers as per the Commission's tariff Order.

BRPL

2.404 All the meters where the TOD billing is approved by Commission in Tariff Order dated 29.09.2015 are TOD Complied.

2.405 As regards the suggestion of DMRC regarding TOD metering, we would like to mention that the cost of producing electricity varies from hour to hour. The marginal cost of producing electricity varies widely, depending upon the total load and the particular generating units used to serve this load. The theory behind time-of-day rates is simply to vary the price of electricity in accordance with fluctuations in production costs. When the cost of production is high, the price would also be high. Conversely, when the cost of production is low, the price would be low. The equity advantages of time-of-day pricing are also apparent.

2.406 Under a time-of-day pricing system, this inequity can be corrected because the off-peak user is charged less than the peak-hour consumer. The concept of time-differentiated tariff aims at shifting time of peak demand, thereby flattening the load curve for which the Utility provides incentives to shift consumption to off-peak hours and offers disincentives for consumption during peak hours. The concern is as to how to encourage shifting of energy consumption from peak hour to non-peak hours to reduce the marginal cost of power required for meeting the peak demand. ToD Tariff as a concept is quite beneficial for the stakeholders.

2.407 The Commission in its Tariff Order dated July 13, 2012 had for the first time has introduced Time-of-Day Tariff for large industrial and commercial category with sanctioned load/ MDI (whichever is higher) of more than 300KVA which is applicable till date.

2.408 Further, the Commission in the Public Notice on the ARR Petition has mentioned that as a progressive step in this direction and to further encourage demand shift from peak hours to off-peak hours had decided to lower the applicability limit for ToD Tariff with a view to reduce peak hour consumption and increase consumption during off-peak hours.

COMMISSION'S VIEW

2.409 The Commission is of the view that ToD tariff is an important Demand Side Management (DSM) measure to flatten the load curve of the DISCOMs. The Commission in its tariff order dated 13.07.2012 had for the first time introduced ToD Tariff on a pilot basis for large industrial and commercial categories with a sanctioned load/MDI (whichever is higher) of more than 300 kVA. Surcharge had been introduced under ToD tariff during the peak hour consumption to offset the costly power purchase during the peak hours and rebate given to consumers for shifting the demand from peak to off peak hours.

2.410 The time slot for applicability of ToD tariff has been modified on the request of stakeholders as follows:

Months	Peak Hours	Surcharge on Energy Charges	Off-Peak Hours	Rebate on Energy Charges
May-September	1430-1600 hrs and 2200-2400 hrs	20%	0300-0900 hrs	10%

a. It is applicable for all consumers (other than domestic) whose sanctioned load/ MDI is 11kW/12kVA and above.

b. Option of TOD tariff is also available for Domestic category whose sanctioned load/MDI (whichever is higher) is 11kW/12kVA and above. Such ToD Consumers will have the option to move back to non-ToD regime only once within one Financial Year.

ISSUE 20: TARIFF CATEGORY

STAKEHOLDERS' VIEW

2.411 Consider Gardens under agriculture land category instead of commercial category and apply tariff accordingly.

2.412 Consider private owned Dharamshalas under residential category tariff instead of commercial category.

2.413 Consider small shopkeepers up to 2kW load under residential category.

2.414 Factories running in industrial areas approved by Govt. of NCT under master plan should be categorized under small industrial power tariff category III irrespective of their type of factory licence.

2.415 TPDDL started raising the bills on non-domestic tariff from the chambers of the advocate at Tis Hazari courts, Delhi, without issuing any show cause notice or any reason to the Bar Association or advocate, please clarify.

2.416 Single point (11 kV) CGHS are paying higher tariff and maintenance cost of electrical sub-station as compared to individual multipoint connection of CGHS users. So Commission should provide rebate on energy charges for CGHS with single point connections.

PETITIONER'S SUBMISSION

TPDDL

2.417 Tariff determination and tariff design for all consumer categories is the sole prerogative of the Commission.

2.418 Industrial / Factory Licence has been mandated by Commission under Supply Code and Performance Standard Regulations issued from time to time.

BYPL

2.419 No Response.

BRPL

2.420 No Response.

COMMISSION'S VIEW

2.421 Regarding Tariff for lawyers chambers, the Commission has relied upon the judgment of the Hon'ble Supreme Court in Civil Appeal no. 1065/2000 for retaining the existing Tariff Category of Non-Domestic which has held that:

"....Thus the question whether an Advocate can be said to be carrying on a commercial activity does not arise for consideration. As the user is admittedly not "domestic" it would fall in the category of "commercial and non-domestic". In such cases even for "non-domestic" use the commercial rates are to be charged. Exclusively running an office is clearly a "non-domestic" use."

2.422 In view of the above judgement, the Commission is of the view that even private owned Dharamshalas and Gardens has to be classified under Non-Domestic based on type of use (Non-Domestic) and the Commercial rates are to be charged.

2.423 Tariff for GHS has been fixed based on the average rate of individual domestic consumer's tariff based on the average consumption of residential consumers and by considering appropriate discounting for the maintenance cost.

2.424 The Commission has extended Domestic Category to the consumers running small commercial establishments from their households having sanctioned load upto 5kW shall be charged domestic tariff.

ISSUE 21: RETURN ON EQUITY

STAKEHOLDERS' VIEW

2.425 DISCOMs are getting 16% as RoE, which is raised from public institutions at lower rate of interest. No business provides such returns. Commission is requested to reduce RoE.

2.426 At per present economic scenario, ROE to DISCOMs should be limited to 8% only.

PETITIONER'S SUBMISSION

TPDDL

2.427 ROE is allowed as per Terms and condition for determination of Distribution Tariff Regulation 2011 for 2nd MYT Regulation control period.

2.428 It is worth to mention that even CERC has allowed return on equity @ 15.5% to generating companies which are operating in lower risk in comparison to risk involved in distribution segment. The said factor has also been recognized by Forum of Regulators. Therefore, generally a margin of 2% is considered for the distribution segment which is over and above the ROE of generating companies.

BYPL

2.429 The Petitioner would like to quote Clause 5.3(a) of the National Tariff Policy issued by Ministry of Power dated 6th Jan, 2006 which mentions that the rate of return notified by CERC for Generation & Transmission may be adopted by the State Electricity Regulatory Commissions (SERCs) for Distribution with appropriate modification taking into view the higher risks involved. The Ministry of Power has thus recognized the very fact that Distribution business is a riskier business relative to Generation & transmission and thus has suggested of providing higher RoE to Distribution projects.

The CERC has in its tariff regulation for FY 2014-19 provided RoE at the base rate 16.50% for hydro stations (storage type and RoR). The RoE for the distribution business as a whole ought to be at least 2% more than the generation business keeping in view the fact that the overall risk and cost of capital for the distribution business is higher than the generation business. In view of the above facts, Petitioner would like to inform that the 16% RoE as assumed by the Petitioner from the Wheeling and Retail business is in fact on a lower side. Thus, it would be highly unjustified to expect the Petitioner to sustain distribution business without a reasonable return or profit.

BRPL

2.430 No Response.

COMMISSION'S VIEW

2.431 Distribution business involves higher risk as compared to Generation & transmission. This aspect has been duly recognised by the sector, and even CERC in its Tariff Regulations 2014 has also approved the different base rates of return on equity at 15.5% & 16.5% for the Generation and Transmission system respectively. 16% RoE approved for the Distribution Business includes 14% for wheeling and 2% for Retail Supply. The rational for rate of return on equity has also been detailed in the explanatory memorandum issued by the Commission on draft Business Plan Regulations, 2017.

ISSUE 22: ELECTRICITY FIXED CHARGES

STAKEHOLDER'S VIEW

2.432 Fixed charges for consumers should be reduced as DISCOMs are unable to provide reliable power supply.

2.433 Fixed charges should be merged with Consumption charges for Industrial consumers.

PETITIONER'S SUBMISSION

TPDDL

2.434 Fixed charges as part of tariff is levied so as to be able to cover the fixed expenses / costs of DISCOMs. DISCOMs needs to establish and maintain infrastructure and network corresponding to the Sanctioned / connected load of the Consumers to ensure uninterrupted power supply irrespective of the fact whether such load demand is actually used or not but the DISCOMs is required to have such infrastructure in place.

2.435 Fixed Charges are charged on the Basis of Sanctioned Load for Domestic Customers and higher of Sanctioned Load or Maximum Demand for Other Category of Customers. No Meter Charges are levied on the consumers. Fixed charges are part of total tariff which is actually charged to create and maintain distribution network according to load demand in the area irrespective of the fact whether such load demand is actually used or not but the DISCOMs is required to have such infrastructure in place. Such infrastructure is required to be maintained to give services to the consumers prescribed under performance standards framed by the Commission.

2.436 It is also pertinent to mention that if fixed charges are reduced, the energy charge would increase correspondingly as these forms a part of total revenue of the utility. Therefore, whether only energy charge is levied or energy charge as well as fixed charge is levied, the same ARR would have to be recovered from the consumers.

2.437 In any case, Tariff determination and tariff design for all consumer categories is the sole prerogative of the Commission.

BYPL

2.438 In accordance with the provisions of the Electricity Act 2003, determination of tariff is the sole prerogative of the Commission. We sincerely trust that the stakeholder's observations would be appropriately considered by the Commission while finalizing tariff for FY 2017-18.

As regard to fixed charges, we would like to submit that Section 45 (3) of Electricity Act, 2003 provides for the levy of fixed charges. This Section states that: "The charges for electricity supplied by a distribution licensee may include - (a) a fixed charge in addition to the charge far actual electricity supplied;"

2.439 The rationale for levying fixed charges is to recover a part of the fixed cost of the utility so that at least a part of the fixed cost is recovered even if there is no consumption by the consumer. The generating station also recovers Power Purchase Cost as two part tariff consisting of capacity charge and energy charges. Capacity charges is to recover fixed charges such as O&M, Return on Equity, interest, Depreciation cost which is payable by the petitioner even when generation has been suspended for reasons like maintenance, evacuation constraints etc. When a consumer is connected to the system, the utility has to provide/allocate certain capacity of its system to serve the consumer and also capacity charges payable to generating stations. When a consumer is connected to the system, the rationale for levying fixed charges is to recover a part of the fixed cost of the utility so that at least a part of the fixed cost is recovered even if there is no consumption by the consumer. The capital related costs are the costs incurred by the petitioner on building up the infrastructure and maintaining the same in proper working condition in order to service the consumers.

2.440 Section 45(3) of the Electricity Act 2003 provides for the levy of fixed charges. This section states that: "The charges for electricity supplied by a distribution licensee may include – (a) a fixed charge in addition to the charge for actual electricity supplied;" In this regard we would like to submit that when a consumer is connected to the system, the distribution utility has to provide/allocate certain capacity of the distribution system to serve the consumer. In addition to this, some expenses such as meter reading, billing, bill delivery, maintenance etc. are fixed in nature and independent of energy consumption. The Petitioner also pays fixed charges in addition to the variable charges to the generating companies for sourcing power. Ideally, the fixed charges levied on the consumer should defray the cost of such capacity requirements of the consumer after considering the fixed cost of such system and diversity of load in the system. Section 45 (3) of Electricity Act, 2003 also provides for the levy of fixed charges.

2.441 However, determination of Fixed Charges to be charged from a particular category and a particular slab of consumers is a sole prerogative of the Commission.

BRPL

2.442 No Response.

COMMISSION'S VIEW

2.443 Fixed charges are levied to cover the fixed expenses of the Utilities. The infrastructure and network involves continuous running and maintenance to ensure uninterrupted power supply irrespective of the fact whether such load demand is actually used or not. The energy charges indicate the variable charges which are directly linked to the consumption of electricity. Both fixed and energy charges form part of the electricity billing; decrease in one shall lead to increase in the other.

ISSUE 23: TARIFF FOR DMRC

STAKEHOLDER'S VIEW:

2.444 NDMC proposed to increase the tariff for DMRC i.e. fixed charges from Rs. 125/KVA to Rs. 154/KVA (23.2% increase) and energy charges from Rs. 6.10/KVAh to Rs. 7.53/KVAh (23.4% increase).

2.445 There is an effective increase of almost 189% in last 5 years (i.e., from Rs. 2.50 to Rs.7.23 per unit). This has resulted in increase in working expenses of DMRC by 1095% (i.e. from Rs. 44 Crore in 2007-08 to Rs. 526 Crore in 2015-16), whereas increase in energy consumption is only 268% (20 Crore units in 2007-08 to 73.5 Crore units in 2015-16). DMRC will not be in a position to sustain any additional increase in tariff without passing it on to the consumer.

2.446 Distribution losses as provided in DISCOMs ARR Petitions for FY 2017-18 at 66 kV level are in range from 0-1% only. The purchase cost at 66 KV without considering distribution losses of lower voltage will be much lower than Rs. 5.31/unit for BRPL, Rs. 4.76/unit for BYPL, Rs. 4.49/unit for NDMC & Rs. 6.47/unit for TPDDL. Since DMRC takes power at 220kV/66KV and does not contribute to distribution losses, separate power purchase costs may be given by DISCOMs at various voltage levels (i.e. 220KV 66KV and L.T. level) after taking into consideration losses at corresponding voltage levels along with power purchase cost at each of the above voltage levels, clearly accounting for the losses for respective voltage levels.

2.447 As per agreed principle in November 2002, there is no provision of fixed charges. Hence, fixed charges are not applicable to DMRC and withdrawal of the same may be considered by DERC.

2.448 DMRC may be exempted from payment of Revenue Deficit surcharge (8% Surcharge).

2.449 DMRC has deposited security deposit of Rs 7,31,25,000 to BRPL, Rs 3,18,75,000 to BYPL, Rs 4,46,25,000 to TDPPL & Rs 1,20,00,000 to NDMC. Commission vide Tariff order for FY 2015-16 has allowed security deposit in the form of Bank Guarantee. But the DISCOMs have not agreed for refund of existing security deposit as they state that the order of the Commission w.r.t to the Bank Guarantee does not apply to the earlier existing contracts, clarification in this regard needs to be issued.

2.450 No Cross-subsidy surcharges are levied on DMRC for energy supplied by DISCOMs as well as for renewable energy procured through Open Access

2.451 DMRC requested to get exempted from ToD metering and should incentivize DMRC by way of reduce tariff in peak load conditions.

2.452 While availing power through open access, during feed extension, which is a force majeure condition, the scheduled demand of the failed sources should be added to the scheduled demand of the alternate sources so that the energy drawn upto sum of the scheduled demand from DISCOMs through open access is charged at the open access rate. No fixed charges should be levied.

PETITIONER'S SUBMISSION

TPDDL

2.453 No Response.

BYPL

2.454 In this regard, we would like to bring to your kind notice the Regulation 16 Para vi of the "Delhi Electricity Supply Code and Performance Standards Regulations, 2007" which states as under:

"16 ………………… *vi) The amount of security deposit shall be as per the Regulation 29 or as approved by the Commission from time to time. The Licensee shall pay interest to the consumer at the rate of 6% per annum, or any other rate prescribed by the Commission payable annually on such deposit w.e.f. date of such deposit in cases of new connection energized after the date of this notification or in other cases, from the date of notification of these regulations. The interest accrued during the year shall be adjusted in the bill for the first billing cycle of the ensuing financial year."*

Therefore it is to mention that Security Deposit amount is being levied as per the Regulations prescribed by the Commission

BRPL

2.455 No Response.

COMMISSION'S VIEW

2.456 The DMRC has already been considered as a special tariff category in the tariff orders issued by the Commission year on year. The issue of drawing power at higher voltage and rebate thereon has been inbuilt in the Tariff design and addressed appropriately in the Tariff Order.

2.457 The Commission is of the view that any increase in tariff for DMRC is on account of increase in power purchase cost and other components forming part of the ARR of the distribution licensees.

2.458 The Commission has already directed to the petitioner for energy audit to determine the voltage wise loss in the network of the petitioner.

2.459 The Tariff determined by the Commission in respective tariff order was also fixed by considering all the factors discussed above.

2.460 The Commission in its Delhi Electricity Regulatory Commission (Supply Code and Performance Standards) Regulation 2017 has made the provisions for providing bank guarantee in lieu of security deposit already deposited for the existing connections. The existing security deposit shall be refunded in twelve instalments in the bills.

ISSUE 24: ENERGY AUDIT

STAKEHOLDER'S VIEW

2.461 There should be proper Energy Audit to get the accurate details of power consumption of each consumer category.

PETITIONER'S SUBMISSION

TPDDL

2.462 No Response

BYPL

2.463 In this regard we would like to inform that in BYPL area consumer indexing related to distribution transformer has been done. Besides the above, area wise losses in the high loss areas in each division are uploaded bimonthly on the website (www.bsesdelhi.com) of the Petitioner which can be perused. Further, Commission has recently initiated process for "Appointment of Consultant For Energy Audit of the Networks of Discoms in NCT of Delhi".

BRPL

2.464 For the purpose of energy audit the first step is to install meter on all EHV/ HV feeders and distribution transformers. Another activity is Geographic Information System (GIS) mapping of all network assets. EHV level data for all the circles in its area of operations are uploaded on the GIS server network and integration with SAP is completed, also updated Single Line Diagram for all grids stations attached and accessed through GIS. On HT side, data for all 33 divisions uploaded on GIS server and its integration with SAP is also completed. First stage of consumer indexing related to critical transformer is already over. As a next step Consumer indexing with distribution transformer has also been taken up and is in progress. Besides the above, area wise losses in the high loss areas in each division are uploaded bimonthly on the website (www.bsesdelhi.com) of the Petitioner which can be perused.

2.465 It is trusted that your valued suggestions for extending energy audit to other agencies/ establishments consuming bulk power will be suitably considered by the Commission.

COMMISSION VIEW

2.466 The Commission has directed the DISCOMs to conduct the energy audit regularly and display the losses on its website. The DISCOMs of Delhi have reported that they have adopted the latest technology like GIS, SCADA, and Distribution Automation etc.

2.467 The Commission is also of the view that wastage of electricity should be avoided. The Commission has been issuing the public awareness bulletins from time to time for use of energy efficient equipment/lighting.

2.468 The Commission is also in the process of appointment of consultant for energy audit of the networks of DISCOMs, for third party assessment of the actual technical & distribution losses of the Distribution licensee.

A3: TRUE UP UPTO FY 2014-15 AND FY 2015-16

BACKGROUND

3.1 The Commission had approved the Aggregate Revenue Requirement (ARR) of the Petitioner i.e., BSES Yamuna Power Limited (BYPL) for each year of the Multi Year Tariff Control Period (FY 2012-13 to FY 2014-15) in its Multi Year Tariff Order dated 13/07/2012 (hereinafter referred as 2nd MYT Order). Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 (hereinafter referred as 2nd MYT Regulations) provides basis for truing up of controllable and uncontrollable parameters at the end of each year of the control period based on the audited figures & prudence check by the Commission.

3.2 The Commission vide its Order dated October 22, 2014 extended 2nd MYT Regulations for a further period of one year i.e., FY 2015-16.

3.3 The Petitioner in its Petition has sought truing up of the expenditure and revenue for FY 2014-15 and FY 2015-16 along with impact of prior period true up on account of implementation of various judgments.

3.4 In this Chapter, the Commission has analyzed the Petition of BYPL in accordance with the principles laid down under the Policy Direction Period guidelines, Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2007 (hereinafter referred as 1st MYT Regulations) and 2nd MYT Regulations.

TRUE UP FOR PAST PERIOD

BACKGROUND

3.5 The Petitioner in its Petition claimed that true-up pending with respect to earlier periods have been divided into two parts as under:

a. Directions of Hon'ble ATE given in various Judgments.

b. Previous claims where either additional data was sought or there are certain arithmetical errors.

3.6 These claims have been discussed in detail in subsequent paragraphs and the impacts of such claims have been considered along with carrying cost up to FY 2014-15.

DIRECTIONS OF HON'BLE APTEL IN VARIOUS JUDGMENTS

PETITIONER'S SUBMISSION

3.7 The Petitioner in its Petition has claimed the impact of the directions of Hon'ble APTEL in various judgments as below:

Table 4: Claims regarding directions of Hon'ble APTEL

Sr. No.	Issue	Date of Judgment	Direction to the Hon'ble Commission
1	Deferment of Capitalisation based on EI Certificate	October 6, 2009	To allow the capitalisation based on EI Application plus 15 days
		March 2, 2015	To conduct physical verification of assets and complete exercise within 6 months
2	Disallowance of REL Purchases	October 6, 2009	To allow the impact based on comparison with NDPL prices
		March 2, 2015	To provide all the data for comparison within a month of receipt of requirement by the Petitioner
3	Cost of Debt	October 6, 2009	True-up rate of interest of loans based on variation in SBI PLR
		November 28, 2014	To true-up the rate of interest as SBI PLR has varied by more than +/-1%
		February 10, 2015	To true-up the rate of interest pertaining to working capital loans from FY 13 to FY 15 based on actual.
		March 2, 2015	To true-up the rate of interest as SBI PLR has varied by more than +/-1%
4	Repayment of loans	November 28, 2014	To consider repayment of loans while computing WACC
		March 2, 2015	To consider repayment of loans while computing WACC
5	Working Capital	May 31, 2011	To consider the working capital in debt-equity ratio of 70:30
		November 28, 2014	Implement the directions in letter and spirit
		March 2, 2015	Implement the directions in letter and spirit
6	Truing-up of FY 2007-08-First 11 months	July 12, 2011	To allow the impact on truing-up of FY 08 (11 months) as per Reg. 12.1
		November 28, 2014	To allow the impact on truing-up of FY 08 (11 months) as per Reg. 12.1
		March 2, 2015	To allow the impact on truing-up of FY 08 (11 months) as per Reg. 12.1
7	Revision in distribution loss from FY 08 to FY 11	October 6, 2009	To amend the distribution loss based on the representation made by DISCOMs
		November 28, 2014	To reconsider the matter within 3 months of the Judgment based on submission of the DISCOM
		March 2, 2015	To reconsider the matter within 3 months of the Judgment based on submission of the DISCOM

Sr. No.	Issue	Date of Judgment	Direction to the Hon'ble Commission
8	Truing-up of AT&C Loss for FY 2008-09	November 28, 2014	To reconsider the matter taking into account the information submitted by the DISCOM
9	Effect of 6th pay commission for Non-DVB Employees	October 6, 2009	To allow the impact of 6th pay commission for non-DVB Employees if incurred by DISCOM
		May 15, 2015	To allow the impact of 6th pay commission for non-DVB Employees as average salary of Non-DVB Employees still less than DVB Employees
10	AT&C Loss for FY 2011-12	November 28, 2014	To consider the AT&C Loss for FY 2011-12 as per letter dated March 8, 2011
11	Non-Revision of AT&C Loss for FY 2012-13 and FY 2013-14	March 2, 2015	To set a reasonable loss trajectory and revise the AT&C Loss trajectory from FY 2012-13 to FY 2014-15 based on the revised target for FY 11-12. To revise the collection efficiency
12	Increase in employee expenses corresponding to increase in consumer base	October 6, 2009	To allow the increase in employee expenses corresponding to increase in consumer base
13	Payments to VRS optees	October 6, 2009	To allow the payment to VRS optees pending decision of Actuarial Tribunal
		November 28, 2014	To allow the payments made by the DISCOM on ad-hoc basis and adjust the same after decision of Actuarial Tribunal
		March 2, 2015	To allow the payments made by the DISCOM on ad-hoc basis and adjust the same after decision of Actuarial Tribunal
14	R&M and A&G Expenses from FY 05 to FY 07	October 6, 2009	To allow the R&M and A&G Expenses from FY 05 to FY 07 on actual basis subject to prudence check
		November 28, 2014	To allow the R&M and A&G Expenses from FY 05 to FY 07 on actual basis subject to prudence check and not to circumvent the decisions given in Judgment dated October 6, 2009
		March 2, 2015	To allow the R&M and A&G Expenses from FY 05 to FY 07 on actual basis subject to prudence check and not to circumvent the decisions given in Judgment dated October 6, 2009
15	Lower rates of carrying cost	July 30, 2010	To allow the carrying cost in debt-equity ratio of 70:30 by considering prime lending rates
		November 28, 2014	To allow the carrying cost in debt-equity ratio of 70:30 by considering prime lending rates
		March 2, 2015	To allow the carrying cost in debt-equity ratio of 70:30 by considering market lending rates
16	Efficiency factor for FY 11- 12	November 28, 2014	To allow the impact on account of arbitrary determination of efficiency factor during FY 2011-12
17	Efficiency factor from FY 13 to FY 15	March 2, 2015	To re-determine the efficiency factor from FY 13 to FY 15 based on the comparison with utilities with similar loss level or utilities operating in Metropolitan cities for at least last three years
18	Efficiency factor from	March 2, 2015	To allow the impact on account of arbitrary

Sr. No.	Issue	Date of Judgment	Direction to the Hon'ble Commission
	FY 08 to FY 11		determination of efficiency factor for FY 2010-11
19	Computation of AT&C Loss for FY 2009-10	November 28, 2014	To re-compute the AT&C losses for FY 2009-10 using actual kWh figures as recorded in Para-4.8 of the Impugned order
20	Financing cost of LPSC based on SBI PLR	March 2, 2015	To allow LPSC at prevalent market lending rates
21	Reversal of Short Term gain	July 12, 2011	To allow the interest on Short Term gain as the working capital is allowed on normative basis as per Regulations. Further only interest earned on LPSC and interest on Consumer Security Deposit above rates specified by the Commission to be considered as NTI
22	Disallowance of rebate arising out of payment made to DTL	October 6, 2009	To decide the matter on dispute between DTL and the Petitioner and make suitable adjustments in the entitlement of the Petitioner as soon as decision is taken in this regard
23	DVB Arrears while computing AT&C loss for FY 09	November 28, 2014	To determine the AT&C Loss with same ingredients in numerator and denominator
		March 2, 2015	To determine the AT&C Loss with same ingredients in numerator and denominator
24	Incorrect revision of R&M Expenses by revising "K" factor	March 2, 2015	To include R&M Expenses incurred during FY 08 while determination of K factor for second control period
25	Interest de-capitalised	July 12, 2011	To correct the error of capitalisation of interest during true-up of FY 2007-08
26	Additional UI Charges above 49.5 Hz	March 2, 2015	To allow UI charges incurred above 49.5 Hz in FY 2010-11
27	Disallowance of reactive energy charges	October 6, 2009	To allow the carrying cost on reactive energy charges during FY 2007-08

The issues indicated above are discussed as follows:

TO ALLOW THE CAPITALISATION BASED ON EI APPLICATION

PETITIONER'S SUBMISSION

3.8 The Petitioner has submitted that in the Tariff Order dated February 23, 2008, the Commission had disallowed capitalisation of Rs. 300 Crore, pending clearance for the capital schemes by the Electrical Inspector for the FY 2004-05 to FY 2006-07. The capital schemes have been put to use by the Company, and are servicing about 15 lakh consumers. However, since FY 2004-05 the Company has been deprived of the costs of such expenditure.

3.9 The Petitioner has referred the APTEL's order dated October 6, 2009 (Appeal No.

36 of 2008) as follows:

> *"118) …For capitalisation of fresh assets the DISCOM shall make appropriate applications to the Electrical Inspector and the capitalisation of such assets will be allowed w.e.f. 16th day of filing of the application and payment of necessary fee.."*

3.10 The Petitioner has requested the Commission to give effect to the directions given by Hon'ble ATE with respect to the capitalization of assets within 16 days of EI application date which is yet to be implemented. The Hon'ble commission vide its letter dated January 6, 2015 specified a format in which the details related to Electrical Inspector Certificate was sought.

3.11 Meanwhile the Hon'ble ATE in Judgment dated March 2, 2015 (Appeal No. 178 of 2012) directed the Hon'ble Commission as under:

> *"10.4… We, therefore direct the State Commission to carry out the physical verification of the assets capitalised during FY 2004-05 and 2005-06 through its appointed agency and expedite implementation of the decision of this Tribunal in Appeal no. 36 of 2008 decided on 06.01.2009. The whole issue shall be decided within 6 months of the date of this Judgment."*

3.12 The Petitioner has already filed a review petition (RP No. 17 of 2015) against the aforesaid issue as the physical verification of assets pertaining to FY 2004-05 and FY 2005-06 has already been carried on a sample basis by the Hon'ble Commission. Without pre-judice to the contentions of the Petitioner in RP No. 17 of 2015, the Petitioner requests the Hon'ble Commission to allow the impact on account of aforesaid direction.

3.13 The Petitioner has discussed the total impact on account of EI disallowances along with directions of Hon'ble ATE on other capex related claims in the Para-3.13 to Para-3.20 of the Petition. However, the total impact on account of truing-up of capitalisation from FY 2007-08 to FY 2014-15 (including EI disallowance and other capex related claims) is tabulated below:

Table 5: Impact on account of capex related claims (Rs. Crore)

Sr. No.	Particulars	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
A	Opening Balance	0	17	37	69	151	256	386	536	711	923	1138	1414

Sr. No.	Particulars	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
B	Additions	17	18	27	73	87	89	91	98	109	73	98	95
C	Closing Balance	17	35	64	141	238	345	477	634	820	995	1236	1509
D	Average Balance	8	26	51	105	195	300	432	585	766	959	1187	1462
E	Rate of Carrying Cost (%)	9	9	9	9	9	13.68	13.75	13.11	13.38	14.88	15.03	15.01
F	Carrying Cost	1	2	5	9	18	41	59	77	102	143	178	219
G	Grand Balance	17	37	69	151	256	386	536	711	923	1138	1414	1728

 # Includes impact on all capex related items

Accordingly the Petitioner requests the Hon'ble Commission to allow the aforesaid impact.

COMMISSION'S ANALYSIS

3.14 The Commission has already submitted before Hon'ble APTEL in Appeal No. 290 of 2015 that once the physical verification report is submitted by the consultant then the Commission will finalize the true up of Capitalisation as per the direction of the Hon'ble APTEL subject to the outcome of Civil Appeal No. 884 of 2010 filed by the Commission before Hon'ble Supreme Court on this issue.

3.15 Further, the Petitioner has submitted segregation of disallowed schemes on account of non-availability of Electrical Inspector certificates and related party transactions as well as reconciliation of any scheme capitalized in the subsequent years. As the data is voluminous and its segregation will take some time, therefore, the impact due if any, on non-related party transactions, will be considered in the subsequent Tariff Orders whose Electrical Inspector certificates have been obtained.

CAPITALISATION PERTAINING TO REL PURCHASES

PETITIONER'S SUBMISSION

3.16 The Petitioner has stated that the Commission in its' Tariff Order dated February 23, 2008 disallowed capital expenditure of Rs. 170.84 crores, since the goods were purchased by the Petitioner from REL for Rs. 364.87 crore during FY 2004-05 &FY 2005-06. The goods purchased have been put to use by the Petitioner, and are servicing about 15 lakh consumers. However, since FY 2004-05 the Petitioner has been deprived of the costs of such expenditure. The year-wise bifurcation of the disallowance is tabulated below:

Table 6: Impact on account of disallowance of REL Purchase (Rs. Crore)

Sr. No.	Particulars	FY 05	FY 06	FY 07	FY 08
A	REL Disallowances	6.37	41.08	65.92	57.47

3.17 The Petitioner has referred the APTEL's Judgment dated October 6, 2009 (Appeal No. 36 of 2008) as follows:

"57) …In case the price paid to REL is same as or lower than the price allowed to NDPL for a comparable commodity, the Commission shall allow the price paid to REL. The Commission shall, however, allow a lesser price if the NDPL's price is lower than the price of REL's purchase plus 5% profit margin."

3.18 The Petitioner vide its letter dated September 13, 2013 has already furnished the information as desired by Hon'ble Commission, whereby, the Petitioner has suitably submitted a comparison of rates of the capital expenditure incurred for equipment's purchased from REL, with rates as that of TPDDL which could be obtained on best effort basis. Earlier, the Petitioner vide its letter dated December 1, 2009 requested the Hon'ble Commission to provide the necessary information pertaining to TPDDL required for comparison as per the directions of Hon'ble ATE. However the same was not provided by the Hon'ble Commission and therefore the Petitioner has submitted the information to the extent it could be obtained.

3.19 Based on the information as obtained from the market sources, the Petitioner furnished documents which demonstrate that out of Rs. 364.87 crore, being the value of total goods purchased from REL, the price paid for goods worth Rs. 169.22 crore i.e. 46% were lower than the price paid by TPDDL.

3.20 The Petitioner has referred the Hon'ble ATE in Judgment dated March 2, 2015 (Appeal 178 of 2012) as under:

"9.6 Without going into the controversy, we direct the Appellants to submit the details of the items for which data is required by an application to the State Commission. ***The State Commission will make available the data to the Appellants within a month of the application. The Appellant after***

***analysis will file its claim before the State Commission and the Commission will consider the same as per the directions of the Tribunal in Appeal no. 36 of 2008 decided on 06.01.2009 and decide the matter within 60 days of submissions made by the Appellants. Accordingly directed.**" (Emphasis supplied)*

3.21 The Petitioner submitted that the Commission in the Tariff Order dated September 29, 2015 has ruled as under:

"3.10 In view of the above judgment, the Petitioner has requested for inspection of documents/records vide its letter 13.02.2015 before the Commission in order to submit its claim before the Commission after analyzing the relevant document and comparing the rate of TPDDL. As per request of the Petitioner, two opportunities have been provided to the Petitioner for inspection of the relevant documents/records available in the office of the Commission on 11.03.2015 and 23.04.2015. As per the direction of Hon'ble APTEL, the Petitioner is yet to submit the detailed report after analyzing the documents inspected in the Commission's office. Therefore, the Commission shall take a final view, as per directions of Hon'ble APTEL, after receipt of the Petitioner's report. "

3.22 The Petitioner further stated that the above findings of Hon'ble Commission are contrary on account of following reasons:

- The Petitioner vide its letter dated June 05, 2015 informed the Hon'ble Commission about the incomplete documents shown at the time of inspection on 23.04.2015 and requested to provide copy of the documents. The Hon'ble Commission did not respond to the said letter.
- While approving the ARR and Capex of TPDDL in the Petition No. 50 of 2007 dated 23.02.2008, the Hon'ble Commission ought to have the details of equipments and prices paid by TPDDL. Therefore, the Hon'ble Commission can suo motu carry out the comparison of the prices paid by TPDDL and the Petitioner.

COMMISSION'S ANALYSIS

3.23 The Commission has not considered this issue in this Tariff Order because the Petitioner has failed to comply with the directions of the Hon'ble APTEL in Appeal No. 177 & 178 of 2012. This aspect has also been submitted before the Hon'ble APTEL in Appeal No. 290 of 2015.

TRUE-UP ACTUAL RATE OF INTEREST

PETITIONER'S SUBMISSION

3.24 The Petitioner mentioned that the Hon'ble APTEL in Judgment dated November 28, 2014 (Appeal No. 61 and 62 of 2012) has ruled as under:

"37. On perusal of the data submitted by the Appellant related to SBI PLR, it is clear that SBI PLR has deviated by more than 1% during the control period and accordingly the Commission was required to revise the rate of interest on loan and carry out the required true up. Further, despite admitting that true of Return on Capital Employed (RoCE) would done at the end of control period, the Delhi Commission has failed on both the counts. ***The Delhi Commission is directed to revise the rate of interest on loan as well true up of the RoCE in its next tariff exercise. The issue is accordingly decided in favor of the Appellants****."*

3.25 The Petitioner has also referred the Hon'ble APTEL's Judgment dated February 10, 2015 (Appeal No. 171 of 2012)which has ruled as under:

"13.4 We find that the State Commission has considered interest rate for working capital as 11.62% and interest rate for capital at 11.25% for the control period 2012-13 to 2014-15. The Appellant has produced a letter from SBI dated 02.01.2012 showing working capital facilities sanctioned at an interest rate of 3.25% above base rate which works out to 13.25% p.a. with monthly interests. This letter was furnished to the State Commission by letter dated 21.05.2012. This has not been considered by the State Commission while deciding the rate of interest on working capital. In the submissions of the State Commission before us they have not denied receipt of this letter but have not given any explanation why the this letter was not considered by them while deciding the interest on working capital. There is also no explanation in the impugned order regarding fixing interest rate at 11.25% on

working capital. We, therefore, direct the State Commission to true-up the interest rate on working capital for the years from 2012-13 to 2014-15 in the true up of the accounts, based on the actual interest rates."

3.26 The Petitioner further vide its letter dated July 11, 2013 and July 06, 2015 submitted the actual rate of interest from FY 2007-08 to FY 2013-14 which are as under:

Table 7: Actual rates of Interest

Sr. No.	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
1	Rate of Interest	11.32%	11.52%	11.28%	12.06%	14.12%	14.71%	14.37%

3.27 The Petitioner has considered the above mentioned rate of interest while calculation of RoCE from FY 2007-08 to FY 2013-14.

COMMISSION'S ANALYSIS

3.28 The Commission has already clarified this issue in Tariff Order dtd. 29/09/2015 as follows and needs no further deliberation in this Tariff Order as the matter is sub-judice before Hon'ble APTEL :

" 3.31 In view of the above direction of the Hon'ble APTEL, it is pertinent to state that the SBI PLR has not deviated from FY 2007-08 to FY 2010-11 by more than 1% on either side. Therefore the Commission has not revised the interest rate from FY 2007-08 to FY 2010-11. The Commission, as such, has considered the revision in interest rate in truing up of FY 2011-12, since the SBI PLR has deviated by more than 1% (14.01% -12.50%) in FY 2011-12.

3.32 The Commission had provisionally allowed the actual rate of interest for FY 2011- 12. It is observed that the SBI PLR varied by 2.13% in FY 2011-12 over the previous year, while the DISCOM was provisionally allowed the interest rate at 4.91% above the normative interest rate for FY 2010-11 in the Tariff Order dated July 2013. The Commission has decided to revise the rate of interest applicable to FY 2011-12 based on actual variation in average rate for SBI PLR from FY 2010-11 to FY 2011-12 of 2.13% and revised rate of interest is 11.29% (9.16% + 2.13%). Further, in view of the Hon'ble APTEL's direction in Appeal No. 36 of 2008 and Appeal No. 61 & 62 of 2012, the Commission has filed a Clarificatory Application before the Hon'ble

APTEL, therefore a view in the matter will be taken, as deemed fit and appropriate, after receipt of the direction of the Hon'ble APTEL in the said application."

REPAYMENT OF LOANS

PETITIONER'S SUBMISSION

3.29 The Petitioner submitted that Hon'ble APTEL in Judgment dated November 28, 2014 (Appeal No. 61 and 62 of 2012) has ruled as under:

> *"102. In the light of above discussions we find force in the contentions of the Appellant and direct the Commission to re-evaluate the WACC considering the repayment of loans during the period and recomputed the RoCE payable to the Appellant. The issue is decided in favour of the Appellant."*

3.30 The Petitioner has considered one-tenth of the outstanding balance of loan as repayment during the year. The same has been deducted from the loan balance for calculation of average debt during the year.

COMMISSION'S ANALYSIS

3.31 The Commission has already clarified this issue in Tariff Order dtd. 29/09/2015 in para no. 3.32 to 3.35 and needs no further deliberation in this Tariff Order as the matter is sub-judice before Hon'ble APTEL in Appeal No. 290/2015.

FINANCING OF WORKING CAPITAL IN DEBT-EQUITY RATIO OF 70:30

PETITIONER'S SUBMISSION

3.32 The Petitioner mentioned that the Hon'ble APTEL in Judgment dated November 28, 2014 (Appeal No. 61 and 62 of 2012) has ruled as under:

> *"9. However, the Appellants have reiterated in written submission that the Respondent has still not implemented the direction of this Tribunal to consider the working capital in the Debt: Equity ratio of 70:30.*
>
> *10. We are not inclined to involve ourselves in to fact finding and direct the Commission to implement our directions in letter and spirit."*

COMMISSION'S ANALYSIS

3.33 The Commission has already clarified this issue in Tariff Order dtd. 29/09/2015 in para nos. 3.22 to 3.26 and needs no further deliberation in this Tariff Order as the matter is sub-judice before Hon'ble APTEL in Appeal No. 290/2015.

3.34 Further, it is clarified that the Commission has implemented its MYT Regulations, 2007 & 2011 and directions of Hon'ble APTEL in letter and spirit. The formula specified in MYT Regulations, 2007 & 2011 does not provide opening Working Capital requirement to be part of opening RRB instead for the 1st year of the Control period change in WC shall be taken as the normative working capital requirement of the 1st year.

TRUING-UP OF FY 2007-08 (11 MONTHS)

PETITIONER'S SUBMISSION

3.35 The Petitioner submitted that Hon'ble APTEL in Judgment dated November 28, 2014 (Appeal No. 61 and 62 of 2012) has ruled as under:

> *"25. In the light of categorical submission that required true up would be made, the Commission is directed to carry out the same in its next tariff exercise and allow the differential amount, if any, along with carrying costs."*

3.36 The Petitioner further stated that the Commission in Tariff Order dated September 29, 2015 did not fully implement the directions of Hon'ble ATE, details of which are as under:

a) The Hon'ble Commission has considered incorrect numbers for determining the additional expenses to be allowed (Table 3.11 of the Tariff Order) as:

   i. The O&M expenses for 11months as per the Audited statement submitted to the Hon'ble Commission is Rs. 208.64 Crore against Rs. 203.03 Crore considered by the Hon'ble Commission.

   ii. Expenses shown as "Approved in MYT Order dated 23.02.2008 (prorated to 11 months)" are the expenses approved by the Commission for the entire FY 2007-08 (12 months) as also indicated in Table 3.15 of the same Tariff Order.

b) Only actual O&M Expenses pertaining to first 11 months of FY 2007-08 have been allowed. No treatment of revision in O&M Expenses for subsequent years.

c) Actual rate of depreciation as per Audited Accounts for first 11 months was not applied on actual opening GFA of FY 2007-08 appearing in the Audited Accounts. However the same has been applied on much lesser provisionally approved opening GFA for FY 2007-08 in Tariff Order.

d) RoCE instead of ROE and Interest on loans has been allowed for first 11 months based on the principles specified in DERC Tariff Regulations, 2007 which are actually applicable from March 1, 2008.

COMMISSION'S ANALYSIS

3.37 The Commission has already clarified this issue in Tariff Order dtd. 29/09/2015 in para nos. 3.58 to 3.62 and needs no further deliberation in this Tariff Order as the matter is sub-judice before Hon'ble APTEL in Appeal No. 290/2015

EFFECT OF 6TH PAY COMMISSION FOR NON-DVB EMPLOYEES

PETITIONER'S SUBMISSION

3.38 The Petitioner has mentioned the Hon'ble ATE in Judgment dated May 15, 2015 (RP No. 13) as under:

> *"The Review Petitioner/Appellant had also furnished the comparison between average salary of FRSR employees and non-FRSR employees showing that the average salary of non-FRSR employees is lower than FRSR employees. It is also stated that the average cost to company (CTC) of non-FRSR employees even after accounting for additional emoluments given in view of implementation of Pay Commission Report for FRSR employees, the average CTC of non-FRSR employees is less than average CTC of FRSR employees.*
>
> *In view of above we allow the Review Petition. Delhi Commission will consider the issue as per the judgment of this Tribunal in 2009 ELR (APTEL) 880."*

3.39 The Petitioner has submitted that Commission in Tariff Order dated September 29, 2015 is silent on the issue of 6th pay commission for non-DVB Employees. The Petitioner has explained the computation of impact on account of 6th pay commission in subsequent paragraphs.

3.40 The Petitioner has stated that the Commission vide Tariff Order dated February 23, 2008 has allowed the following employee expenses from FY 2005-06 to FY 2006-07 as under:

Table 8: Employee expenses approved for FY 2005-06 and FY 2006-07 (Rs. Crore)

Sr. No.	Particulars	FY 06	FY 07
A	Net Employee Expenses#	92.95	107.08
B	Employee Expenses pertaining to DVB Employees	66.71	76.85
C	Employee Expenses pertaining to Non-DVB Employees	26.24	30.23

Excludes impact of sixth pay commission

3.41 Further the Commission vide Tariff Order dated August 26, 2011 (Table-36) has allowed the following employee expenses from FY 2007-08 to FY 2010-11:

Table 9: Employee Expenses approved from FY 2007-08 to FY 2010-11 (Rs. Crore)

Sr. No	Particulars	FY 08	FY 09	FY 10	FY 11
1	Net Employee Expenses#	112.07	117.3	122.76	128.48

Excludes impact of sixth pay commission

3.42 Since the bifurcation of employee expenses from FY 2007-08 to FY 2010-11 has not been provided, the Petitioner has applied the same ratio as provided for FY 2006-07 for bifurcation of employee expenses between DVB and Non-DVB Employees as under:

Table 10: Bifurcation of Employee Expenses into DVB and Non-DVB Employee expenses approved during FY 2006-07 (Rs. Crore)

Sr. No.	Particulars	FY 07	%
A	Net Employee Expenses#	107.08	
B	Employee Expenses pertaining to DVB Employees	76.85	72%
C	Employee Expenses pertaining to Non-DVB Employees	30.23	28%

Table 11: Bifurcation of Employee expenses into DVB and Non-DVB Employee from FY 08 to FY 11 (Rs. Crore)

Sr. No.	Particulars	FY08	FY09	FY10	FY11
A	Total salary	112.07	117.30	122.76	128.48
B	Salary of FRSR	80.43	84.18	88.10	92.21
C	Salary for Non FRSR	31.64	33.12	34.66	36.27

3.43 The Petitioner stated that the Commission vide Tariff Order dated August 26, 2011 (Table-43) has allowed the following amount on account of arrears due to sixth pay commission for DVB Employees:

Table 12: Arrears approved on account of 6th pay commission from FY 07 to FY 11 (Rs. Crore)

Sr. No.	Particulars	FY 06	FY 07	FY08	FY09	FY10	FY11
1	Arrears on account of 6th pay Commission	5.71	23.07	24.14	25.27	26.45	27.68

3.44 The impact of increase in salary of non-DVB Employees on account of 6th pay commission from FY 2007-08 to FY 2010-11 has been computed below:

Table 13: Impact of increase in salary of non-DVB Employees on account of 6th pay commission from FY 2007-08 to FY 2010-11 (Rs. Crore)

Sr. No.	Particulars	FY06	FY07	FY08	FY09	FY10	FY11
A	Total salary	92.95	107.08	112.07	117.30	122.76	128.48
B	Effect of 6th pay	5.71	23.07	24.14	25.27	26.45	27.68
C	Salary of FRSR	66.71	76.85	80.43	84.18	88.10	92.21
D	Salary for Non FRSR	26.24	30.23	31.64	33.12	34.66	36.27
E	Effect of 6th pay on non FRSR	2.25	9.07	9.50	9.94	10.40	10.89

3.45 The Petitioner further, referred Tariff Order dated August 26, 2011 and stated that Commission has applied an inflation of 4.66% on employee expenses approved for FY 2010-11 (which includes impact of 6th pay commission for DVB Employees) to arrive at employee expenses for FY 2011-12. Accordingly, the effect of 6th pay on non-FRSR Employees during FY 2011-12 is tabulated below:

Table 14: Impact of increase in salary of non-DVB Employees on account of 6th pay commission during FY 2011-12 (Rs. Crore)

Sr. No.	Particulars	FY 11	Inflation	FY 12
A	Total salary	128.48	4.66%	134.47
B	Effect of 6th pay	27.68	4.66%	28.97
C	Salary of FRSR	92.21	4.66%	96.51
D	Salary for Non FRSR	36.27	4.66%	37.96
E	Effect of 6th pay on non FRSR	10.89		11.40

3.46 The impact on account of the increase in the salary of non-DVB Employees due to the 6th pay commission from FY 2007-08 to FY 2011-12 has been computed along with carrying cost upto FY 2013-14 as under:

Table 15: Impact on account of 6th pay commission along with carrying cost (Rs. Crore)

Sr. No	Particulars	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
A	Opening balance	0	2	12	24	38	54	73	96	110

Sr. No	Particulars	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
B	Additions	2	9	9	10	10	11	11		
C	Cl. Balance	2	11	22	34	48	65	84	96	110
D	Average	1	7	17	29	43	59	78	96	110
E	Rate of interest	9.00%	9.00%	13.68%	13.75%	13.11%	13.38%	14.88%	15.03%	15.01%
F	Carrying cost	0	1	2	4	6	8	12	14	17
G	Grand Closing Balance	2	12	24	38	54	73	96	110	127

3.47 The Petitioner mentioned that the Hon'ble ATE has in its Order dated May 15, 2015 in RP No.7 of 2015 in Appeal No.61 of 2012, RP No.13 of 2015 in Appeal No.62 of 2012 directed the Commission to consider the expenses of the non-FRSR employees as per the judgment of the Hon'ble ATE in 2009 ELR (APTEL) 880**.**

INCREASE IN EMPLOYEE EXPENSES DUE TO INCREASE IN CONSUMER BASE

3.48 The Petitioner has mentioned that in its licensed area of supply, consumer base has increased by 37 % in FY 12 as compared to FY 2006-07 (FY 07: 8.9 Lakhs, FY 12; 12.3 Lakhs) and units billed have grown by 58 % in FY 2011-12 as compared to FY 2006-07 (Units billed 2007: 359 MU, 2012: 4844 MU). The Petitioner is obligated under the extant regulatory framework to maintain standards in supply of electricity and to retain AT & C loss levels effectively. As per the Hon'ble ATE order, the Hon'ble Commission is required to factor in the increase in employee cost required due to increase in consumer base.

3.49 The Petitioner has referred the Hon'ble ATE Judgment dated October 6, 2009 (Appeal No. 36 of 2008) as under:

"74) Having gone through the impugned order we do find that the Commission has not considered the issue of possible increase in the number of employees consequent on increase in the consumer base. Nor has the Commission ruled on the Petitioner's proposal to increase the salaries etc. The Commission has nonetheless assured to true up the employees expenses subject to prudence check. The Commission shall also take care of the related carrying cost. This should satisfy the Petitioner.

75) … We thus conclude the issue of employees' expenses by saying that the: The Commission shall allow the expenses incurred towards the retirement *benefit of SVRS optees pending decision of the Actuarial Arbitration Tribunal and shall true up the employee expenses to the extent of increase caused by increase in the consumer base…… "*

3.50 The Petitioner referred the Commission's Tariff Order dated July 31, 2013 as under:

"3.95 As regard true up of the employees expenses to the extent of increased cost by increase in consumer base and salary hike comparable to sixth pay Commission's recommendations for employees other than erstwhile DVB employees, the Commission has initiated a benchmarking exercise for employee expenses taking into account the increased consumer base as well as increase in sales. This would also take into account the salary hike of employees other than the erstwhile DVB employees. The impact will be given once the benchmarking exercise is completed."

3.51 The Petitioner has estimated the impact of increase in consumer base on the employee cost as below:

Table 16: Increase in employee expenses from FY 08 to FY 12 (Rs. Crore)

Sr. No.	Particulars	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12
A	Employee expenses in the base year	139					
B	No. Of consumers served during base year	894,928					
C	Employee expenses per consumer in the base year	1,556					
D	Escalation factor		4.66%	4.66%	4.66%	4.66%	4.66%
E	Increase in employee expenses over first MYT control period after applying escalation factor		1,628	1,704	1,783	1,867	1,954
F	Actual number of consumers served during first control period		975,043	1,044,821	1,105,289	1,181,539	1,227,755
G	Increase in number of consumers served y-o-y basis		80,115	69,778	60,468	76,250	46,216
H	Increase in employee expenses based on number of consumers		13	12	11	14	9

Table 17: Impact on account of increase in employee expenses along with carrying cost (Rs. Crore)

Sr. No.	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
A	Opening Balance	0	14	29	44	65	84	97
B	Additions	13	12	11	14	9		
C	Closing Balance	13	26	39	58	74	84	97
D	Avg. Balance	7	20	34	51	69	84	97
E	Carrying Cost	13.68%	13.75%	13.11%	13.38%	14.88%	15.03%	15.01%
F	Carrying Cost	1	3	4	7	10	13	15
G	Grand Balance	14	29	44	65	84	97	111

Note: *To the extent of increase in consumer base*

3.52 The Petitioner requested the Commission to expeditiously implement the Hon'ble ATE judgment and to true-up the employee expenses to the extent of increased cost by increase in consumer base along with carrying costs

REVISION IN O&M EXPENSES FOR SUBSEQUENT YEARS

3.53 The Petitioner has submitted that the Commission despite revising the Employee and A&G Expenses during FY 2007-08 has still considered the employee and A&G Expenses from FY 2008-09 to FY 2010-11 on older base employee expenses of FY 2007-08 which is no longer in existence. Regulation-5.4 of MYT Regulations, 2007 provides the formula for computation of Employee and A&G Expenses during the control period which clearly specifies that for the purpose of computation of Employee and A&G Expenses of subsequent year, inflation factor based on CPI and WPI ought to be applied on Employee and A&G Expenses determined for the previous year. It is further submitted that as per the methodology adopted by the Hon'ble Commission, the employee expenses approved for FY 2008-09 are lesser by Rs. 19 Crore as compared to the employee expenses approved for FY 2007-08 which means a reduction of 15% instead of inflation factor of 4.66%. Such a treatment is contrary to the above Regulations.

3.54 The Petitioner has further stated that the Commission ought to have applied the inflation factor of 4.66% as determined for the control period on the revised employee and A&G Expenses of FY 2007-08 on y-o-y basis.

3.55 It is further submitted by the Petitioner that the definition of "Base Year" and "Control Period" is clearly specified in MYT Regulations, 2007 which states as under:

"2.1 In these Regulations, unless the context otherwise requires-

…

*(d) "**Base Year**" means the **Financial Year immediately preceding first year of the Control Period** and used for purposes of these Regulations;*

…

9.. *"**Control Period**" means a multi-year period fixed by the Commission, **from the date of issuing Multi Year Tariff order till 31st March 2011**;*

…"

3.56 A plain reading of the aforesaid definitions clearly states that the Control Period starts from the date of issuance of Multi Year Order, i.e., February 23, 2008 and base year is the financial year immediately preceding first year of the control period, i.e., FY 2007-08. Since the Hon'ble Commission has revised the employee expenses of FY 2007-08, i.e., base year, the employee expenses ought to be revised for the period FY 2008-09 to FY 2011-12.

3.57 The Petitioner has requested the Commission to allow the additional Employee and A&G Expenses from FY 2008-09 to FY 2011-12 by applying inflation of 4.6% over the increase in O&M Expenses approved for FY 2007-08 as tabulated below:

Table 18:Increase in O&M Expenses from FY 2007-08 to FY 2011-12 (Rs. Crore)

Sr. No.	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12
A	Employee Expense	20	24	23	-16	-17
B	A&G Expenses	7	7	8	8	8
C	Total Expenses	27	31	30	-8	-8

COMMISSION'S ANALYSIS

3.58 The Hon'ble APTEL in Appeal No. 142/2009 directed the State Commission to true up the financials for the period 1.4.2007 to 28.2.2008 and allow the costs with carrying cost. Accordingly, the Commission has already implemented the said directive in its Tariff Order dtd. 29/09/2015 in para nos. 3.60 to 3.63.

3.59 However, the Petitioner has requested to true up O&M expenses for FY 2008-09 to FY 2011-12 which is not based on the direction of Hon'ble APTEL in Appeal No. 142/2009. Therefore, the Commission has not considered this issue in this Tariff Order as O&M expenses is controllable in nature.

3.60 Further, regarding revision in Employee Expenses on account of increase in Consumer base and impact of the 6th Pay Commission on Non FRSR employees, the Commission had provided the methodology for Truing up of O&M Expenses for the

1st Control Period in its Tariff Order dtd. 23/02/2008 as follows:

" Truing up of O&M Expenses for the Control Period

4.148 As per the MYT Regulations, 2007 Clause 4.16 (b) (i), O&M expenses (viz. Employee expenses, A&G expenses and R&M expenses) is a controllable factor and hence the O&M expenses projected for the Control Period, as per the methodology specified in the MYT Regulations, 2007 are not subjected to truing-up in the ARR.

4.149 The Commission, however, considering the uncontrollable nature of the recommendations of the 6th Pay Commission, shall allow the truing up of employee expenses to the extent it varies from the projections considering the effect of the recommendations of the Pay Commission.

4.150 Any variations on account of A&G expenses shall not be trued up and any surplus or deficit on account of over or under achievement shall be to the account of the Petitioner.

4.151 Any variations on account of R&M expenses shall not be trued up and any surplus or deficit on account of over or under achievement shall be to the account of the Petitioner. The Commission clarifies that though the value of GFA is subjected to truing up at the end of the Control Period, the Commission, however, shall not true-up R&M expenses as a consequence of the same."

3.61 In view of the above, it is pertinent to mention that total O&M expenses as approved by the Commission in its MYT Order dtd. 23/02/2008 as per DERC MYT Regulations, 2007 were covered under Controllable parameters except the impact of recommendations of the 6th Pay Commission. However, the Petitioner is interpreting the methodology for True up for its advantage under R&M Expenses and claiming additional Employee Expenses over and above impact of recommendations of the 6th Pay Commission under the head of increase in consumer base, impact of Non-FRSR employees cost and impact of revised base year.

3.62 The Petitioner in this Tariff Petition has sought upward revision in Employee Expenses, A&G Expenses and R&M expenses for 1st MYT Period against the methodology as indicated above of the 1st MYT Order. However, Hon'ble APTEL in

Appeal No. 271 of 2013 has already upheld the methodology for revision of R&M expenses during 1st MYT Control Period as follows:

"23.3

…………

In this view of the matter, we find no merit in the contentions of the appellant and this issue relating to revised R&M based on revised GFA is decided against the appellant."

3.63 Further, the matter is sub-judice in Appeal No. 290/2015 and Clarificatory Application filed before Hon'ble APTEL, therefore, this issue does not merit consideration at this point of time.

DEPRECIATION FOR FIRST 11 MONTHS OF FY 2007-08

PETITIONER'S SUBMISSION

3.64 The Petitioner has stated that the Commission has applied the depreciation rate on the opening GFA, which itself was not based on the actual audited accounts, but computed on the basis of the methodology in the MYT Regulations, 2007. If the Hon'ble Commission werioi99ioioooooie to apply Regulation 12.1 in its entirety, it ought to have applied the rate of depreciation on the opening GFA as per the audited books of accounts.

3.65 The Petitioner further submitted that the Commission has actually done a mix and match. It has derived the rate on the basis of audited accounts, but has derived the opening GFA on the basis of the MYT Regulations, 2007 which admittedly, did not apply during that period. The rate of Depreciation is also incorrectly derived.

3.66 The Hon'ble Commission, while determining the opening GFA for that period, has reduced from the GFA, the average consumer contribution. Meaning thereby, that the Hon'ble Commission has, from the GFA, reduced that portion of the GFA, which was ascribable to the consumer contributions received. This principle of disallowance is only to be found in the MYT Regulations, 2007, which admittedly, do not apply for the aforesaid 11 month period. The Hon'ble Commission cannot, in law, pick and choose those parts of the Regulations which they would like to apply for a period which is not covered in the Regulation at all.

3.67 Since Regulation 12.1 of the MYT Regulations, 2007 mandates that the financials for the 11 month period have to be trued-up on actuals, subject to prudence check, there cannot be any normative disallowance. It is respectfully submitted that the Hon'ble Commission ought to be consistent in its approach. If it is looking at the actual rate, it must equally look at the actual asset base. It cannot look at the actual rate on a normative asset base.

3.68 The Petitioner requested the Commission to consider the depreciation during first 11 months of FY 2007-08 as under:

Table 19: Depreciation during first 11 months of FY 2007-08

Sr. No.	Particulars	UoM	Amount
A	Opening GFA as per Audited Accounts	Rs. Cr.	1,279
B	Depreciation for FY 2007-08 as per Audited Accounts	Rs. Cr.	72
C	Rate of depreciation	%	5.62%
D	Rate of depreciation as per MYT Regulations	%	3.60%
E	Average Rate of depreciation (%) for FY 2007-08 considering 11 months as per audited statements and 1 month as per MYT Regulations, 2007	%	5.45%
F	Asset additions during FY 2007-08	Rs. Cr.	249
G	Less: De-capitalisation	Rs. Cr.	2
H	Closing GFA	Rs. Cr.	1526
I	Average GFA	Rs. Cr.	1403
J	Less: Average Consumer Contribution	Rs. Cr.	29
K	Net Average GFA for Depreciation	Rs. Cr.	1373
L	Revised Depreciation	Rs. Cr.	75
M	Depreciation allowed in TO dt. Sep 29, 2015	Rs. Cr.	52
N	Difference to be allowed now	Rs. Cr.	23

COMMISSION'S ANALYSIS

3.69 It is observed that the Petitioner has claimed depreciation on total GFA which includes the dis-allowances due to related party transactions. Therefore, the Commission has not revised depreciation for the 11 months period of FY 2007-08 at this point of time as the dis-allowances due to related party transactions is sub-judice before Hon'ble APTEL in Appeal No. 290/2015. Further, the Commission will examine this issue at the time of true up of capitalisation based on report of physical verification of asset submitted by the Consultant.

ROCE INSTEAD OF ROE AND INTEREST ON LOANS FOR FIRST 11 MONTHS

PETITIONER'S SUBMISSION

3.70 **The Petitioner has referred the Tariff Order dated July 23, 20**14 stated as under:

"3.107 As per the Policy Direction Period, the return on equity and interest on loan is linked to the change in the equity and debt based on the capital expenditure made by the Petitioner. Whereas, as per the MYT Regulations, 2007, the return on capital employed is based on the capitalization of the assets of the Petitioner.

3.108 The Petitioner has not provided details of the capital investment made during FY 2007-08 (11 months) on the basis of which the return on equity and debt ***is also required to be reviewed in line with the Policy Direction Period.***

3.109 In view of the above, the Commission had provided final opportunity to the Petitioner to make submissions for the purpose of true up of 11 months (01.04.2007 -29.02.2008) by March 31, 2014. The Petitioner submitted the audited month wise P&L statement only where in no information was submitted pertaining to capital investment."

3.71 The Petitioner further stated that Commission has decided to apply the principles of Policy Direction Period for truing-up of first 11 months of FY 2007-08. However the Hon'ble Commission has adopted a different approach and has allowed the O&M expenses and depreciation rate as per actual.

3.72 The Petitioner has submitted that Commission has not allowed capital expenditure on the basis of actual which is contrary to Regulation 12.1. Since the Hon'ble Commission had itself adopted a different principle that it needed to look at the actual numbers for the purpose of depreciation it ought to equally look at the actual number for the purpose of capital expenditure and RoE.

3.73 The Petitioner has mentioned that it is completely incongneous to have depreciation on the basis of actual audited accounts but have capitalization, RoE and interest on loans on normative basis as provided for in the subsequent MYT Regulation which was never applicable during the 11 months period of FY 2007-08.

3.74 The Petitioner has submitted the difference between additional ROE and Interest on loan during first 11 months of FY 2007-08 and RoCE as tabulated below:

Table 20: Difference between additional ROE and Interest on loan to RoCE (Rs. Crore)

Sr. No.	Particulars	FY 08
A	Opening Equity	395
B	Additions during 11mnths	167
C	Average Equity	479
D	Rate of ROE	16%
E	ROE for 11 months	77

Sr. No.	Particulars	FY 08
F	Interest on loan during first 11 months	95
G	Total	172
H	Less: RoCE for 11months	155
I	Impact	17

3.75 The Petitioner further requested the Commission to allow the impact of truing-up of first 11 months of FY 2007-08 as under:

Table 21: Impact of truing-up of first 11 months of FY 2007-08 (Rs. Crore)

Sr. No.	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
A	Opening Balance	0	72	115	162	175	193	221
B	Additions	67	31	30	(8)	(8)		
C	Closing Balance	67	103	145	154	167	193	221
D	Average Balance	34	87	130	158	171	193	221
E	Rate of Carrying Cost	13.68%	13.75%	13.11%	13.38%	14.88%	15.03%	15.01%
F	Carrying Cost	5	12	17	21	25	29	33
G	Grand Balance	72	115	162	175	193	221	255

COMMISSION'S ANALYSIS

3.76 The Commission had allowed Return on Equity and Interest on Loan on Net Capital Employed during FY 2007-08 in its Tariff Order dtd. 29/09/2015 in the form of RoCE. As per the Policy direction, the Petitioner is also eligible for Interest on Loan and Return on Equity for the funding requirement of Work in Progress (CAPEX) during FY 2007-08. Accordingly, the Commission has now allowed Interest on Loan and Return on Equity for funding requirement of Work in Progress (CAPEX) during FY 2007-08. The impact is indicated in

3.77 Table 92: Impact as approved by the Commission on account of implementation Hon'ble APTEL Judgments (Rs. Cr.).

REVISION IN DISTRIBUTION LOSS FROM FY 2007-08 TO FY 2010-11

PETITIONER'S SUBMISSION

3.78 The Petitioner has referred the Hon'ble APTEL Judgment dated October 6, 2009 (Appeal No. 36 of 2008 directives of which are applicable to the Petitioner vide judgment dated October 30, 2009 in Appeal No. 37 of 2008) ruled as under:

"32) There is however, no bar on the Commission considering the target that has been set and amend the relevant Regulation, if necessary. The target for MYT period needs to be set on the basis of losses at the beginning of the MYT Period and not on the basis of loss level on the date of privatisation when the policy target period began. The consequences of failure or success in reaching the loss reduction target have already been done by the licensee. Hence reference to the initial level of loss at the time of privatization is not necessary. The Commission may itself consider the plea of any amendment in the target set in this regard in case the appellant makes out a case. Therefore, we direct that the appellant may make an appropriate representation to the Commission in this regard within one month hereof and that if a representation is so made the Commission shall dispose it of in two months."

3.79 The Petitioner vide letter dated December 02, 2009 submitted the representation on receipt of certified copy of the Judgment. The same was not even listed for admittance hearing by the Hon'ble Commission till July 15, 2014. The Hon'ble Commission vide Order dated July 17, 2014 rejected the Petition stating that the Petitioner has already availed opportunity to present its case on various issues which have been addressed in past tariff Orders. However the Hon'ble Commission did not provide any opportunity to represent on the issue of revision in distribution loss. In fact the Hon'ble Commission did not deal with the issue of revision in distribution loss in any of the tariff orders.

3.80 The Petitioner challenged the aforesaid issue in Appeal 231 of 214 before Hon'ble ATE. During the course of proceedings before Hon'ble ATE, the Hon'ble Commission suo-moto without giving any opportunity to the Petitioner to present its case, reviewed its earlier order dated July 17, 2014 and passed another order on April 20, 2015 wherein the prayer to revise the distribution loss was rejected.

3.81 The Petitioner has submitted that the Commission in Order dated April 20, 2015 did not implement the direction given by Hon'ble ATE in its real intended scope. The Petitioner has challenged the same in Appeal No. 156 of 2015. Without pre-judice to the Appeal, it is submitted that the direction given by Hon'ble ATE in Judgment dated October 6/30, 2009 was to:

a) Consider the plea for necessary amendment in distribution loss based on representation of DISCOMs;
b) Amend the Regulations if required.

3.82 The Petitioner's prayer was not to change the AT&C Loss target for FY 2010-11 (i.e. the end of the control period) but to change the AT&C Loss target from FY 2007-08 to FY 2009-10 based on actual distribution loss during FY 2006-07. It is further submitted that the distribution loss target set for FY 2007-08 is unrealistic which is evident from the following statement of the Hon'ble Commission in Tariff Order dated February 23, 2008:

"3.148 In the MYT petition, the Petitioner had claimed total power purchase of 5290 MU, 3059MU as unit billed and units realized as 3230 MU. It has shown ***distribution losses of 42.3%,*** *collection efficiency of 105.58% and AT&C loss level of 39.03%.*

…

4.32 Further, the Commission has assumed collection efficiency of 99.00%, 99.25% 99.50% and 99.50% for current dues for FY08, FY09, FY10 and FY11 respectively and derived distribution losses of 34.11%, 29.99%, 25.89% and 21.61% for the FY08, FY09, FY10 and FY11 respectively. The AT&C loss reduction and distribution loss reduction trajectory approved by the Commission are summarised in the table below:

Sr. No.	Particular	FY 2008	FY 2009	FY 2010	FY 2011
A	AT&C loss target	34.77%	30.52%	26.26%	22.00%
B	AT&C loss Reduction over previous year	4.26%	4.26%	4.26%	4.26%
C	Distribution loss target	34.11%	29.99%	25.89%	21.61%
D	Collection Efficiency	99.00%	99.25%	99.50%	99.50%

3.83 The Petitioner has submitted the proposed Loss targets vis-a-vis approved by the Commission from FY 2007-08 to FY 2010-11 as tabulated below:

Table 22: Proposal for revision in Distribution Loss

Sr. No.	Particulars	FY 08	FY 09	FY 10	FY 11
A	As per MYT Order dated Feb 23, 2008				
a	AT&C loss Reduction Target	34.77%	30.52%	26.26%	22.00%
b	Distribution Loss	34.11%	29.99%	25.89%	21.61%
c	Collection Efficiency	99.00%	99.25%	99.50%	99.50%
B	Revised Proposal				
a	AT&C loss Reduction Target	37.76%	32.47%	27.15%	22.00%
b	Distribution Loss	37.13%	31.96%	26.78%	21.61%
c	Collection Efficiency	99.00%	99.25%	99.50%	99.50%

3.84 The Petitioner has submitted the adverse financial impact on the aforesaid issue, due to non-implementation of Judgment of the Hon'ble Tribunal as tabulated below:

Table 23: Financial Impact including carrying cost (Rs. Crore)

Sr. No.	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
A	Opening Balance	0	37	67	88	100	114	132
B	Additions	35	23	11				
C	Closing Balance	35	60	78	88	100	114	132
D	Avg. Balance	17	49	73	88	100	114	132
E	Carrying Cost	13.68%	13.75%	13.11%	13.38%	14.88%	15.03%	15.01%
F	Carrying Cost	2	7	10	12	15	17	20
G	Grand Balance	37	67	88	100	114	132	151

3.85 The Petitioner has requested the Commission to approve the aforesaid impact on account of revision in Loss trajectory.

COMMISSION'S ANALYSIS

3.86 The Commission in its Tariff Order dtd. 29/09/2015 has already dealt this issue in para no. 3.66 and 3.67 wherein it is specifically indicated that the Commission has reviewed the distribution loss for 1st MYT Control period (FY 2007-08 to FY 2010-11) as per the direction of Hon'ble APTEL in Appeal No. 62 of 2012, in its Order dated 20.04.2015. Further, the Petitioner has preferred an appeal on this issue in Appeal No. 156 of 2015 against the Commission's order dated 20.04.2015.

3.87 In view of the above Order dated 20.04.2015 passed by the Commission in compliance of the Hon'ble APTEL direction and appeal filed by the Petitioner, the Commission will consider the issue based on the final judgement of Hon'ble APTEL as the matter is still sub-judice.

TRUING-UP OF AT&C LOSS FOR FY 2008-09

PETITIONER'S SUBMISSION

3.88 The Petitioner has mentioned the Hon'ble APTEL's Judgment dated November 28, 2014 (Appeal No. 61 and 62 of 2012) as under:

> *"75. In view of categorical assertions made by the Appellants that full details related to AT&C losses to the Commission, we direct the Commission to reconsider the matter taking in to account the information submitted by the Appellants. The Appellants are also directed to make all the additional information, if any, required by the Commission. The matter is disposed of accordingly. "*

3.89 The Petitioner has referred the Tariff Order dated September 29, 2015 as under:

"3.95 The claim of the Petitioner on account of AT&C overachievement is being re-examined as per the direction of the Hon'ble APTEL. Considering that the data is more than 5 years old, it involves &thorough analysis, because the Petitioner was not able to substantiate its claims in the past as indicated in the para's of the said Order referred above.

3.96 The impact on account of True up of AT&C loss for FY 2008-09, if any, may be considered by the Commission in subsequent Tariff Order."

3.90 The Petitioner has recomputed the AT&C Loss for FY 2008-09 based on the above direction of Hon'ble ATE in Appeal No. 62 of 2012 as under:

a. Enforcement Units has been calculated by dividing revenue collected by twice the ABR for other categories prevailing during FY 2008-09.

Table 24: Energy billed and revenue billed including enforcement

Sr.No.	Particulars	UoM	Amount
A	Total energy billed during FY 09	Rs. Cr.	3965
B	Less: Enforcement	Rs. Cr.	63
C	Energy Billed excluding enforcement	MU	3902
D	Amount billed excluding enforcement	Rs. Cr.	1753
E	Amount collected on account of enforcement	Rs. Cr.	28
F	ABR of other categories	Rs./ kWh	4.49
G	Enforcement units	MU	31
H	Total energy billed incl. enforcement	Rs. Cr.	3933
I	Revenue billed incl. enforcement	Rs. Cr.	1781

b. Amount collected has been computed by deducting financing cost of LPSC from the total amount collected during FY 2008-09 as under:

Table 25: Net amount collected excluding financing cost of LPSC

Sr. No.	Particulars	Amount (Rs. Cr.)
A	Total amount collected	1803
B	Less: financing cost of LPSC	11
C	Net amount collected	1792

c. Accordingly AT&C Loss for FY 2008-09 has been computed as under:

Table 26: AT&C Loss for FY 2008-09

Sr. No.	Particulars	UoM	Amount
A	Total revenue collected	Rs. Cr.	1792
B	Revenue Billed	Rs. Cr.	1781
C	Collection efficiency	%	100.62%
D	Energy Input	MU	5283
E	Energy Billed	MU	3933
F	Distribution Loss	%	25.54%
G	AT&C loss	%	25.08%

d. The over-achievement during FY 2008-09 is computed below:

Table 27: Over-achievement of AT&C Loss for FY 2008-09

Sr. No.	Particulars	UoM	MYT Order	Actuals
A	AT&C Loss	%	30.52%	25.08%
B	Over achievement/ (Under achievement)	%		5.44%
C	Energy Input	MU	5283	5283
D	Units realised	MU	3670	3958
E	Average Billing Rate	Rs./ kWh	4.53	4.53
F	Amount realised	Rs. Cr.	1662	1792
G	Over-achievement	Rs. Cr.		130
H	Proposed to be transferred to consumers	Rs. Cr.		65
I	Proposed to be retained	Rs. Cr.		65

e. The impact due to excess revenue considered by the Hon'ble Commission is tabulated below:

Table 28: Impact to be considered on account of FY 2008-09 (Rs. Crore)

Sr. No.	Particulars	Amount
A	Amount realised	1792
B	Add: Prior period income	3
C	Add: Prior period interest	0
D	Total amount realised	1796
E	Less: benefit to be retained by the Petitioner	65
F	Less: DISCOM adjustment passed on to consumers	65
G	Total revenue for the purpose of ARR	1665
H	Less: LPSC considered as NTI	10
I	Less: Prior Period Income (2007-08) considered as NTI	3
J	Less: prior period interest	0
K	Less: E. Tax	72
L	Net revenue for ARR	1580
M	Considered by DERC in T.O. dated 31.07.2013	1707
N	Impact to be considered by DERC	126

3.91 The Petitioner has showed the impact on account of the aforesaid along with carrying cost upto FY 2014-15 as tabulated below:

Table 29: Impact on account of truing-up of AT&C loss of FY 2008-09 (Rs. Crore)

Sr. No.	Particulars	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
A	Opening Balance	0	135	153	173	199	229
B	Additions	126					
C	Closing Balance	126	135	153	173	199	229
D	Avg. Balance	63	135	153	173	199	229
E	Carrying Cost	13.75%	13.11%	13.38%	14.88%	15.03%	15.01%
F	Carrying Cost	9	18	20	26	30	34
G	Grand Balance	135	153	173	199	229	263

3.92 The Petitioner requested the Commission to allow the impact in the ARR.

COMMISSION'S ANALYSIS

3.93 The Commission has dealt this issue in its Tariff Order dtd. 29/09/2015 as follows:

" 3.95 The claim of the Petitioner on account of AT&C overachievement is being re-examined as per the direction of the Hon'ble APTEL. Considering that the data is more than 5 years old, it involves & thorough analysis, because the Petitioner was not able to substantiate its claims in the past as indicated in the para's of the said Order referred above.

3.96 The impact on account of True up of AT&C loss for FY 2008-09, if any, may be considered by the Commission in subsequent Tariff Order."

3.94 The Commission observes that following major parameters are required to compute AT&C Loss:

a) Energy Input to the Distribution Licensee's periphery,

b) Energy Billed by the Distribution Licensee,

c) Amount Billed, and

d) Amount Collected

3.95 The Commission in its Tariff Order dtd. 26/08/2011 has approved Energy Input as certified by SLDC and Energy Billed for the Petitioner for true up of FY 2008-09, the relevant extracts of the said Tariff Order are as follows:

*"3.161 The energy sales quantum of the Petitioner for FY 2008-09 as per its audited accounts was **3964 MU**.*

3.162 Therefore, for truing up of sales, the Commission has considered the sales figures submitted by the Petitioner for FY 2008-09 and approves the same for True Up….

….

3.191 For verification of the energy input, the Commission directed State Load Dispatch Centre (SLDC) to submit the energy input to the Petitioner during FY 2008-09. SLDC through its letter dated July 28, 2011 submitted to the Commission that total energy input to BRPL for FY 2008-09 was 5280.69 MU, which was lower than 5282.60 MU shown by the Petitioner. SLDC also informed the Commission that 5280.69 MU includes 1.90 MU adjustments (negative) done in FY 2009-10 in the energy billed on account of change in CT/PT ratio in Rohtak and Rewari line for FY

2008-09. SLDC also informed the Commission that it has billed provided adjustment (negative) of 1.90 MU to BRPL for FY 2007-08 on account of change in CT/PT ratio in Rewari Line. Since the Commission has already trued up AT&C loss for FY 2007-08, the Commission has considered adjustment of 1.90 MU for FY 2007-08 in the energy input for FY 2008-09. ***Thus Commission approves energy input for FY 2008-09 as 5280.69 MU as input energy for at Petitioner periphery*** *for sale to its own consumers."*

3.96 In view of the above the Commission has considered the sales as 3902MU and as per the practice followed for treatment of sales unit on account of theft cases has been adjusted with two times Average Billing Rate to derive the sales unit on account of theft cases for the purpose of AT&C computation of FY 2008-09 as per the methodology specified in the Electricity Act, 2003 and methodology upheld by Hon'ble APTEL in appeal no. 61 & 62 of 2012. Total amount collected on account of theft was Rs.28.30 Crore and sales unit on account of theft cases has been indicated as 62MU however the Commission has computed sales unit on account of theft cases as 31 MU. Therefore, sales unit bill for FY 2008-09 has been considered as 3902 (3933-31) MU for the purpose of AT&C computation.

3.97 It is observed that the Amount Billed was not approved by the Commission for FY 2008-09 in its Tariff Order dtd. 26/08/2011, however, the Commission had approved Amount Billed & Units Billed for FY 2009-10 in its Tariff Order dtd. 26/08/2011. Therefore, the Commission has considered Amount Billed for FY 2008-09 on the basis of Average Billing Rate for FY 2009-10 as there was same Tariff applicable for FY 2008-09 and FY 2009-10.

3.98 It is further observed that the Amount Collected was not approved by the Commission for FY 2008-09 in its Tariff Order dtd. 26/08/2011, however, the Commission had approved the target for Collection efficiency for FY 2008-09 in its MYT Order dtd. 23/02/2008 as 99.25%. The relevant extract of the said Order is as follows:

" 4.32 Further, the Commission has assumed collection efficiency of 99.00%, 99.25% 99.50% and 99.50% for current dues for FY08, FY09, FY10 and FY11 respectively and derived distribution losses of 25.95%, 22.88%, 19.83% and 16.58% for the FY08, FY09, FY10 and FY11 respectively."

3.99 Accordingly, the AT&C Loss computed by the Commission and its financial impact is indicated in the table as follows:

Table 30: AT&C Loss computed by the Commission

Sr. No.	Particulars	Trued up
A	Energy Input	5280.69
B	Units Billed	3902.01
C	Amount Billed	1781.30
D	Average Billing Rate	4.57
E	Distribution Loss	26.11%
F	Amount Collected	1767.94
G	Collection Efficiency	99.25%
H	Units Realized	3872.74
I	AT&C Loss Level	26.66%

Table 31: AT&C Loss Incentive computed by the Commission

Sr. No.	Particulars	Target Level (X)	Approved (Y)
A	AT&C Losses	23.46%	26.66%
B	Over Achievement/ (Under Achievement)		3.20%
C	Energy Input	5280.69	5280.69
D	Units Realized	4041.84	3872.74
E	Average Billing Rate	4.57	4.57
F	Amount Realized	1845.13	1767.94
G	Total benefit on account overachievement beyond Target level (X-Z)		77.19
H	Benefits to be retained by the Petitioner (K/2+I)	38.60	

REVISION IN AT&C LOSS TARGET OF FY 2011-12

PETITIONER'S SUBMISSION

3.100 The Petitioner has mentioned the Hon'ble ATE Judgment dated November 28, 2014 (Appeal No. 61 and 62 of 2012) as under:

> *"72. In the light of above discussions we direct the Delhi Commission to refix the AT&C loss levels for the FY 2011-12 as per its letter dated 8.3.2011 and give consequential relief to the Appellants. The issue is decided in favour of the Appellants."*

3.99 The Petitioner submitted that the Commission vide letter dated March 08, 2011 fixed the AT&C Loss Target for FY 2011-12 as under:

> *"The AT&C loss target for FY 2011-12 will be the lower of the following two figures.*
>
> *i. Actual AT&C loss for 2010-11: &*

ii. Reduction at 1% over the AT&C target for FY 2010-11"

3.100 However, the Hon'ble Commission in Tariff Order dated September 29, 2015 has stated that a Clarificatory petition has been filed on the said issue which is pending adjudication before Hon'ble ATE. The same is no effect as the same is pending without a final disposal.

3.101 As already explained in Para-3.3.1 to 3.3.7 of the Petition, the directions of Hon'ble ATE regarding the AT&C loss for FY 2011-12 in Judgment dated March 2, 2015 (Appeal 178 of 2012) and November 28, 2014 (Appeal 62 of 2012) gives an understanding that the AT&C Loss for FY 2011-12 to be re-determined in terms of letter dated March 8, 2011 which states that the loss level for FY 2011-12 shall be lower of actual AT&C Loss for FY 2010-11 or the AT&C Loss target for FY 2010-11 minus 1%.

Therefore the AT&C loss target for FY 2011-12 becomes 21%, i.e., 22% minus 1%.

3.102 The Hon'ble Commission has already trued-up actual AT&C sLoss during FY 2011-12 as 22.07% and computed the under-achievement with respect to AT&C Loss Target of 18%.

3.103 The Petitioner provided the data for the under-achievement with respect to AT&C Loss Target of 21% as under:

Table 32: Impact due to revision in AT&C Loss Target for FY 2011-12

Sr. No.	Particulars	UoM	MYT Order	Actual
A	AT&C Loss	%	21.00%	22.07%
B	Over achievement/ (Under achievement)	%		-1.07%
C	Energy Input	MU	6203	6203
D	Units realised	MU	4901	4834
E	Average Billing Rate	Rs./ kWh	5.11	5.1
F	Amount realised	Rs. Cr.	2504	2470
G	Under-achievement	Rs. Cr.		34
H	Under-achievement considered in TO dt. July 31, 2013	Rs. Cr.		129
I	Impact	Rs. Cr.		95

3.104 The Petitioner has requested that the above amount ought to be allowed along with carrying cost as under:

Table 33: Impact due to revision in AT&C Loss Target for FY 2011-12 along with carrying cost (Rs. Crore)

Sr. No.	Particulars	FY 12	FY 13	FY 14
A	Opening balance	0	102	118
B	Additions	95		
C	Cl. Balance	95	102	118
D	Average	48	102	118
E	Rate of interest	14.88%	15.03%	15.01%
F	Carrying cost	7	15	18
G	Grand Cl. Balance	102	118	135

3.105 The Petitioner requested the Commission to allow the impact on account of revision in AT&C Loss of FY 2011-12.

COMMISSION'S ANALYSIS

3.106 The Commission has already addressed this issue in its tariff order dated 29/09/2015 as follows:

"3.87 The Commission had already implemented the judgment in Appeal No. 14 of 2012 in case of TPDDL for AT&C trajectory of FY 2011-12 in last year Tariff Order for FY 2014-15 and on the basis of the normative trajectory AT&C loss target. Accordingly the Commission has filed a Clarificatory Application before Hon'ble APTEL, requesting to reconsider the AT&C loss target for FY 2011-12 of the Petitioner for maintaining parity amongst all the Distribution Utilities . The view on impact of AT&C Loss Target for FY 2011-12 will be considered, as deemed fit and appropriate, after receipt of the judgment of Hon'ble APTEL in the said Clarificatory application."

3.107 In view of the above, this matter does not merit consideration at this point of time, as the matter is still sub-judice before Hon'ble APTEL.

NON-REVISION OF AT&C LOSS FOR FY 2012-13 AND FY 2013-14

PETITIONER'S SUBMISSION

3.108 The Petitioner has mentioned the Hon'ble ATE Judgment dated March 2, 2015 (Appeal No. 178 of 2012) which is as under:

""30.13 As regards BYPL, the AT&C target for FY 2011-12 has to be refixed as per the directions given in the judgment in Appeal no. 61 of 2012. When the

target level for FY 2011-12 has to be refixed, the AT&C loss targets for FY 2012-13 to 2014-15 have also to be refixed by the State Commission accordingly."

3.109 The Petitioner stated that as already explained in Para-3.3.1 to 3.3.7 of the Petition, the directions of Hon'ble ATE regarding FY 2012-13 to FY 2014-15 and FY 2011-12 in Judgment dated March 2, 2015 (Appeal 178 of 2012) and November 28, 2014 (Appeal 62 of 2012) are as under:

a) AT&C Loss for FY 2011-12 to be re-determined in terms of letter dated March 8, 2011 which states that the loss level for FY 2011-12 shall be lower of actual AT&C Loss for FY 2010-11 or the AT&C Loss target for FY 2010-11 minus 1%.

b) AT&C Loss from FY 2012-13 to FY 2014-15 to be re-determined based on revised target for FY 2011-12.

3.110 The Petitioner proposed that the AT&C Loss Target from FY 2012-13 and FY 2013-14 is to be revised from 16.82% and 15.66% to 19.62% and 18.27% respectively.

3.111 Accordingly, the Petitioner has calculated the impact on account of revision in AT&C loss target from FY 2012-13 and FY 2014-15 as under:

Table 34: Impact due to revision of AT&C Loss Target from FY 2012-13 to FY 2013-14 (Rs. Crore)

Sr. No.	Particulars	UoM	FY 2012-13		FY 2013-14	
			ATE	DERC	ATE	DERC
A	AT&C Loss	%	19.62%	16.82%	18.27%	15.66%
B	Energy Input	MU	6333	6333	6577	6577
C	Units realised	MU	5090	5268	5376	5547
D	Average Billing Rate	Rs./ kWh	6.31	6.31	6.85	6.85
E	Amount realised	Rs. Cr.	3212	3324	3682	3800
F	Difference	Rs. Cr.		112		118

3.112 The Petitioner calculated the aforesaid impact along with carrying cost as tabulated below:

Table 35: Impact due to revision of AT&C Loss Target from FY 2012-13 to FY 2013-14 along with carrying cost (Rs. Crore)

Sr. No.	Particulars	FY 13	FY 14
A	Opening Balance	0	120
B	Additions	112	118
C	Closing Balance	112	238
D	Avg. Balance	56	179
E	Carrying Cost	15.03%	15.01%
F	Carrying Cost	8	27
G	Grand Balance	120	265

3.113 The Petitioner requested the Commission to allow the aforesaid impact in the ARR.

COMMISSION'S ANALYSIS

3.114 The Commission has already addressed this issue in its tariff order dated 29/09/2015 as follows :

"3.210 The Hon'ble APTEL has directed the Commission in Appeal No. 14 of 2012, Appeal No. 61 & 62 of 2012 and Appeal No. 177 & 178 of 2012 to reconsider the AT&C Loss target from FY 2011-12 to FY 2014-15. The Commission has filed a Clarificatory Application before Hon'ble APTEL on various issues including AT&C Loss Target, decided in above mentioned appeals on account of different judgments by Hon'ble APTEL on the same issues. The Clarificatory Application is sub-judice before Hon'ble APTEL, therefore a view in the matter will be taken, as deemed fit and appropriate, after receipt of the direction of the Hon'ble APTEL in the said application. Therefore, the Commission is considering the AT&C Loss target for FY 2013-14 as approved in the 2nd MYT Order."

3.115 In view of the above, this matter does not merit consideration at this point of time, as the matter is still sub-judice before Hon'ble APTEL.

PAYMENT TO VRS OPTEES

PETITIONER'S SUBMISSION

3.116 The Petitioner has referred the Hon'ble APTEL's Judgment dated November 28, 2014 (Appeal 61 and 62 of 2012) as under:

"14. Similarly, in view of specific assertion made by the Delhi Commission in the subsequent order, the Delhi Commission is directed to allow the payments made by the Appellant to VRS optee employees on ad hoc basis and adjust the same after the decision of the Acturial Tribunal."

3.117 Accordingly, the Petitioner requested the Hon'ble Commission to allow the payment to VRS optees along with the carrying cost as tabulated below:

Table 36: Impact on account of payment to VRS optees along with carrying cost (Rs. Crore)

Sr. No.	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
A	Opening Balance	0	48	70	80	91	105	120

Sr. No.	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
B	Additions	45	15	1	0	0	0	0
C	Closing Balance	45	63	71	80	91	105	120
D	Avg. Balance	22	55	70	80	91	105	120
E	Carrying Cost	13.68%	13.75%	13.11%	13.38%	14.88%	15.03%	15.01%
F	Carrying Cost	3	8	9	11	14	16	18
G	Grand Balance	48	70	80	91	105	120	138

COMMISSION'S ANALYSIS

3.118 The Commission has already clarified this issue in its Tariff Order dtd. 29/09/2015 and has also indicated there that it has filed a Clarificatory Application before Hon'ble APTEL on this issue. The view on this impact will be considered, as deemed fit and appropriate, after receipt of the judgment of Hon'ble APTEL in the said Clarificatory Application.

R&M AND A&G EXPENSES FROM FY 2004-05 TO FY 2006-07

PETITIONER'S SUBMISSION

3.119 The Petitioner has stated that the Commission in Tariff Order dated July 23, 2014 has allowed the R&M and A&G Expenses from FY 2004-05 to FY 2006-07 based on benchmarking with other DISCOMs of Delhi.

3.120 The Petitioner has mentioned the Hon'ble ATE Judgment dated October 10, 2009 (Appeal 36 of 2008) as under:

"91…

We are of the opinion that R&M expenses properly incurred should be approved and in case there is any gap between the demand made by the appellant and the amount sanctioned by the Commission, the Commission should enter into the exercise of a prudent check and grant the approval to such expenses….

…

97…

It appears that the Commission is yet to true up the accounts for the year 2004-05 on the basis of the audited accounts and whenever such truing up is done the appellant's grievance of denial of administrative and general expenses of 2004-05 should disappear."

3.121 The Petitioner has mentioned the Hon'ble ATE Judgment dated November 28, 2014 (Appeal 61 and 62 of 2012) as under:

"22. We agree with the contentions made by the Appellants that true up for the policy direction period cannot be carried out on the basis of benchmarking concept muted in MYT Regulations. ***The Commission is directed to implement the direction of this Tribunal in true letter and spirit and do not involve in inventing any new methodology to circumvent to such directions.*** *The issue is decided in favour of the Appellants. "*

3.122 The Petitioner has requested the Commission to allow the impact of R&M and A&G Expenses from FY 2004-05 to FY 2006-07 which is tabulated as under:

Table 37: Impact of R&M and A&G Expenses from FY 2004-05 to FY 2006-07 (Rs. Crore)

Particulars	FY 2004-05			FY 2005-06			FY 2006-07			Total
	Audited A/c	Tariff Order	Diff.	Audited A/c	Tariff Order	Diff.	Audited A/c	Tariff Order	Diff.	
A&G Expenses	26.56	19.77	6.79			0.00			0.00	6.79
R&M Expenses	64.58	46.88	17.70	55.48	48.04	7.44	47.83	47.73	0.10	25.24
Total base impact	91.14	66.65	24.49	55.48	48.04	7.44	47.83	47.73	0.10	32.03

3.123 The total impact on account of R&M and A&G Expenses from FY 2004-05 to FY 2006-07 along with carrying cost is as under:

Table 38: Impact of R&M and A&G Expenses from FY 2004-05 to FY 2006-07 along with carrying cost (Rs. Crore)

Sr. No.	Particulars	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
A	Opening Balance	0	26	36	39	44	50	57	65	59	68
B	Additions	24.5	7.4	0.1							
C	Closing Balance	24	33	36	39	44	50	57	65	59	68
D	Avg. Balance	12	29	36	39	44	50	57	65	59	68
E	Carrying Cost	9.00%	9.00%	9.00%	13.68 %	13.75 %	13.11 %	13.38 %	14.88 %	15.03 %	15.01 %
F	Carrying Cost	1	3	3	5	6	7	8	10	9	10
G	Grand Balance	26	36	39	44	50	57	65	74	68	78
H	Less: Amount allowed by DERC								15		
I	Net amount to be allowed	26	36	39	44	50	57	65	59	68	78

COMMISSION'S ANALYSIS

3.124 The Commission has indicated in its Tariff Order dtd. 29/09/2015 that in compliance of the direction of Hon'ble APTEL in Appeal No. 61 and 62 of 2012, the

Commission has appointed a Chartered Accountant firm empanelled with C&AG for independent verification of the claims of the Petitioner in respect of R&M and A&G expenses for FY 2004-05 to FY 2005-06. The report has been submitted by the firm and approved by the Commission.

3.125 Accordingly, the incremental impact based on the report of the firm on R&M and A&G Expenses from FY 2004-05 to FY 2006-07 is as follows:

Table 39: R&M and A&G Expenses from FY 2004-05 to FY 2006-07

Financial Year	Particulars	Petitioner's submission in 1st MYT Petition	Trued Up as per Consultant's Report	Approved in earlier TO	Difference
2004-05	Repair & Maintenance Expenses	46.88	46.88	50.46	-3.58
	Administrative & General Expenses	16.62	16.62	21.77	-5.15
2005-06	Repair & Maintenance Expenses	55.48	55.48	48.06	7.42
	Administrative & General Expenses	29.68	29.68	29.69	-0.01
2006-07	Repair & Maintenance Expenses	47.84	47.84	45.59	2.25
	Administrative & General Expenses	40.10	40.10	21.77	18.33

LOWER RATES OF CARRYING COST

PETITIONER'S SUBMISSION

3.126 The Petitioner has referred the Hon'ble ATE Judgment dated July 30, 2010 (Appeal No. 153 of 2009) as under:

"51. It cannot be disputed that the State Commission shall be guided by the principles that reward efficiency in performance as provided under section 61(e) of the Electricity Act, 2003. Similarly, the said section provide that State Commission shall be guided by the National Electricity Policy and Tariff Policy. Therefore, the State Commission should have allowed the carrying cost at the prevailing market lending rate for the carrying cost so that the efficiency of the distribution company is not affected. The State Commission is required to take the truing up exercise to fill up the gap between the actual expenses at the end of the year and anticipated expenses in the beginning of theyear. This

Tribunal in various judgments rendered by it held in Appeal No. 36 of 2008 in the judgment dated 06.10.2009 reported in 2009 ELR (APTEL) 880 has held that "the true up exercise is to be done to mitigate the difference between the projection and actuals and true up mechanism should not be used as a shelter to deter the recovery of legitimate expenses/revenue gap by over-projecting revenue for the next tariff." Therefore, the fixation of 9% carrying cost, in our view, is not appropriate. ***Therefore, the State Commission is hereby directed to reconsider the rate of carrying cost at the prevailing market rate and the carrying cost also to be allowed in the debt/ equity of 70:30****.*

…

58. …

(iv) The next issue is relating to the inadequate lower rate of 9% for the allowance of the carrying cost. The carrying cost is allowed based on the financial principle that whenever the recovery of the cost is to be deferred, the financing of the gap in cash flow arranged by the distribution company from lenders and/or promoters and/or accrual and/or internal accrual has to be paid for by way of carrying cost. The carrying cost is a legitimate expense. Therefore the recovery of such carrying cost is a legitimate expectation of the distribution company. ***The State Commission instead of applying the principle of PLR for the carrying cost has wrongly allowed the rate of 9% which is not the prevalent market lending rate.*** *Admittedly, the prevalent market lending rate was higher than the rate fixed by the State Commission in the tariff order.* ***Therefore, the State Commission is directed to reconsider the rate of carrying cost at the prevalent market rate keeping in view the prevailing Prime Lending Rate****. "*

3.127 The Petitioner has applied the debt-equity ratio of 70:30 considering ROE as 16% and rate of interest as SBI PLR while computing the impact.

3.128 The Petitioner has tabulated the carrying cost on already recognised Regulatory Assets upto FY 2013-14 as below:

Table 40: Impact due to difference in rates of carrying cost (Rs. Crore)

Sr. No.	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
A	Opening Balance	40	20	-160	39	888	2310	3061
B	Adjustments:				7.43			

Sr. No.	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
	Contingency Reserve							
C	Additions	-24	-171	207	798	1201	534	199
D	Adjustment from surcharge						159	270
E	Closing	16	-151	47	829	2088	2685	2989
F	Average	28	-65	-57	434	1488	2497	3025
G	Carrying cost	13.68%	13.75%	13.11%	13.38%	14.88%	15.03%	15.01%
H	Carrying cost	4	-9	-7	58	221	375	454
I	Grand Closing balance	20	-160	39	888	2310	3061	3443
J	Approved RA upto FY 14							3051
K	Difference							392

COMMISSION'S ANALYSIS

3.129 The Petitioner has made its prayer for allowing additional interest which has not been paid to any financial institution or bank for funding the Revenue Gap accumulated during the previous years after true up of ARR. The Petitioner has submitted return on equity for funding of accumulated revenue gap in the ratio debt: equity of 70:30 for allowance of carrying cost without investing equity for funding of accumulated revenue gap.

3.130 As per MYT regulations 2007 & 2011 for the purpose of WACC, where actual equity employed is less than 30%, the actual equity and Debt shall be considered. The Commission has assessed the actual equity and debt available with the licensee for the purpose of capitalisation, working capital and finally revenue gap funding. Under the normative circumstances, the disclosure is required to infuse adequate equity either from reserve & surplus or by infusing fresh equity from time to time to maintain adequate debt equity ratio of 70:30. In case the said ratio is not maintained, the Commission in accordance with regulation shall restrict the ROE on the actual equity available only with review of actual equity.

3.131 It is also clarified that the carrying cost on Revenue Gap has got reduced in case of the Petitioner due to non availability of actual equity for funding of the Revenue Gap. Therefore one side the Petitioner has infused insufficient equity for funding the revenue gap which could have reduced the cost of borrowings and on the other hand asking additional return on the equity which has never been deployed into the business by the promoter. The impact of insufficient equity cannot be passed onto the consumers through ARR.

3.132 The Petitioner has interpreted the direction of Hon'ble Tribunal for funding the revenue gap in the ratio of 70:30 (debt: equity) but forget to mention that the ratio of 70:30 of debt: equity can only be applied if the promoter has infused equity for funding the revenue gap at the level of 30% or more. Secondly, the Petitioner wants the interest rate also should be allowed at the rate of SBI PLR; however it is clarified that the Petitioner was getting loans at the rates 2.75% less than SBI PLR as forecasted in the MYT order dated 23/02/2008.

3.133 The financing of business can be either by equity or loan. In accordance with the judgment of this Hon'ble Tribunal in Appeal No. 153 of 2009, the Commission has revised the carrying cost rate by issuing 70:30 ratios of debt and equity on provisional basis. The requirement of funds is primarily dependent on capitalisation and working capital requirement. Thus, Commission has provided the cost of capital including carrying cost based on actual equity available in the books of accounts as submitted by the Petitioner.

3.134 Further, the Petitioner has already preferred an Appeal in Appeal No. 290/2015 filed before the Hon'ble APTEL. Therefore, the matter is sub-judice and decision will be taken by the Commission as deemed fit and appropriate, after receipt of the judgment of Hon'ble APTEL. Therefore, this matter does not merit consideration at this point of time.

EFFICIENCY FACTOR FOR FY 2011-12

PETITIONER'S SUBMISSION

3.135 The Petitioner has referred the Hon'ble ATE Judgment dated November 28, 2014 (Appeal No. 61 of 2012) as under:

> *"126…This issue was also considered by this Tribunal in Appeal No. 14 of 2012 and was decided in favour of the Appellant therein. The relevant extracts of the said judgment are as under:*
>
> > *"…*
> >
> > *25. …*
> >
> > *However, the efficiency factor has to be determined by the*

Commission based on licensee's filing, benchmarking, approved cost by the Commission in the past and any other factor that Commission feels appropriate. In the impugned order the Commission has determined the efficiency improvement factor as 2%, 3% and 4% for FY 2009, FY 2010 and FY-2011 respectively arbitrarily without any benchmarking or any analysis and identification of area of inefficiency where the improvement is desired to be carried out. Such efficiency factor has naturally to be determined only on the basis of material placed before the State Commission and analysis of various factors and not on ad-hoc basis as done by the State Commission. Therefore, this point is answered accordingly in favour of the Appellant".

201 So, on the strength of the judgment of this Tribunal in Appeal No. 28 of 2008, we decide this point accordingly in favour of the Appellant."

127. The above ratio of this Tribunal's judgment in Appeal No. 14 of 2012 applies squarely into the facts of the present case. The issue is decided in favour of the Appellants. "

3.136 The arbitrary determination of efficiency factor has resulted in reduction of Operation and Maintenance Expenses approved for FY 2011-12 by Rs. 11 Crore.

3.137 The Petitioner submitted the impact due to the application of ad-hoc efficiency factor on Operation and Maintenance Expenses along with carrying cost as tabulated below:

Table 41: Impact due to application of ad-hoc efficiency factor (Rs. Crore)

Sr. No.	Particulars	FY 12	FY 13	FY 14
A	Opening Balance	0	12	14
B	Additions	11		
C	Closing Balance	11	12	14
D	Average Balance	6	12	14
E	Rate of Carrying Cost	14.88%	15.03%	15.01%
F	Carrying Cost	1	2	2
G	Grand Balance	12	14	16

COMMISSION'S ANALYSIS

3.138 The Commission has filed a Clarificatory Application before Hon'ble APTEL and requested to reconsider the issue and final view on impact of efficiency factor for FY 2011-12 will be considered, as deemed fit and appropriate, after receipt of the judgment of Hon'ble APTEL in the said Clarificatory Application. Therefore, this matter does not merit consideration at this point of time.

EFFICIENCY FACTOR FROM FY 2012-13 TO FY 2013-14

PETITIONER'S SUBMISSION

3.139 The Petitioner mentioned that the Hon'ble ATE in Judgment dated March 2, 2015 (Appeal No. 178 of 2012) has directed the Hon'ble Commission as under:

"37.3 This issue has been considered by this Tribunal in Appeal no. 171 of 2012. The relevant paragraph of the judgment are reproduced below:

"12.5 We find that as per the Regulations, the efficiency factor can be determined by benchmarking and, therefore, there is no fault in the Commission's basic approach for benchmarking the O&M cost of the Appellant with other distribution companies. However, the benchmarking of O&M has to be with respect to like distribution licensees and for a larger span with analysis. In the present case, the State Commission has given figures of O&M cost per unit of sales and per consumer for a single year i.e. FY 2010-11. ***It is not clear whether the O&M expenses considered are the actual audited expenses or trued up expenses or the estimate of expenses approved in the tariff order****. The State owned distribution licensee considered in the benchmarking should be much who maintain reliable power supply and distribution loss level comparable to the Appellant. The Commission should have benchmarked the O&M costs of some more distribution licensees having metropolitan area of supply such as other licensees of* ***Delhi, Mumbai, Kolkata for at last three years*** *before coming to a conclusion. The approach adopted by the State Commission is over simplified and lacks analysis.*

12.6 While we agree with the basic approach of benchmarking, the data and the analysis is required to be augmented as discussed above. Therefore, we remand the matter to the State Commission for redetermination of the Efficiency Factors."

3.140 The Petitioner requested the Hon'ble Commission to allow the impact of Rs. 6.64 Crore and Rs. 10.62 Crore on account of the efficiency factor for FY 2012-13 and FY 2013-14 respectively as under:

Table 42: Impact on account of efficiency factor along with carrying cost (Rs. Crore)

Sr. No.	Particulars	FY 2012- 13	FY-2013- 14
A	Opening Balance	0	7
B	Additions	7	11
C	Closing Balance	7	18
D	Average Balance	3	12
E	Carrying Cost	15.03%	15.01%
F	Carrying Cost	0	2
G	Grand Balance	7	20

COMMISSION'S ANALYSIS

3.141 The Commission has already detailed this issue regarding levy of Efficiency Factor on O&M Expenses in True up of FY 2014-15 and FY 2015-16. Such efficiency factor is not considered for SVRS Pension and Arrears on account of statutory pay revision to employees.

EFFICIENCY FACTOR FOR FY 2010-11

PETITIONER'S SUBMISSION

3.142 The Petitioner has submitted that the Hon'ble ATE in Judgment dated March 2, 2015 (Appeal No. 178 of 2012) has directed the Hon'ble Commission as under:

"44. The 36th issue is arbitrary imposition of efficiency factor for determination of O&M Expenses for true-up of FY 2010-11

44.1 This issue has been considered by this Tribunal in Appeal No. 61 of 2012 and decided in favour of the Appellant. The relevant extracts of the Judgment are referred below:

…

201 So, on strength of the Judgment in Appeal No. 14 of 2012 applies squarely into the facts of the present case. The issue is decided in favour of the Appellants."

44.2 Accordingly, this issue is decided in favour of the Appellant."

3.143 The impact on account of the efficiency factory along with carrying cost as tabulated by Petition is as under:

Table 43: Impact on account of efficiency factor during FY 2010-11 along with carrying cost (Rs. Crore)

Sr. No.	Particulars	FY 11	FY 12	FY 13	FY 14

Sr. No.	Particulars	FY 11	FY 12	FY 13	FY 14
A	Opening Balance	0	11	13	15
B	Additions	11			
C	Closing Balance	11	11	13	15
D	Average Balance	5	11	13	15
E	Rate of Carrying Cost	13.38%	14.88%	15.03%	15.01%
F	Carrying Cost	1	2	2	2
G	Grand Balance	11	13	15	17

COMMISSION'S ANALYSIS

3.144 The Commission has observed that the Hon'ble tribunal in its judgments in Appeal No. 52/2008 has not find any merit in the contention raised by the TPDDL regarding introduction efficiency factor of 2%, 3% and 4% for FY 2009, FY 2010 and FY 2011 respectively as follows:

" 67. (ix) The last issue is erroneous computation of the Efficiency Factor. Admittedly, the Appellant had not proposed any Efficiency Factor in its MYT Petition in accordance with the MYT Regulations. The State Commission has compared the O&M expenses of the Appellant with similar urban distribution companies in other states and found the expenses of the Appellant on higher side. Accordingly, the State Commission has decided to introduce efficiency factor of 2%, 3% and 4% for FY 2009, FY 2010 and FY 2011 respectively. Therefore, we do not find any merit in the contention raised by the Appellant. Therefore, the State Commission finding on this issue is justified."

3.145 Further, the Petitioner has relied upon the judgment of Hon'ble APTEL in Appeal No. 177/2012 which has been pronounced on the basis of Appeal No. 14/2012. It is pertinent to state that TPDDL (Appellant in Appeal No. 14/2012) had prayed before Hon'ble APTEL against the Efficiency Factor for FY 2011-12 and not FY 2010-11 in issue no. 23. However, the Petitioner has misrepresented the facts before the Commission that Hon'ble APTEL has decided the issue for Efficiency Factor of FY 2010-11. The relevant extract of the said judgement is as follows:

*" **198.** On this issue, the learned Counsel for the Appellant submits as under:*

...

***(c)** However, in the impugned order the Delhi Commission has merely extended the efficiency factor of 4% that was applicable for O & M expenses* *of the Appellant for the period FY 2010-11 to apply to FY 2011-12 and has also extended the MYT Order while extending the operation of the MYT Regulations to the period FY 2011-12. This has resulted in gross under-allowance of O & M costs for FY 2011-12....”*

3.146 It is clarified that the Efficiency Factor had been introduced by the Commission for 1st MYT Control Period (FY 08-FY11) in its MYT Order dtd. 23/02/2008 for all the Distribution Licensees. The Petitioner has not challenged the issue of Efficiency Factor in its Appeal against MYT Order dtd. 23/02/2008 and even Hon’ble APTEL has upheld the methodology for Efficiency Factor in case of other Distribution Licensee as indicated above. Therefore, this issue does not need further deliberation.

COMPUTATION OF AT&C LOSS FOR FY 2009-10

PETITIONER’S SUBMISSION

3.147 The Petitioner has referred the Hon’ble ATE Judgment dated March 2, 2015 (Appeal No. 178 of 2012) as under:

“79. The perusal of the findings of the Commission in the Impugned Order would suggest that the Delhi Commission has failed to understand the working of the tri-vector meters installed at the consumers’ premises by the Appellant. Basic electricity meters record only active power i.e. kWh consumed by the consumer. Tri-vector meters records all three vectors i.e. Active Power (kWh), Reactive Power (kVARh) and Apparent Power (kVAh). The principle parameter recorded by these meters is kWh. Other parameters are determined from this basic parameter based on instantaneous values of the current and voltage and their phaser angle. Therefore, the Commission has erred in computing kWh based on kVAh and power factor. It is interesting to note that the Commission has computed the average power factor for FY 2010-11 on the basis of kWh and kVAh recordings and computed kWh figures by reverse calculations using the kVAh figures for 2009-10 and average power factor for FY 2010-11.

80. In the light of above discussions we direct the Commission to recomputed the AT&C losses for FY 2009-10 using actual kWh figures as recorded in para

4.8 of the Impugned order. The issue is decided in favour of the Appellants."

3.148 The Petitioner has further submitted that the Commission in Tariff Order dated September 29, 2015 ruled as under:

"3.104 The Commission has indicated the power factor to be applied in the respective Tariff orders for projection of revenue and accordingly the revenue has been estimated and considered in the respective tariff orders for the purpose of tariff fixation. The power factor derived from the data provided by the Petitioner for FY 2009-10 was not in line with either the power factor considered by the Commission for projection of revenue or actual power factor for the past period. It is observed that the Petitioner had submitted only one actual data i.e. kWh, whereas, for computation of billed amount in respect of the consumers where kVAh billing is approved in the Tariff Schedule, either actual kVAh or kWh together with power factor is required. In view of this, the Commission has filed Clarificatory Application before Hon'ble APTEL and the view on impact of AT&C Loss for FY 2009-10 will be taken, as deemed fit and appropriate, after receipt of the judgment of Hon'ble APTEL in the said Clarificatory Application."

3.149 The Petitioner has stated that Hon'ble Tribunal has clearly held that kWh is the basic parameter based on which the other factors are derived in the meters irrespective of the billing of the consumer. The Hon'ble Commission in Para-4.8 of the Tariff Order has stated that the energy sales in kWh were verified by the Commission during prudence check exercise. Therefore the Petitioner requested the Hon'ble Commission to implement the direction of Hon'ble ATE as per Judgment dated November 28, 2014. The computation of AT&C Loss for FY 2009-10 is tabulated below:

Table 44: AT&C Loss for FY 2009-10

Sr. No.	Particulars	Units	FY 2009-10
A	Units consumed at BYPL Periphery	MU	5708
B	Units billed	MU	4310
C	Amount billed	Rs. Cr.	1944
D	Distribution Loss	%	24.50%
E	Amount collected	Rs. Cr.	1959
F	Collection efficiency	%	100.76%
G	Units realised	MU	4343
H	AT&C Loss level	%	23.92%

3.150 The Petitioner has showed the over-achievement on account of AT&C Loss for FY 2009-10 as tabulated below:

Table 45: AT&C Loss for FY 2009-10

Particulars	UoM	MYT Order	Actuals
AT&C Loss	%	26.26%	23.92%
Over achievement/ (Under achievement)	%		2.34%
Energy Input	MU	5708	5708
Units realised	MU	4209	4343
Average Billing Rate	Rs./ kWh	4.51	4.51
Amount realised	Rs. Cr.	1899	1959
Over-achievement	Rs. Cr.		60
Proposed to be transferred to consumers	Rs. Cr.		30
Proposed to be retained	Rs. Cr.		30
Less: E. Tax	Rs. Cr.		82
Less: LPSC	Rs. Cr.		21
Total revenue	Rs. Cr.		1796

3.151 The impact on account of re-computation of AT&C Loss of FY 2009-10 is tabulated below:

Table 46: Re-computation of AT&C Loss during FY 2009-10 (Rs. Crore)

Sr. No.	Particulars	FY 2009-10
A	Revenue submitted by Petitioner	1,796
B	Revenue considered in Tariff Order	1,817
C	Net Impact	21

3.152 The total impact including carrying cost is tabulated below:

Table 47: Impact along with carrying cost (Rs. Crore)

Sr. No.	Particulars	FY 10	FY 11	FY 12	FY 13	FY 14
A	Opening Balance	-	22	26	29	34
B	Additions	21	-	-		
C	Closing Balance	21	22	26	29	34
D	Average Balance	11	22	26	29	34
E	Rate of Carrying Cost	13.11%	13.38%	14.88%	15.03%	15.01%
F	Carrying Cost	1	3	4	4	5
G	Grand Balance	22	26	29	34	39

COMMISSION'S ANALYSIS

3.153 The Commission has already clarified this issue in its Tariff Order dtd. 29/09/2015 as follows:

"3.104 The Commission has indicated the power factor to be applied in the respective Tariff orders for projection of revenue and accordingly the revenue

has been estimated and considered in the respective tariff orders for the purpose of tariff fixation. The power factor derived from the data provided by the Petitioner for FY 2009-10 was not in line with either the power factor considered by the Commission for projection of revenue or actual power factor for the past period. It is observed that the Petitioner had submitted only one actual data i.e. kWh, whereas, for computation of billed amount in respect of the consumers where kVAh billing is approved in the Tariff Schedule, either actual kVAh or kWh together with power factor is required. In view of this, the Commission has filed Clarificatory Application before Hon'ble APTEL and the view on impact of AT&C Loss for FY 2009-10 will be taken, as deemed fit and appropriate, after receipt of the judgment of Hon'ble APTEL in the said Clarificatory Application."

3.154 In view of the above, the issue does not merit consideration at this point of time.

FINANCING COST OF LPSC BASED ON SBI PLR

PETITIONER'S SUBMISSION

3.155 The Petitioner has stated that the Hon'ble Commission in Tariff Order dated September 29, 2015 relied on Judgment dated November 28, 2013 and has rejected any revision in the interest rate for funding of LPSC on the ground that (a) the funding of LPSC is akin to the funding of working capital and (b) since the interest rate for working capital is to be trued-up only when the variation in the SBI PLR is more than +/-1%, and as the actual variation has not been more than 1%, there is no need to revise the rate of interest for funding of LPSC. Further the Hon'ble Commission has stated that a clarificatory petition has been filed before Hon'ble ATE.

3.156 The Petitioner has stated that the Commission has not referred to Hon'ble ATE's directions in Judgment dated July 12, 2011 (Appeal No. 147 of 2009) which is reproduced below:

"10. The fifth issue is regarding the Late Payment Surcharge.

10.1. The above issue had been covered in this Tribunal's Judgment dated 30.7.2010 reported in 2010 ELR (APTEL) 0891 titled as NDPL vs. DERC. The relevant extracts of the Judgment are reproduced below:

"The normative working capital compensates the distribution company in delay for the 2 months credit period which is given to the consumers. The late payment surcharge is only if the delay is more than the normative credit period. For the period of delay beyond normative period, the distribution company has to be compensated with the cost of such additional financing. It is not the case of the Appellant that the late payment surcharge should not be treated as a non-tariff income. The Appellant is only praying that the financing cost is involved due to late payment and as such the Appellant is entitled to the compensation to incur such additional financing cost. Therefore, the financing cost of outstanding dues, i.e. the entire principal amount, should be allowed and it should not be limited to late payment surcharge amount alone. ***Further, the interest rate which is fixed as 9% is not the prevalent market Lending Rate due to increase in Prime Lending Rate since 2004-05.Therefore, the State Commission is directed to rectify its computation of the financing cost relating to the late payment surcharge for the FY 2007-08 at the prevalent market lending rate during that period keeping in view the prevailing Prime Lending Rate****".*

This issue is decided accordingly in terms of the above Judgment."

3.157 Further the Hon'ble ATE in Judgment dated March 2, 2015 (Appeal No. 178 of 2012) has directed the Hon'ble Commission as under:

"4.8 We find that the State Commission has ***mechanically allowed interest rate of 9.5% as allowed while passing the MYT order on funding of working capital without verifying the prevailing cost of debt contracted by the licensee and other relevant factors****. As directed in the judgment in appeal no. 153 of 2009, the financing cost for Late Payment amount has to be allowed at the prevalent market lending rates as per the Tariff Regulations.* ***According, the State Commission is directed to redetermine the interest rate and the amount of financing cost.****"*

3.158 Accordingly, the Petitioner has computed the financing cost of LPSC based on SBI PLR as under:

Table 48: Difference in financing cost of LPSC due to rate of interest (Rs. Crore)

Sr. No.	Particulars	UoM	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13

Sr. No.	Particulars	UoM	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13
A	Delayed Payment Surcharge	Rs. Cr.	27	21	21	17	28	24
B	Principal Amount	Rs. Cr.	148	115	116	96	158	134
C	SBI PLR	%	12.69%	12.79%	11.87%	12.26%	14.40%	14.61%
D	Financing Cost of LPSC	Rs. Cr.	19	15	14	12	23	20
E	Allowed by DERC	Rs. Cr.	13	10	9	7	8	11
F	Net Amount	Rs. Cr.	6	5	4	4	14	8

3.159 The aforesaid difference has been considered along with carrying cost as under:

Table 49: Impact on account of difference in financing cost of LPSC along with carrying cost (Rs. Crore)

Sr. No.	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
A	Opening Balance	0	6	13	19	26	45	61
B	Additions	6	5	4	4	14	8	
C	Closing Balance	6	11	17	23	40	54	61
D	Average Balance	3	9	15	21	33	49	61
E	Rate of Carrying Cost	13.68%	13.75%	13.11%	13.38%	14.88%	15.03%	15.01%
F	Carrying Cost	0	1	2	3	5	7	9
G	Grand Balance	6	13	19	26	45	61	70

COMMISSION'S ANALYSIS

3.160 The Commission has already dealt this issue in its Tariff Order dtd. 29/09/2015 as follows:

" 3.42 Further, in view of the Hon'ble APTEL's direction in Appeal No. 36 of 2008 and Appeal No. 61 & 62 of 2012, the Commission has filed a Clarificatory Application before Hon'ble APTEL therefore a view in the matter will be taken, as deemed fit and appropriate, after receipt of the direction of the Hon'ble APTEL in the said application."

3.161 In view of the above the Commission has not reconsidered this issue in this Tariff Order as the issue is sub judice before Hon'ble APTEL. Therefore, this matter does not merit consideration at this point of time.

SHORT-TERM GAIN

PETITIONER'S SUBMISSION

3.162 The Petitioner has stated that the Commission in Tariff Order dated September 29, 2015 has reversed the income from interest from Short Term gain allowed for the period FY 2007-08 to FY 2011-12 without assigning any reason for the same as stated below:

> *"3.121 The Commission has observed that any income from investments other than Contingency reserves shall constitute Non Tariff Income of the Licensee. Accordingly the Commission has considered income from interest/Short Term capital gain as Non Tariff Income for 1st MYT Control Period."*

3.163 The Petitioner has referred the Hon'ble ATE Judgment dated July 30, 2010 (Appeal No. 153 of 2009) as under:

> *"The third issue relates to the wrongful deduction of interest on surplus funds out of share-holders‟ money, etc. from the ARR of the Appellant and treating as a non-tariff income. Only interest income on surplus funds to the extent of delayed payment surcharge and interest on consumer security in excess of the rates specified by the Commission should be considered as non-tariff income for deduction in ARR. Also the*
>
> *interest income on consumer's share of incentive on over-achievement of AT&C losses need to be deducted from ARR. However, the Appellant has argued that he has factored the interest income while computing the carrying cost on the revenue gap.*
>
> *Consequently, the carrying cost is lower to that extent. When the benefit of the same has already been passed on to the consumer, the same cannot be passed on to them by way of interest cost. However, in order to correctly determine the ARR as per the Tariff Regulations, the interest income on delayed payment surcharge and difference in interest rate on consumer security with respect to that specified by the Regulations may be considered as non-tariff income to be deducted from the ARR. Also interest on consumer's share of incentive on over-achievement of AT&C losses has to be deducted from ARR. The Commission will compute the interest income for which credit is to be given to consumer from total interest income. Accordingly, adjustment*
>
> *may be made in carrying cost on the revenue gap claimed by the Appellant to avoid double deduction of the interest income on this account in the ARR. On the remaining surplus fund on Retail Supply Tariff the benefit of interest*

income is to be retained by the Appellant on account of return on equity earned, overachievement in AT&C losses and efficiency in controllable parameters, working capital, etc. invested in mutual funds/banks. The State Commission cannot erode the benefit to be derived by the distribution company by considering such interest income as a part of the non-tariff income. Accordingly, directed"

3.164 The Petitioner has tabulated the impact of Short Term gain along with carrying cost as below:

Table 50: Impact on account of Short Term gain along with carrying cost (Rs. Crore)

Sr. No.	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
A	Opening Balance	0	0	0	0	0	4	10
B	Additions	0	0	0	0	3	6	5
C	Closing Balance	0	0	0	0	3	9	16
D	Average Balance	0	0	0	0	2	7	13
E	Rate of Carrying Cost	13.68%	13.75%	13.11%	13.38%	14.88%	15.03%	15.01%
F	Carrying Cost	0	0	0	0	0	1	2
G	Grand Balance	0	0	0	0	4	10	18

3.165 The Petitioner requests the Hon'ble Commission to allow the aforesaid impact in the ARR.

COMMISSION'S ANALYSIS

3.166 The Petitioner has submitted that Short Term gain is on account of interest received on fixed deposits maintained by the Petitioner as margins kept with the funding agency for loans availed. Therefore, the Commission is of the view that the Petitioner is not allowed any interest /return on equity on the amount kept as fixed deposit in the ARR of the relevant year and interest on these fixed deposits should be allowed to be reduced from the Non-Tariff Income based on the Hon'ble APTEL judgment dated July 30, 2010 in Appeal No. 153 of 2009. The impact has been considered in

3.167 Table 92: Impact as approved by the Commission on account of implementation Hon'ble APTEL Judgments (Rs. Cr.).

DISALLOWANCE OF REBATE ARISING OUT OF PAYMENT MADE TO DTL

PETITIONER'S SUBMISSION

3.168 The Petitioner has submitted that in its Petition for Truing-up of FY 2006-07 claimed the actual power purchase cost incurred during FY 2006-07. However the Hon'ble Commission observed that there is a difference of Rs. 4.24 Crore (Rs. 3.26 Crore on account of rebate and Rs. 0.98 Crore on account of reactive energy charges) between the power purchase cost as stated by DTL and that claimed by the Petitioner in the Petition. Thus, the Hon'ble Commission took the lower amount, as appearing in DTL's book, as the power purchase cost of the Petitioner, though the Petitioner had paid a higher amount as correctly reflecting in its book. This amount was paid under protest by the Petitioner, on account of which it was out of pocket to the extent of amount in question, which it had paid towards power purchase cost, which is a pass-through expense.

3.168 The Petitioner stated that the Commission allowed the Petitioner to recover power purchase cost only as per the amount in the audited accounts of DTL, on account of the pending dispute between DTL and the Petitioner. While doing so, the Hon'ble Commission, stated that any additional power purchase cost on this account will be allowed in future. In other words, the Hon'ble Commission agreed to provide the Petitioner its entitlement once the disputes between DTL and the Petitioner were resolved and the amounts in question were reconciled in the books of DTL and the Petitioner. Therefore the power purchase cost of the Petitioner was understated by Rs. 4.24 Crore (Rs. 3.26 Crore on account of rebate and Rs. 0.98 Crore on account of reactive energy charges).

3.169 The Petitioner further submitted that the treatment given by the Commission was challenged by the Petitioner before the Hon'ble Tribunal in Appeal No. 36 of 2008. The Hon'ble Tribunal in the Judgment dated October 6, 2009 ruled as under:

> *"87) It is clear from the portion of the impugned order quoted above that the Commission has not disallowed the rebate claimed on account of timely payment to the DTL. However, in this regard there is a dispute between the appellant and the DTL. The Commission has provisionally allowed the power purchase cost for the FY 2007. It was submitted before us by the senior counsel Mr.A. N. Haksar that he has already advised the Commission to decide the dispute as soon as possible. The Commission shall make suitable adjustments in the entitlement of the appellant as soon*

as the decision in this regard is taken."

3.170 The Petitioner stated that Commission in Tariff Order dated July 13, 2012 ruled as under:

*"3.8 The Commission observes that while truing up of FY 2006-07 for DTL, the Commission did not considered prior period income as income of DTL. After truing up for FY 2006-07, the Commission had determined a surplus for the DTL and deficit for BYPL. As this amount was not considered while calculating the surplus/deficit till FY 2006-07, the surplus of DTL will increase by Rs 3.26 Cr and deficit of BRPL will increase by Rs 3.26 Cr**. The Commission directs DTL to adjust Rs 3.26 Cr along with carrying cost (considered by the Commission for revenue gap funding of BYPL) in first three bills for transmission charges issued by DTL after issuance of this tariff order."***

3.171 The Petitioner has considered the amount of Rs. 9.58 Crore (Rs. 3.26 Crore + Carrying Cost) as Prior Period Income in the Audited accounts for FY 2013-14 and submitted that the above equation as per various tariff orders is tabulated as under:

Table 51: Power Purchase cost during FY 2006-07 allowed by the Commission (Rs. Crore)

Sr. No.	Particulars	TO dt. Feb 23, 2008	TO dt. Aug 26, 2011	TO dt. July 13, 2012	TO dt. September 29, 2015
A	PP Cost incurred by Petitioner	993.40	993.40	993.40	993.40
B	PP Cost borne by consumers	989.16	990.14	990.14	990.14
C	Disputed amount				
D	DTL	4.24	3.26	3.26	3.26
E	Petitioner	3.26			
F	Reactive Energy Charges	0.98			

3.172 The amount along with carrying cost is tabulated below:

Table 52: Impact on account of DTL Rebate along with carrying cost (Rs. Crore)

Sr. No.	Particulars	FY 14
A	Opening Balance	0
B	Additions	10
C	Closing Balance	10
D	Average Balance	5
E	Rate of Carrying Cost	15.01%
F	Carrying Cost	1
G	Grand Balance	10

3.173 The Petitioner requested to allow the amount along with carrying cost in the ARR.

COMMISSION'S ANALYSIS

3.174 The Commission observes that the Petitioner had not indicated the basis of amount of Rs. 10 Cr. in its Petition filed for True up of prior period in table no. 3.17at. Therefore, the Commission has not considered this issue. However, the Reactive Energy Charges of Rs. 0.98 Cr. has been allowed separately.

DVB ARREARS WHILE COMPUTING AT&C LOSS FOR FY 2008-09

PETITIONER'S SUBMISSION

3.175 The Petitioner stated that Hon'ble ATE in Judgment dated November 28, 2014 (Appeal No. 61 and 62 of 2012) has ruled as under:

"58. In view of the above discussions the issue is decided as under:

1) All the parameters such as LPSC, ED, DVB arrears have to be included both in the numerator as well in the denominator for computing the collection efficiency.

... "

3.176 The Petitioner has not deducted the DVB Arrears while computation of impact on account of over-achievement of AT&C Loss during FY 2008-09. Therefore the amount pertaining to DVB Arrears during FY 2008-09 ought to be allowed as an expense along with carrying cost as under:

Table 53: Impact on account of DVB Arrears (Rs. Crore)

Sr. No.	Particulars	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
A	Opening Balance	-	4	5	5	6	7
B	Additions	4					
C	Closing Balance	4	4	5	5	6	7
D	Average Balance	2	4	5	5	6	7
E	Rate of Carrying Cost	13.75%	13.11%	13.38%	14.88%	15.03%	15.01%
F	Carrying Cost	0	1	1	1	1	1
G	Grand Balance	4	5	5	6	7	8

3.177 The Petitioner requested the Hon'ble Commission to allow the aforesaid impact to the Petitioner.

COMMISSION'S ANALYSIS

3.178 The Petitioner was not able to substantiate the claim of AT&C loss in Tariff Order dtd. 26/08/2011 due to non true up of amount collected including DVB arrears and the daily collection register (which was also not produced). Since, the information could not be substantiated, which had a direct bearing on calculation of AT&C losses claimed by the Petitioner, the Commission has trued up AT&C Loss of FY 2008-09 in this Tariff Order as indicated in para above by considering target Collection Efficiency for FY 2008-09

REVISION OF R&M EXPENSES BY REVISING "K" FACTOR

PETITIONER'S SUBMISSION

3.179 The Petitioner has referred the Hon'ble ATE Judgment dated March 2, 2012 (Appeal No. 178 of 2012) as under:

> *"36.5 We find that the State Commission had decided to fix the 'K' factor as the average K factor based on the actual R&M expenses of the last five years.* ***We do not find any infirmity in the methodology except that the Commission has not followed the principle of computing the 'K' factor based on the actual for the last 5 years by ignoring the K factor for FY 2007-08. By this method the R&M expenses of FY 2012-13 have been determined more or less at the same level as 2011-12 which does not even cover the normal inflation factor.*** *Therefore, the Commission should take into account the K factor for 2007-08 also and redetermine the K factor and the R&M expenses for the Control Period. Accordingly, directed."*

3.180 The Petitioner has computed the R&M Expenses based on "K" factor as per the direction of the Hon'ble ATE and GFA considered by the Hon'ble Commission as under:

Table 54: Difference in R&M Expenses due to revised "K" factor (Rs. Crore)

Sr. No.	Particulars	FY 2012-13	FY 2013-14
A	GFA	2,258	2,281
B	K Factor	3.61%	3.61%
C	R&M Expenses	81	82
D	Allowed in MYT Order	66	67
E	Difference	15	15

3.181 The Impact on account of difference in R&M Expenses along with carrying cost is tabulated below:

Table 55: Impact on account of difference in R&M Expenses along with carrying cost (Rs. Crore)

Sr. No.	Particulars	FY 13	FY 14
A	Opening Balance	-	17
B	Additions	15	15
C	Closing Balance	15	32
D	Average Balance	8	24
E	Rate of Carrying Cost	15.03%	15.01%
F	Carrying Cost	1	4
G	Grand Balance	17	36

3.182 The Petitioner requested the Commission to allow the aforesaid impact in the ARR.

COMMISSION'S ANALYSIS

3.183 The Commission has given the detailed reasoning and the factors which have been considered for determination of R&M expenses in Tariff Order dated 29/09/2015 and the same has challenged by the Petitioner in Appeal No. 290/2015 before Hon'ble APTEL and is sub judice. Therefore a view in the matter will be taken, as deemed fit and appropriate, after receipt of the direction of the Hon'ble APTEL in the said Appeal.

INTEREST DE-CAPITALISED

PETITIONER'S SUBMISSION

3.184 The Petitioner has submitted that the Commission while undertaking Truing-up of FY 2007-08 in Tariff Order dated May 28, 2009 wrongly deducted the interest capitalized during FY 2007-08 from the ARR of the Petitioner. The said treatment was challenged by the Petitioner in Appeal No. 147 of 2009. The Hon'ble Commission in its reply to the Appeal dated January 18, 2010 conceded the issue and indicated that the error would be corrected in the next true-up order. The same has also been captured in the Judgment dated July 12, 2011 (Appeal No. 147 of 2009).

3.185 The Petitioner stated that the Commission has arbitrarily, without assigning any reason, deducted the amount of interest expenses capitalized from the ARR of FY

2007-08. The Tariff Order dated August 26, 2011, in which the Commission has rectified the error has already attained finality and thus cannot be reopened. The Hon'ble ATE has also held in various Judgments that the once the order has attained finality, same cannot be re-opened. The Hon'ble Commission does not have the power in law to suo motu reopen the said Order.

3.186 The Petitioner showed the Impact on account of interest de-capitalised along with carrying cost as tabulated below:

Table 56: Impact on account of interest de-capitalised along with carrying cost (Rs. Crore)

Sr. No.	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
A	Opening Balance	0	2	3	3	4	4	5
B	Additions	2						
C	Closing Balance	2	2	3	3	4	4	5
D	Average Balance	1	2	3	3	4	4	5
E	Rate of Carrying Cost	13.68%	13.75%	13.11%	13.38%	14.88%	15.03%	15.01%
F	Carrying Cost	0	0	0	0	1	1	1
G	Grand Balance	2	3	3	4	4	5	5

3.187 The Petitioner requested the Commission to allow the same in the ARR.

COMMISSION'S ANALYSIS

3.188 The Commission has considered this issue in this Tariff Order as per approval in Tariff Order dtd. 26/08/2011 and the impact has been indicated in the

3.189 Table 92: Impact as approved by the Commission on account of implementation Hon'ble APTEL Judgments (Rs. Cr.).

ADDITIONAL UI CHARGES ABOVE 49.5 HZ

PETITIONER'S SUBMISSION

3.190 The Petitioner referred the Hon'ble ATE Judgment dated March 2, 2015 (Appeal No. 178 of 2012) as under:

"28.4 In view of above submissions of the Appellant, we direct the State Commission to reconsider the amount disallowed on account of UI charges to restrict it to the amount for overdrawals below the frequency at which penal charges for UI are leviable. Accordingly, decided."

3.191 The Petitioner submitted that the Commission has given contradictory statement in Tariff Order dated September 29, 2015 which is as under:

"3.114 The Commission, in compliance to the Hon'ble APTEL's judgment in Appeal No. 177 of 2012, has vide its letter dated 05.08.2015 sought the details of additional UI charges paid by the Petitioner in FY 2010-11 duly certified by SLDC. The Petitioner vide its letter dated 12.08.2015 has submitted additional UI charges paid in FY 2010-11 as Rs. 5.50 Crore certified by SLDC, which is the same amount disallowed by the Commission in the Tariff Order dated 13.07.2012. It is pertinent to state that ***SLDC has not differentiated between penal and additional charges on account of UI. All the additional UI charges are imposed on the Distribution Licensee to maintain the Grid discipline.*** *The Forum of Regulators in its Press Release dated 23.07.2009 had stated that additional UI charges imposed on various distribution utilities across the country for excessive over drawl from the Grid will not be allowed to be recovered from the consumers w.e.f 01.08.2009 as follows:*

> *"….*
>
> *all the Chairpersons of State Electricity Regulatory Commissions as its members, has agreed that the additional Unscheduled Interchange (UI) charges imposed on distribution utilities for excessive over drawl from the grid would not be allowed to be recovered from consumers w.e.f. 1st August, 2009."*

3.115 In view of the above, ***the Commission has not considered any impact on the same.***

3.192 As evident from above, the Hon'ble Commission has disallowed entire UI Charges only because SLDC has not differentiated between penal and additional UI Charges.

3.193 It is submitted that the Central Electricity Regulatory Commission (UI and related matters) Regulations, 2009 (hereinafter referred to as the "UI Regulations") as amended from time to time does not prescribe any UI rates as penal. However, the said Regulations prescribed drawls and injection below 49.2 Hz as a additional UI rate.

3.194 The Petitioner stated that the Commission has also relied upon the deliberation of the FOR to justify the disallowance. It is submitted that the Press Release of the

FOR dated July 23, 2009 provides as follows:-

> *"3. After deliberation on the recommendation, the Forum of Regulators arrived at a consensus that the additional UI charges imposed on the utilities under the UI regulations of CERC for overdrawl during the period* ***when grid frequency is below 49.2 Hz.*** *should not be permitted in the annual revenue requirement of distribution utilities w.e.f. 1st August, 2009."*

3.195 The Petitioner submitted that the Commission has erred in relying upon the deliberations of the FOR as the FOR did not state that the additional UI charges for overdrawl during the period when grid frequency is between 49.5 and 49.2 Hz should not be permitted in the annual revenue requirement of distribution utilities.

3.196 Accordingly the Petitioner requested the Hon'ble Commission to allow UI Charges worth Rs. 5.50 Crore above frequency 49.2 Hz along with carrying cost as under:

Table 57: Impact on account of UI Charges along with carrying cost (Rs. Crore)

Sr. No.	Particulars	FY 11	FY 12	FY 13	FY 14
A	Opening Balance	-	6	7	8
B	Additions	6			
C	Closing Balance	6	6	7	8
D	Average Balance	3	6	7	8
E	Rate of Carrying Cost	13.38%	14.88%	15.03%	15.01%
F	Carrying Cost	0	1	1	1
G	Grand Balance	6	7	8	9

3.197 The Petitioner requested the Hon'ble Commission to allow the above in the ARR.

COMMISSION'S ANALYSIS

3.198 The Commission has given the detailed reasoning regarding penal nature of payment towards additional UI Charges due to non-adherence of the scheduled drawl by the Petitioner in its various Tariff Orders which has also been upheld by the Hon'ble APTEL in its judgement in Appeal No. 271/2013 as follows:

> *" 7.6) Penal interests are applicable at the specified rates for over-drawal of electricity for each time block when grid frequency is below 49.5 Hz. The time block under UI Regulations is 15 minutes. We are totally unable to accept the contention of the appellant that the appellant has taken all the necessary steps to ensure compliance with the requirements of UI Regulations, over-drawal*

from grid below 49.5 Hz frequency is inevitable despite efficient management of the appellant. These are the problems which are to be sorted out by a Discom by making efficient management, proper scheduling of power and procurement etc. What is provided under the Regulation is that the State Commission is bound to follow those Regulations, without giving any dilution or relaxation in the provisions of Act or Rules. We are unable to accept the appellant's contention that over-drawal or under-drawal depends on the scheduled generation available, since, the generation available changes constantly and further due to loss of generation the schedules are affected resulting in over-drawal by Discoms. In view of the above discussions, we do not find any merit in the contentions of the appellant and hence, this Issue No.8 is decided against the appellant."

3.199 Further, the Commission has given the detailed reasoning and certification received from SLDC regarding penal nature of payment towards additional UI Charges due to non-adherence of the scheduled drawl by the Petitioner in its Tariff Order dated 29/09/2015 and the same has challenged by the Petitioner in Appeal No. 290/2015 before Hon'ble APTEL. As the matter is sub judice, therefore a view in the matter will be taken, as deemed fit and appropriate, after receipt of the direction of the Hon'ble APTEL in the said Appeal. Therefore, this matter does not merit consideration at this point of time.

DISALLOWANCE OF REACTIVE ENERGY CHARGES

PETITIONER'S SUBMISSION

3.200 The Petitioner has stated that the issue of reactive energy charges, the Hon'ble ATE in Judgment October 6, 2009 (Appeal No. 36 of 2008) ruled as under:

"88) The appellant has claimed reactive energy charge to the tune of Rs.0.66 Crores. It is contended by the appellant that the obligation to pay reactive energy charge is a constituent of the obligation of power procurement charges to be borne by the appellant. This Tribunal vide the judgment in appeal No. 266 & 267 of 2006 allowed inclusion of the payment towards reactive energy charges in the power purchase cost. The Commission itself recognised the admissibility of the reactive energy

charge for DTL. The Commission does not seriously dispute the admissibility of such amount as reactive energy charge. It has allowed reactive energy charge of Rs.0.85 Crores for the FY 2006. The Commission merely says that for the FY 2007 such amount was not given to the appellant as no such amount was claimed by it. It is said by the Commission that neither table 64 nor form A1 of the MYT petition indicated any reactive energy charges. In fact, there was no column in the prescribed form Ao indicated the reactive energy charges. This cannot disentitle the appellant from claiming the same. The Commission will have to allow the appellant to recover the reactive energy charges amounting to Rs.0.66 Crores through tariff."

3.201 The Hon'ble Commission in its Tariff Order dated August 26, 2011 allowed the amount of reactive energy charges but denied the carrying cost on account of the same.

3.202 The Petitioner further submitted that the issue of denial of carrying cost was also challenged by the Petitioner in Appeal No. 62 of 2012. The Hon'ble ATE in Judgment dated November 28, 2014 (Appeal No. 62 of 2012) ruled as under:

"91. This Tribunal in number of judgments have held that carrying cost is a legitimate right of the licensee and its recovery is legitimate expense. Once the Hon'ble Commission has allowed certain expenses in the truing-up or on the directions of higher authority, the carrying costs for such expense would also become recoverable. The Commission, is therefore, directed to allow the carrying cost on Reactive Energy Charges for FY 2006-07. The issue is decided in favour of the Appellants."

3.203 A comparison of the treatment with respect to reactive energy charges as tabulated by Petitioner is as below:

Table 58: Comparison of treatment of reactive energy charges in various Orders (Rs. Crore)

Particulars	TO dt. May 28, 2009 and Aug 26, 2011		Impugned Order		Relief as per Hon'ble ATE directions	
	FY 07	FY 08	FY 07	FY 08	FY 07	FY 08
Power Purchase cost		1079.36		1101.95		1079.36
Reactive energy charges		0.98	0.98	-0.98	0.98	

3.204 As evident from above, the Hon'ble Commission, despite clear directions from the

Hon'ble Tribunal in the Judgments dated October 6, 2009 (Appeal No. 36 of 2008) and November 28, 2014 (Appeal No. 62 of 2012) has not provided amount of reactive energy charges along with correct amount of carrying cost.

3.205 The impact on account of reactive energy charges along with carrying cost is tabulated below:

Table 59: Impact on account of reactive energy charges along with carrying cost (Rs. Crore)

Sr. No.	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
A	Opening Balance	0	1	1	1	2	2	2
B	Additions	1						
C	Closing Balance	1	1	1	1	2	2	2
D	Average Balance	0	1	1	1	2	2	2
E	Rate of Carrying Cost	13.68%	13.75%	13.11%	13.38%	14.88%	15.03%	15.01%
F	Carrying Cost	0	0	0	0	0	0	0
G	Grand Balance	1	1	1	2	2	2	2

COMMISSION'S ANALYSIS

3.206 The Commission observed that the principal amount of Reactive Energy Charges as allowed in TO dtd. 26/08/2011 had not been considered in TO dtd. 29/09/2015 of Rs. 0.98 Cr. The same is therefore allowed in this Tariff Order and the impact has been indicated in the

3.207 Table 92: Impact as approved by the Commission on account of implementation Hon'ble APTEL Judgments (Rs. Cr.).

DISALLOWANCE OF PP COST DUE TO MOD

PETITIONER'S SUBMISSION

3.208 The Petitioner has stated that the Commission in its Tariff Order dated September 29, 2015 directed the Petitioner as under:

"3.251…

Accordingly, the Commission has analysed the slot-wise data of power procurement for FY 2013-14 received from SLDC. It was observed from Petitioner's letter dtd. 19/05/2015 to SLDC wherein they have requested for back down of the stations for the months of April 2013-October 2013 that the Petitioner has requested back down of CTPS and MTPS only from June'13-Oct'13 whose variable rate were in the range of Rs. 1.58/kWh to Rs. 2.39/kWh. The plants proposed for backing down by the Petitioner to SLDC for *the months of June'13-Oct'13 are as follows:*

Name of the Plant	***Range of Rate (Rs./ kWh)***
MTPS#6	*2.02-2.39*
CTPS#7&8	*1.69-174*

3.252 However, it is pertinent to state that in the said letter the Petitioner has not properly indicated Merit Order Dispatch considering all plants in its portfolio in accordance with the variable cost. Further, it is observed from Form F1 submitted with the Petition that the average cost of higher variable cost plants were not considered for backing down in the month of November i.e., the same month in which letter for back down was given to SLDC. The details of few costlier plants which has not been considered for backing down in the months of June'13-Oct'13 are as follows:

Name of the Plant	***Range of Variable Rate (Rs./ kWh)***
Dadri-I	*2.97-3.21*
Aravali	*3.58-3.61*
BTPS	*3.08-4.54*
Dadri-II	*2.71-2.98*
Pragati-I	*2.86-3.46*

3.253 Further, the Hon'ble APTEL in its judgment in Appeal No. 160 of 2012 dated08.04.2015 (R-Infra-D v/s MERC) has ruled for avoided power purchase cost as follows:

"(vii) The Commission felt that it cannot carry out the micro analysis to quantify the exact impact of such imprudent power purchase and avoidable power purchase cost and therefore disallowed 2/3rd of the cost of Rs. 6.35 crores on account of such avoidable power purchase done from costlier firm/Day Ahead contracts which amounts to Rs. 4.23 crores.

(viii) In truing up for FY 2010-11 also the State Commission has given similar findings and disallowed 2/3rd of the cost of Rs. ***22.94 crores on account of avoidable power purchase done from costlier firm/DA contracts amounting to Rs. 15.29 crores****.*

70. We find that the State Commission has given detailed findings and *computed avoidable power purchase after analysis of the data furnished by the Appellant.*

… Accordingly we do not find any reason to interfere with the findings of the State Commission in this regard."

3.254 Therefore, avoided Power Purchase Cost due to scheduling of Power without considering Merit Order Dispatch Principle by the Petitioner is Rs. 101.34 Crore which has been computed based on slot wise and plant wise energy details received from SLDC and considering the actual station wise average Variable rates for FY 2013-14. The said amount has not been considered in the Power Purchase Cost of FY 2013-14."

3.209 The Petitioner further submitted that the basis for disallowance of Scheduling based on MOD is only based on a letter of the Petitioner to SLDC to back-down the power plants of Eastern Region and is not based on analysis of data. Further the Hon'ble Commission has relied on Hon'ble ATE's Judgment dated April 8, 2015 (R Infra-D vs MERC) which cannot be actually made applicable in case of Delhi DISCOMs as unlike Delhi DISCOMs, Mumbai DISCOMs do not have allocation from Central Generating Stations and do not face any difficulty in DISCOM-wise scheduling of energy. Accordingly the Petitioner has considered the power purchase cost disallowed on account of non-scheduling of power as per MOD along with the carrying cost as per the table given below:

Table 60: Impact on account power purchase cost disallowed due to MOD along with carrying cost (Rs. Crore)

Sr. No.	Particulars	FY 14
A	Opening Balance	0
B	Additions	101
C	Closing Balance	101
D	Average Balance	51
E	Rate of Carrying Cost	15%
F	Carrying Cost	8
G	Grand Balance	109

3.210 The Petitioner requested the Hon'ble Commission to allow the aforesaid impact in the ARR.

COMMISSION'S ANALYSIS

3.211 It is observed that the Petitioner has submitted the disallowance due to violation of merit order dispatch is only based on the letter from the Petitioner to SLDC to back down the power plant from eastern region. However, the Commission had provided a sample month of November, 2013 in its Tariff Order dated 29/09/2015, where backing down from Dadri-I and Dadri-II etc. stations had not been proposed in violation of Merit Order Dispatch Principle and surplus power had been sold below the variable cost of these stations. Therefore, the Commission hereby directs the Petitioner to submit station-wise detailed analysis for reconsideration of disallowance of power purchase cost on account of Merit Order Dispatch Principle during FY 2013-14 with all the relevant documents to justify their claims, if any.

INCORRECT COMPUTATION OF SLD

PETITIONER'S SUBMISSION

3.212 The Petitioner has stated that the Commission in Tariff Order dated September 29, 2015 has considered an additional amount of Rs. 45.46 Crore on account of revision in treatment of SLD as part of Non-Tariff Income by reopening the numbers of FY 2012-13, despite the fact that the truing up for FY 2012-13 was already completed in the Tariff Order dated July 23, 24 (Refer: Para 3.124 of Tariff Order dated September 29, 2015). It is to be noted that under the Electricity Act, 2003, this Commission is not empowered to re-open the truing up figures for FY 2012-13 by its suo motu review of the Tariff Order dated July 23, 2014. It is submitted that such an approach would vitiate the decision making process and is legally unsustainable. It is to be furthermore noted that once the true up is carried out, it is not any more open to the Hon'ble Commission to go back and re-open those figures. This is neither permissible in law nor is a desirable approach as it will result in regulatory uncertainty.

3.213 The Petitioner further submitted that the Hon'ble Commission has again considered additional Non-Tariff Income of Rs. 23.76 Crore in FY 2013-14 while truing-up for FY 2013-14 (Refer: Para 3.355 of Tariff Order dated September 29, 2015).

3.214 The Petitioner has stated that the Commission has added pending SLD Charges (Rs. 45.46 Crore) during FY 2012-13 and (Rs. 23.76 Crore) during FY 2013-14. The actual pending charges are tabulated as under:

Table 61: Excess SLD considered by the Commission in Tariff Order dated Sept. 29, 2015 (Rs. Crore)

Sr. No.	Particulars	FY 11	FY 12	FY 13	FY 14	Total
A	SLD Charges rec'd	18.37	21.52	23.68	23.82	87.38
B	Considered in FY 11	6.12				6.12
C	Considered in FY 12	6.12	7.17			13.30
D	Considered in FY 13	6.12	7.17	7.89		21.19
E	Considered in FY 14		7.17	7.89	7.94	23.00
F	Total already considered	18.37	21.52	15.78	7.94	63.61
G	Total remaining	-	-	7.89	15.88	23.77
H	Remaining amount considered by the Commission			45.46	23.76	69.22
I	Extra amount considered by the Commission					45.45

3.215 The Petitioner has tabulated the extra amount considered by the Commission along with carrying cost as below:

Table 62: Impact on account of excess SLD along with carrying cost (Rs. Crore)

Sr. No.	Particulars	FY 13	FY 14
A	Opening Balance	0	49
B	Additions	45	
C	Closing Balance	45	49
D	Average Balance	23	49
E	Rate of Carrying Cost	15.03%	15.01%
F	Carrying Cost	3	7
G	Grand Balance	49	56

3.216 The Petitioner requested the Commission to consider the figures in the abovementioned table in the ARR.

COMMISSION'S ANALYSIS

3.217 It is observed from the audited financial statement that the amount transferred to Profit & Loss Account out of total service line deposit received has already been considered under NTI by the Petitioner. Therefore, the Commission has considered the difference of service line deposit received during the year and account transferred to Profit and Loss Account as part of Non-tariff income for FY 2012-13 and FY 2013-14. The impact has been considered in

3.218 Table 92: Impact as approved by the Commission on account of implementation Hon'ble APTEL Judgments (Rs. Cr.)

NON-TARIFF INCOME

WRITE-BACK OF MISCELLANEOUS PROVISIONS:

PETITIONER'S SUBMISSION

3.219 The Petitioner submitted that the Commission in Tariff Order dated September 29, 2015 reversed miscellaneous provisions for doubtful debts for the period FY 2007-08 to FY 2011-12 and stated as under:

"3.122 As per Regulation 5.23 of MYT Regulation 2007, the miscellaneous receipts from the consumers shall constitute non tariff income of the licensee. Write back of provision of doubtful debts related to recovery of debts forms part of miscellaneous receipts of the Petitioner. The Commission is of the view that the target of AT&C loss has been fixed by considering the collection efficiency at 99.5% with a scope of 0.5% provisions for bad/doubtful debts. Therefore, any recovery on account of bad and doubtful debts shall constitute non tariff income of the licensee to the extent of 0.5% provision on debtors. Accordingly, the income on account of any such write back of provision for doubtful/bad debts is considered as Non tariff income."

3.220 Petitioner further submitted that *"… collection efficiency of 99.5% with a scope of 0.5% provisions for bad/ doubtful debts….."* is factually inaccurate. By virtue of the billing lag which is inherent in an annual tariff re-determination, even if the collection efficiency were assumed to be 100%, even then the actual collection would still be in the range of 99% to 99.25%. This is illustrated in the table below:

Table 63: Collection efficiency after tariff hike at cent percent collection

Months	Amount billed	Amount collected	Collection efficiency	Cumulative collection efficiency
	Rs.	Rs.	F/E	Cum.
April	1000	1000	100%	100%
May	1000	1000	100%	100%
June	1000	1000	100%	100%
July	1000	1000	100%	100%
August	1080	1000	92.59%	98.43%
September	1080	1040	96.30%	98.05%

Months	Amount billed	Amount collected	Collection efficiency	Cumulative collection efficiency
	Rs.	Rs.	F/E	Cum.
October	1080	1080	100%	98.34%
November	1080	1080	100%	98.56%
December	1080	1080	100%	98.72%
January	1080	1080	100%	98.85%
February	1080	1080	100%	98.96%
March	1080	1080	100%	99.05%
Total	**12640**	**12520**	**99.05%**	**99.05%**

3.221 Petitioner stated that Commission has excluded the provision for doubtful debts as appearing in the Audited Accounts of FY 2006-07 for the projection of A&G Expenses from FY 2007-08 to FY 2011-12 as per the table given below:

Table 64: Net A&G Expenses utilized for projection of A&G Expenses from FY 2007-08 to FY 2011-12 by the Commission

Sr. No.	Particulars	Amount (Rs. Cr.)
A	Total A&G Expenses	100.50
B	Less: Provision for Doubtful debts	61.89
C	Less: Loss on sale of assets	0.60
D	Add: Bank Charges	2.08
E	Net A&G Expenses considered for projection	40.10

3.222 The Petitioner referred Tariff Order dated February 23, 2008 which has considered A&G Expenses as per the aforesaid table for projection of A&G Expenses from FY 2007-08 to FY 2010-11 (refer Table 80 of the MYT'08 Order).

3.223 The Petitioner submitted that for the period FY 2012-13 and FY 13-14 the Hon'ble Commission in the tariff Order dated September 29, 2015 has stated that:

"3.354 The A&G expenses for the base year FY 2010-11 have been benchmarked for the purpose of MYT period FY 2012-13 to FY 2014-15 without adjusting provision for miscellaneous expenses. Thus, the Petitioner has been allowed O&M expenses on a normative basis without considering whether actually spent or provisioned."

3.224 It is noteworthy that the above statement at Para 3.354 of the tariff Order is contrary to the Para 3.308 of the same Order which states as below:

"3.308 The Commission has reviewed the other expenses claimed by the

Petitioner for FY 2013-14. The A&G expenditure for FY 2013-14 in MYT Order dated July 13, 2012 has been determined based on the actual A&G expenditure incurred by the Petitioner as per the audited financial statements adjusted by certain expenses. The relevant extracts of the Tariff order dated July 13, 2012 are as below:

"4.199 The Commission has removed abnormal expenses such as provision for retirement of fixed assets, Loss on Sale/Discarding of Assets, Provision for Doubtful debts, Inventory of stores and spares written off, bad debts written off, transfer from opening provision of doubtful debts and has added lease rentals transferred from R&M expenses to the total A&G expenses as per submission of the Petitioner."

3.225 The impact on account of the write-back of Miscellaneous provisions along with carrying cost is tabulated below:

Table 65: Impact on account of write-back of miscellaneous provisions along with carrying cost (Rs. Crore)

Sr. No.	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
A	Opening Balance	0	1	23	125	218	253	293
B	Additions	1.3	20.2	93.0	70.8	2.7	1.9	5.7
C	Closing Balance	1	22	116	196	220	255	299
D	Average Balance	1	12	70	161	219	254	296
E	Rate of Carrying Cost	13.68%	13.75%	13.11%	13.38%	14.88%	15.03%	15.01%
F	Carrying Cost	0	2	9	22	33	38	44
G	Grand Balance	1	23	125	218	253	293	343

3.226 The Petitioner has preferred an Appeal bearing No. 290 of 2015 under Section-111 of the Act from the said tariff order dated September 29, 2015. Without pre-judice to the contentions in the Appeal, the Petitioner hereby prays before the Hon'ble Commission to consider the submissions made above and thereafter allow the impact of Rs. 343 Crore in the ARR.

COMMISSION'S ANALYSIS

3.227 The Petitioner has already made an appeal in this matter therefore; the Commission will take a decision on the Petitioner's request based on the judgement of Hon'ble APTEL in Appeal No.290 of 2015 as this issue is sub-judice before Hon'ble APTEL. Therefore, this matter does not merit consideration at this point of time.

DOUBLE ACCOUNTING OF INCOME RECOVERED ON ACCOUNT OF BAD DEBTS

3.228 The Petitioner has submitted that the Hon'ble Commission in Tariff Order dated September 29, 2015 has stated that the Petitioner has not indicated separately category-wise details of the amount collected on account of bad debts recovered in Audited Accounts of FY 2013-14 and has considered the income on account of bad debts as Non-Tariff Income.

3.229 As regards the same, it is submitted that the recognition of income recovered on account of bad debts is merely an accounting entry as the audited accounts are based on cost and income accrued, i.e., costs billed and revenue billed during the year. It is further submitted that the provision for bad debts is a part of A&G Expenses and the recognition of income on account of bad debts in other income is merely a contra accounting entry. Since income on account of bad debts is a part of revenue realised and the revenue realised is never considered in audited accounts, the income on account of bad debts is recognised in other income as contrary entry against Provisions on account of bad and doubtful debts appearing in A&G Expenses. Further, the Hon'ble Commission recognises the revenue realised during the year which already includes income on account of bad debts. Now consideration of income on account of bad debts recovered as part of Non-Tariff income results in double accounting and is therefore, incorrect. The Petitioner has also discussed the said treatment in detail from Para-3.11.18 to 3.11.21. Accordingly the income recovered on account of bad debts is already included in revenue collected during respective years and ought to be allowed to the Petitioner along with the carrying cost as per the table given below:

Table 66: Impact on account of bad debts recovered along with carrying cost (Rs. Crore)

Sr. No.	Particulars	FY 11	FY 12	FY 13
A	Opening Balance	0	10	15
B	Additions	9.8	2.9	2.6
C	Closing Balance	10	13	18
D	Average Balance	5	12	17

Sr. No.	Particulars	FY 11	FY 12	FY 13
E	Rate of Carrying Cost	14.88%	15.03%	15.01%
F	Carrying Cost	1	2	2
G	Grand Balance	10	15	20

3.230 The Petitioner has preferred an Appeal bearing No. 290 of 2015 under Section-111 of the Act from the said tariff order dated September 29, 2015. Without pre-judice to the contentions in the Appeal, the Petitioner hereby prays before the Hon'ble Commission to consider the submissions made above and thereafter allow the impact of Rs. 20.37 Crore in the ARR.

COMMISSION'S ANALYSIS

3.231 The Petitioner has submitted that any amount recovered as bad debts is an energy income which is required to be included in the amount collected during the year as the same is received against the amount billed in the previous years. The amount billed and collected in previous years has already been considered for the purpose of AT&C loss calculation during respective years. Therefore, the Income on account of bad debts recovered is allowed to be reduced from Non-tariff income of the relevant year. The impact has been considered in

3.232 Table 92: Impact as approved by the Commission on account of implementation Hon'ble APTEL Judgments (Rs. Cr.)

CONSUMER CONTRIBUTION FOR CAPITAL WORKS

3.233 The Petitioner stated that the Hon'ble Commission in Tariff Order dated September 29, 2015 has revised the Non Tariff Income from FY 2007-08 to FY 2012-13 (Refer Table 3.31). While determining the same, the Hon'ble Commission has reduced the amount of depreciation on account of consumer contribution for capital works (transferred to Other Income in the Audited accounts) upto FY 2010-11 only. It is therefore submitted that the same needs to be deducted in each year on the same principles.

3.234 The impact on account of the non deduction of depreciation on Consumer Contribution for capital works is tabulated below:

Table 67: Impact on account of depreciation on Consumer Contribution for capital works along with carrying cost (Rs. Crore)

Sr. No.	Particulars	FY 12	FY 13	FY 14
A	Opening Balance	0	6	12
B	Additions	6	4	5
C	Closing Balance	6	11	17
D	Average Balance	3	8	14
E	Rate of Carrying Cost	14.88%	15.03%	15.01%
F	Carrying Cost	0	1	2
G	Grand Closing Balance	6	12	19

COMMISSION'S ANALYSIS

3.235 The Commission may consider the same in the subsequent Tariff Order after finalising of capitalization of the relevant year.

INTEREST ON FUNDING OF CARRYING COST

PETITIONER'S SUBMISSION

3.236 The Petitioner has submitted that the Hon'ble Commission in its respective Tariff Orders has provided carrying cost on the outstanding balance of Regulatory Assets. However in actual scenario, the carrying cost was actually not being recovered during the year. The Hon'ble Commission vide its Tariff Order dated July 13, 2012 introduced 8% surcharge during FY 2012-13 towards recovery of Regulatory Assets. The surcharge was insufficient to recover even the entire carrying cost during FY 2012-13. As a result the Petitioner was not able to recover entire carrying cost till FY 2011-12 and only partial carrying cost during FY 2012-13.

3.237 The Petitioner has stated that the Petitioner was required to fund even the carrying cost incurred from FY 2007-08 to FY 2012-13. Since the Petitioner was funding the carrying cost on its own, the same also attracts interest. Therefore carrying cost ought to have been allowed after grossing up. Accordingly the Petitioner is seeking interest on funding of carrying cost during respective years as under:

Table 68: Interest on carrying cost from FY 2007-08 to FY 2012-13 (Rs. Crore)

Sr. No.	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
A	Opening Balance	0	0	(0)	(1)	2	19	45
B	Additions	3	(8)	(7)	51	198	256	301
C	Recovery of CC						159	270
D	Rate of interest	13.68%	13.75%	13.11%	13.38%	14.88%	15.03%	15.01%

Sr. No.	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
E	Carrying cost	0	(0)	(1)	3	17	26	47
F	Grand Closing Balance	0	(0)	(1)	2	19	45	92

3.238 The Petitioner requested the Hon'ble Commission to allow the impact on account of the aforesaid issue in the ARR.

COMMISSION'S ANALYSIS

3.239 The Commission observes that the matter has already been decided against the one of the Delhi DISCOM (TPDDL) by Hon'ble APTEL in Appeal No. 271/2013 as follows:

" 16.3) That it is clear from Regulation 5.10 that rate of return on equity has been specified by the Delhi Commission as 14% which has been given to the appellant on equity part of the carrying cost. Hence, there is no merit in this issue.

....

*17.3) **Regulation 5.9** deals with computation of Return on Capital Employed, prescribing a formula for such kind of computation. **Regulation 5.10** provides for computation of Weighted Average Cost of Capital (WACC) for each year of the control period, clearly providing that "cost of equity for wheeling business shall be considered at 14% post tax." **Regulation 5.39** clearly states that the return from the wheeling business and retail supply business shall not exceed 16% of equity. Thus, there is a rider restricting that the return from the wheeling business and retail supply business shall not exceed 16% of the equity. Thus, the maximum limit is 16% which cannot be allowed to exceed under any circumstances. Appellant is claiming 16% of equity on the basis of 14% RoE + 2% supply margin. In view of the above discussion, we do not find any illegality or perversity in the finding recorded in the Impugned Order on this issue and we approve the approach adopted by the Delhi Commission in deciding this issue. We find and observe that the learned Delhi Commission has correctly, in the impugned tariff order, considered the rate of return on equity at 14% to which we also agree. Hence, this issue is decided against the* *appellant."*

3.240 Therefore, the Commission is of the view that there is no need to revise the rate of carrying cost as submitted by the Petitioner.

DE-CAPITALISATION OF ASSETS:

PETITIONER'S SUBMISSION

3.241 The Petitioner referred Tariff Order dated September 29,2015 as under:

"3.134 The Commission, in the interest of the consumers and to avoid undue hardship on consumers, has decided to reduce the book value of de-capitalised assets from Gross Fixed Asset block of the Petitioner in respective years in the interest of the consumers and to avoid undue benefit to the Petitioner. Any profit/loss on account of de-capitalisation of asset shall be dealt as per the final order in Petition No. 46 of 2012 regarding retirement of assets."

3.242 The Petitioner has further stated that the Commission in its previous Orders specified to formulate policy for retirement of assets in regard to the treatment of loss on account of retirement of assets as a part of A&G Expenses. However, the Commission in its letter dated November 26, 2014 simply specified the procedure to be followed by the Utilities in case of retirement of assets and did not specify anything in relation to the treatment of loss on account of retirement of assets.

3.243 The relevant extracts from Tariff Order dated June 9, 2004 are reproduced below:

"3.4.2…As regards the claim of loss on retirement/sale of assets, the Petitioner has highlighted that such assets needs to be replaced. The Commission till date has not prescribed any guidelines for ***treatment of loss on retirement/sale of assets*** *as this is the new issue, which has emerged in this ARR Petition. The Commission would like to clarify that* ***before allowing the loss due to retirement of assets prior to completion of useful life, a detailed examination regarding the justification for each and every asset item retired prior to useful life is essential to be carried out.*** *Considering the magnitude of assets that needs potential replacement and its future implications and time lag involved in detailed examination of each asset, the Commission would examine the matter separately after the issue of the Tariff*

Order. For the purpose of ARR computation, the Commission has not considered loss on retirement/sale of assets as an expense and the Commission based on its decision on the aspect after detailed examination will consider the impact during the truing up process."

3.244 Also the relevant extracts from Tariff Order dated July 7, 2005 are reproduced below:

"2.41.31 Policy on Retirement of Assets

*As regards the Policy on Retirement of Assets, the Commission in this Order has **directed the Petitioner to submit a separate Petition towards treatment of loss on retirement of assets covering various assets retired or proposed to be** retired. The Commission will process this Petition separately."*

3.245 The Petitioner has stated that in this regard the Petition for loss on retirement of assets was submitted on August 08, 2013. Pending adjudication of the petition, the Hon'ble Commission in Tariff Order dated September 29, 2015 instead of allowing the loss incurred on retirement of assets, decided to reduce all capex associated costs on account of retirement of assets (which was neither subject matter of the Petition nor the methodology for loss on retirement of assets as per TO dt. July 7, 2005) based on the methodology specified in letter dated November 26, 2014. Further the Hon'ble Commission has considered the income received on account of sale of scrap of assets. Without pre-judice to the contentions raised in the Appeal, it is submitted that the amount on account of loss on retirement of assets ought to be allowed following the principle of natural justice.

3.246 The amount on loss on retirement of assets along with carrying cost is tabulated as under:

Table 69: Amount due to retirement of assets (Rs. Crore)

Sr. No.	Particulars	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
A	Opening Balance	0	-1	2	3	5	7	9	11	15	36
B	Additions	-1	3	1	2	1	1	1	3	17	
C	Closing Balance	-1	2	3	5	7	8	10	14	32	36
D	Average Balance	0	1	2	4	6	8	9	12	24	36
E	Rate of Carrying	9%	9%	9%	13.68 %	13.75 %	13.11 %	13.38 %	14.88 %	15.03 %	15.01 %

Sr. No.	Particulars	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
	Cost										
F	Carrying Cost	0	0	0	1	1	1	1	2	4	5
G	Grand Balance	-1	2	3	5	7	9	11	15	36	41

3.247 The Petitioner requested the Hon'ble Commission to allow the aforesaid impact in the ARR.

COMMISSION'S ANALYSIS

3.248 The Commission has already indicated in its true up for FY 2014-15 and FY 2015-16 that sale of scrap has no direct relationship with de-capitalisation of assets as per the accounting principles on which audited financial statements are prepared. Therefore, the Commission has not considered the Petitioner's request for reconsideration of its claim on account of amount due to de-capitalisation of assets based on income from sale of scrap has been considered Non-tariff income.

COST OF ENERGY FROM ANTA, AURAIYA AND DADRI GAS STATIONS

PETITIONER'S SUBMISSION

3.249 The Petitioner stated that the Hon'ble Commission in Tariff Order dated September 29, 2015 decided to disallow cost incurred on account of Anta, Auraiya and Dadri Gas stations stating that the Petitioner has not undertaken prior approval from the Hon'ble Commission.

3.250 As discussed in Para-3.5.3 of the Petition, the cost of energy from Anta, Auraiya and Dadri Gas incurred during FY 2012-13 and FY 2013-14 is legitimate as per the License conditions and ought to be allowed. The impact on account of the disallowance of cost from the energy purchased from Anta, Auraiya and Dadri Gas Stations during FY 2012-13 and FY 2013-14 along with carrying cost is tabulated below:

Table 70: Impact on account of disallowance of power purchase cost from Anta, Auraiya and Dadri Gas along with carrying cost (Rs. Crore)

Sr. No.	Particulars	FY 13	FY 14
A	Opening Balance	0	40
B	Additions	37	38

Sr. No.	Particulars	FY 13	FY 14
C	Closing Balance	37	78
D	Average Balance	19	59
E	Rate of Carrying Cost	15.03%	15.01%
F	Carrying Cost	3	9
G	Grand Balance	40	87

3.251 The Petitioner has preferred an Appeal bearing No. 290 of 2015 under Section-111 of the Act from the said tariff order dated September 29, 2015. Without pre-judice to the contentions in the Appeal, the Petitioner hereby prays before the Hon'ble Commission to consider the submissions made above and thereafter allow the impact of Rs. 87 Crore in the ARR.

COMMISSION'S ANALYSIS

3.252 The Petitioner has already preferred an appeal on disallowance of power purchase cost from Anta, Auraiya and Dadri gas stations against the Commission's order for PPAC dated 12/06/2015 before the Hon'ble APTEL. The Hon'ble APTEL vide its order dated 01/06/2016 in Appeal No. 186 of 2015 & IA No. 318 of 2015 and Appeal No. 196 of 2015 & IA No. 335 of 2015 has upheld the Commission's methodology for disallowance of the power purchase cost from Anta, Auraiya and Dadri gas stations as per the treatment in its tariff order dated 29/09/2015. Therefore, this matter does not merit consideration at this point of time.

NORMATIVE REBATE

PETITIONER'S SUBMISSION

3.253 The Petitioner submitted that the Commission in Tariff Order dated September 29, 2015 has relied on Regulation-5.24 of DERC MYT Regulations, 2011. However the Hon'ble Commission has ignored Clause-4.21 of DERC Tariff Regulations, 2011 and Hon'ble ATE's observation in Judgment dated March 2, 2015 (Appeal No. 178 of 2012) and July 30, 2010 (Appeal No. 153 of 2009). The same has already been discussed in detail at Para-3.6.2 of the Petition.

3.254 The Petitioner referred that the Hon'ble ATE in another Judgment dated May 18, 2015 (Appeal No. 180 of 2013) has ruled as under:

*"**4. The first issue is inclusion of entire rebate in non-tariff income:***

…

*7. We find that the Regulations for working capital are different in Delhi and Uttarakhand. As per the Tariff Regulation, 2004 of Uttarakhand receivables for sale of electricity for a period equivalent to billing cycle plus 1 month suitably adjusted for security given by consumers and credit given by suppliers and estimated spares cost for a period approved as minimum inventory in R&M expenses. The billing cycle in Uttarakhand for domestic consumers is two months and other consumers one month. Thus, for domestic consumers Uttarakhand allows three months receivables in working capital. **Delhi's Tariff Regulations allow only two months revenue from sale of electricity and do not allow estimated cost of spares. Further, in Delhi Commission's Regulations Power Purchase Cost for one month is deducted in computing working capital which is not so in Uttarakhand Regulations. Therefore, finding of this Tribunal in Appeal no. 153 of 2009 based on Delhi's Tariff Regulations will not be applicable to the present case." (Emphasis added)***

As evident from above, the Hon'ble ATE has clearly specified the reason as to why only 1% rebate ought to be considered in case of Delhi DISCOMs.

3.255 The Petitioner tabulated the impact on account of disallowance due to the difference between the normative and actual rebate during FY 2012-13 and FY 2013-14 as below:

Table 71: Impact due to difference between normative and actual rebate (Rs. Crore)

Sr. No.	Particulars	FY 13	FY 14
1	Normative rebate	81	64
2	Actual rebate	25	19
3	Difference	57	45

3.256 The aforesaid impact along with carrying cost upto FY 2013-14 is tabulated below:

Table 72: Impact on account of rebate along with carrying cost (Rs. Crore)

Sr. No.	Particulars	FY 13	FY 14
1	Opening Balance	0	61
2	Additions	57	45
3	Closing Balance	57	106
4	Average Balance	28	83
5	Rate of Carrying Cost	15.03%	15.01%

Sr. No.	Particulars	FY 13	FY 14
6	Carrying Cost	4	13
7	Grand Balance	61	118

3.257 The Petitioner has preferred an Appeal bearing No. 290 of 2015 under Section-111 of the Act from the said tariff order dated September 29, 2015. Without pre-judice to the contentions in the Appeal, the Petitioner hereby prays before the Hon'ble Commission to consider the submissions made above and thereafter allow the impact of Rs. 181 Crore in the ARR.

COMMISSION'S ANALYSIS

3.258 The issue of normative rebate is related to MYT Regulations, 2011 in which the power purchase cost has to be considered on the basis of maximum normative rebate on power purchase cost and transmission charges of the distribution licensee. One of the distribution licensee has challenged this issue before the Hon'ble High Court of Delhi in Writ Petition No.2203 of 2012. The Hon'ble High Court of Delhi has upheld the provision of MYT Regulations, 2011 regarding consideration of maximum normative rebate on power purchase cost and transmission charges for allowing power purchase cost to the distribution licensee. Therefore, this matter does not merit consideration at this point of time.

DISALLOWANCE OF R&M EXPENSES FROM FY 2007-08 TO FY 2011-12

PETITIONER'S SUBMISSION

3.259 The Petitioner has stated that the Commission in its Tariff Order dated September 29, 2015 ruled as under:

"3.147 The Commission has revised R&M expenses for the 1st. MYT Control Period due to de-capitalisation during FY 2007-08 to FY 2011-12 as follows:

Table 3.39: Revised R&M Expenses for FY 2007-08 to FY 2011-12 (Rs. Crore)

Sl. No	Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	Reference
A	Revised Opening GFA	865.50	1,133.67	1,447.97	1,645.73	1,854.31	Table 3.33
B	K Factor	3.70%	3.70%	3.70%	3.70%	3.70%	MYT Order
C	R&M Expenses	32.02	41.95	53.57	60.89	68.61	A*B

”

3.260 The Petitioner has submitted that the treatment provided by the Commission is contrary to Clause-4.16 (b) of DERC Tariff Regulations, 2007 which states as under:

“4.16 The true up across various controllable and uncontrollable parameters shall be conducted as per principle stated below:.

…

(b) For controllable parameters,

(i) Any surplus or deficit on account of O&M expenses shall be to the account of the Licensee and shall not be trued up in ARR; and

…”

3.261 It is further submitted that the Hon’ble Commission in Tariff Order dated February 23, 2008 has stated that the R&M Expenses shall not be trued-up despite of change in GFA. The relevant extracts are as under:

*“4.152 Any variations on account of R&M expenses shall not be trued up and any surplus or deficit on account of over or under achievement shall be to the account of the Petitioner. **The Commission clarifies that though the value of GFA is subjected to truing up at the end of the Control Period, the Commission, however, shall not true-up R&M expenses as a consequence of the same.(Emphasis added).***

As evident from above, the Hon’ble Commission clearly specified that in any case R&M Expenses will not be subject to truing-up. However the Hon’ble Commission has itself acted contrary to the principle set in Tariff Order dated February 23, 2008 and revised R&M Expenses based on GFA at the stage of truing-up.

3.262 The Petitioner further submitted that the Hon’ble Commission in Tariff Order dated September 29, 2015 revised the R&M Expenses for the second time based on revision in GFA. The Hon’ble Commission in Tariff Order dated July 31, 2013 has already revised the R&M Expenses from FY 2007-08 to FY 2011-12 based on the provisionally approved capitalisation pending physical verification of assets.

3.263 The Petitioner mentioned that in the Petition submitted on December 18, 2015 highlighted the contrary treatment given in Tariff Order dated July 31, 2013. However the Hon'ble Commission in Tariff Order dated September 29, 2015 without providing any reason for the deviation from Tariff Order dated February 23, 2008 again revised the R&M Expenses from FY 2007-08 to FY 2011-12.

3.264 The difference between the R&M Expenses approved in Tariff Order dated September 29, 2015 and February 23, 2008 is tabulated below:

Table 73: R&M Expenses from FY 2007-08 to FY 2011-12 (Rs. Crore)

Sr. No.	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12
A	R&M Allowed	32	43	55	64	72
B	R&M Actuals	32	41	52	58	66
C	Difference	0	2	3	5	6

Table 74: Claim on account of R&M Expenses from FY 2007-08 to FY 2011-12 along with carrying cost (Rs. Crore)

Sr. No.	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
A	Opening Balance	0	0	2	6	13	20	24
B	Additions	0	2	3	5	6		
C	Closing Balance	0	2	6	11	18	20	24
D	Average Balance	0	1	4	9	15	20	24
E	Rate of Carrying Cost	13.68%	13.75%	13.11%	13.38%	14.88%	15.03%	15.01%
F	Carrying Cost	0	0	1	1	2	3	4
G	Grand Balance	0	2	6	13	20	24	27

3.265 The Petitioner requested the Hon'ble Commission to allow the impact on account of the same in the ARR.

COMMISSION'S ANALYSIS

3.266 The Hon'ble APTEL has already upheld the methodology adopted by the Commission in this matter in Appeal No. 271 of 2013 as follows :

"23.3

…………

In this view of the matter, we find no merit in the contentions of the appellant and this issue relating to revised R&M based on revised GFA is decided against *the appellant."*

3.267 In view of the above, it is observed that this matter does not merit consideration at this point of time.

EMPLOYEE AND A&G EXPENSES FROM FY 2012-13 TO FY 2013-14

PETITIONER'S SUBMISSION

3.268 The Petitioner has stated that the Hon'ble ATE in Judgment dated February 10, 2015 (Appeal No. 171 of 2012) set aside the methodology of benchmarking adopted for Employee and A&G Expenses by the Hon'ble Commission in Tariff Order dated July 13, 2012 and directed to re-determine the same by factoring in:

a) Cost per unit of sales and Cost per employee instead of percentage increase;

b) Comparison of overall O&M Expenses per consumer or per unit of sales instead of individual heads;

c) Performance of distribution licensees in terms of system availability/ reliability of supply.

3.269 The Petitioner has further submitted that the Commission in Tariff Order dated September 29, 2015 has re-determined the Employee and A&G Expenses from FY 2012-13 to FY 2013-14 in accordance with the directions of Hon'ble ATE in Judgment dated February 10, 2015 (Appeal No. 171 of 2012).

3.270 Accordingly the employee expenses from FY 2012-13 to FY 2013-14 is tabulated by the Petitioner as under:

Table 75: Employee expenses from FY 2012-13 to FY 2013-14 (Rs. Crore)

Sr. No.	Particulars	FY 2012-13		FY 2013-14	
		Tariff Order	Petition	Tariff Order	Petition
1	Employee Expenses	201	237	217	256

3.271 The Commission in Tariff Order dated September 29, 2015 has considered the minimum of actual expenses during FY 2011-12 and norm derived for FY 2011-12 by escalating the actual expenses during FY 2007-08. It is further submitted that the Hon'ble Commission has considered the norm in case of employee expenses for the Petitioner as the norm is lower than the actual employee expenses incurred during FY 2011-12.

3.272 The Petitioner has stated that the aforesaid treatment is completely contrary to the following:

a. Regulation 4.21 (b) (i) which clearly mandate that any surplus or deficiency on account of Operation and Maintenance (O&M) expenses shall be to the account of the licensee and shall not be trued up in the ARR

b. Observations of Hon'ble ATE in Judgment dated November 28, 2013 (Appeal 14 of 2012)

c. Clause-5.11 (f) of Tariff Policy, 2015

3.273 Accordingly the A&G expenses from FY 2012-13 to FY 2013-14 is tabulated by the Petitioner as under:

Table 76: A&G Expenses from FY 2012-13 to FY 2013-14 (Rs. Crore)

Sr. No.	Particulars	FY 2012-13		FY 2013-14	
		Tariff Order	Petition	Tariff Order	Petition
1	A&G Expenses	65	70	70	76

3.274 The Petitioner showed the difference on account of employee and A&G Expenses from FY 2012-13 to FY 2013-14 along with carrying cost as tabulated below:

Table 77: Impact on account of employee and A&G Expenses along with carrying cost (Rs. Crore)

Sr. No.	Particulars	FY 13	FY 14
A	Opening Balance	0	44
B	Additions	41	44
C	Closing Balance	41	88
D	Average Balance	20	66
E	Rate of Carrying Cost	15.03%	15.01%
F	Carrying Cost	3	10
G	Grand Balance	44	98

3.275 The Petitioner requested the Hon'ble Commission to allow the aforesaid impact in the ARR.

COMMISSION'S ANALYSIS

3.271 The Commission has given the detailed reasoning and the factors which have been considered for determination of O&M expenses in Tariff Order dated 29/09/2015 and the same has challenged by the Petitioner in Appeal No.

290/2015 before Hon'ble APTEL and is sub judice. Therefore a view in the matter will be taken, as deemed fit and appropriate, after receipt of the direction of the Hon'ble APTEL in the said Appeal.

3.272 Further, the Commission in its reply in Appeal No. 290/2015 before Hon'ble APTEL had indicated that the Commission will consider this issue to the extent of double deduction on account of capitalization of employee expenses, if any. However, it is observed that there is no double deduction on account of capitalization of employee expenses while approving the Employee Cost for base year of FY 2011-12.

FIXED CHARGES AGAINST REGULATED POWER

PETITIONER'S SUBMISSION

3.273 The Petitioner has referred Tariff Order dated September 29, 2015 as under:

"Impact on account of Regulated Power for FY 2012-13

…

3.117 The Commission has received the claims regarding disallowance on account of regulated power in truing-up of FY 2012-13 in tariff order dated 23.07.2014. In order to finalise the claim of the Petitioner, the Commission has directed SLDC to submit the relevant information like quantum of Short Term Purchase during regulated period in case there has been no regulation of power. ***The said information is awaited from SLDC. The Commission will take the final view on the basis of information submitted by SLDC.***

…

The Commission observed that Petitioner's power was regulated from NHPC and some of the NTPC stations during part period of FY 2013-14 due to non payment of outstanding dues to the generators. The Petitioner vide letter dated 17.04.2015, has intimated that the fixed cost borne by them against the regulated power during FY 2013-14 was Rs. 155.96 Crore and credit of Rs. 16.76 Crore has been received

against regulated power fixed cost. The Commission is of the view that the said cost of Rs. 139.20 Crore borne by the licensee is an additional burden on *consumers of Petitioner's area due to non-payment of dues by the Petitioner. Therefore, the Commission has decided to disallow this amount from the power purchase cost.*

Further, the Petitioner may submit within one month, claim if any along with relevant documents, related to loss on sale of surplus power during the off-peak hours from regulated stations that would have been otherwise imminent in case the power was not regulated.

3.256 The Commission vide its letter dated 28.12.2012 and dated 11.04.2013 communicated its decision to the distribution licensee as follows:

"..in such cases where cheaper power is regulated due to non payment of dues and eventually distribution licensee purchases expensive power to meet the demand, at the time of true-up cost of such expensive power will be restricted to the cost of cheaper power"

3.257 Accordingly, the Commission obtained from SLDC the details of power drawn from other sources during regulation period and also the stations from which power regulation was done along with the quantum of power that would have been available if there was no regulation.

3.259 The Commission has analyzed at additional expenditure incurred for procurement of 113.48 MU by considering the average power purchase cost from various sources from which power was purchased during the period of regulation and arrived at weighted average per unit cost of Rs 2.51/kWh for 113.48 MU which were procured by the Petitioner through Short Term power purchase. The Commission has considered the average per unit rate of Long Term power procurement cost for arriving at the said weighted average cost of Rs. 4.02 per unit keeping in view that in any case the Petitioner's power is not regulated from these stations. The Commission decides to disallow this differential amount of power procurement for 113.48 MU @ (-1.50) per unit i.e., Rs. (17.05) Crore incurred in the power purchase cost for FY 2013-14.

3.260 As discussed above, the additional fixed cost amounting to Rs. 139.17 Crore was borne by the Petitioner. In above Para, the Commission has already given the treatment to 113.48 MU out of 876.84 MU which the Petitioner would have received had his power not been regulated. The Commission, *therefore, decides to disallow the prorated fixed cost against 763.36 MU (876.84 MU - 113.48 MU) which works out to Rs. 121.18 Crore (763.36 *(139.17/876.84)).*

3.261 In view of the above the details in respect of the impact amounting to Rs. 104.14 Crore (121.18-17.05) on account of regulated power in Power Purchase Cost of FY 2013-14 has been summarized below:

Table 3.66: Impact on account of Regulated Power

Regulated quantum (MU)	Energy purchased during the period of regulation (MU)	Weighted Average per unit cost of regulated quantum (Rs/KWh)	Weighted Average per unit cost of power purchased during the period of regulation (Rs/kWh)	Additional Power purchase cost (Rs. Crore)	Fixed cost borne on account of regulated power (Rs. Crore)	Total impact (Rs. Crore)
876.84	113.48	4.02	2.51	(17.05) (for 113.48 MUs)	121.18 (for 763.36MUs)	104.14

"

3.274 The Petitioner further submitted that the Commission in Tariff Order dated July 23, 2014 stated as under:

"3.88… Further, the Petitioner may submit within one month, claim if any along with relevant documents, related to loss on sale of surplus power during the off-peak hours from regulated stations that would have been otherwise imminent in case the power was not regulated.

…

3.90 Accordingly, ***the Commission obtained from SLDC the details of power drawn from other sources during regulation period and also the stations from which power regulation was done along with the quantum of power that would have been available if there was no regulation."***

3.275 As evident from above, the Commission in Tariff Order dated July 23, 2014 already obtained the information pertaining to Regulation of power during FY 2012-13 from SLDC and directed the Petitioner to submit the cost-benefit analysis. Accordingly the Petitioner within one month vide letter dated August 25, 2014 submitted its claim along with relevant documents, related to loss on sale of surplus power during the off-peak hours from regulated stations that would have been otherwise imminent in case the power was not regulated. A meeting was also convened by the Commission staff on November 20, 2014, wherein the savings on account of regulation of energy from Long Term sources was demonstrated. However the Hon'ble Commission has now stated that information from SLDC is awaited (which was actually the basis for disallowance of cost on account of regulation of power in Tariff Order dated July 23, 2014). It is noteworthy to mention that the Hon'ble Commission has considered the credit received during FY 2013-14 on account of power regulated during FY 2012-13 and passed on the benefit to the consumers. However the cost borne on account of the same is yet to be recovered.

3.276 Further the Petitioner vide letter dated April 28, 2015 also submitted the cost-benefit analysis on account of regulation of power during FY 2013-14. However, the Hon'ble Commission has not considered the submission of the Petitioner and disallowed the cost incurred FY 2013-14 based on the submissions of SLDC for FY 2013-14 unilaterally.

3.277 The Petitioner has stated that due to the regulation of power, the surplus power which otherwise would have been sold at lower rate during off-peak period never materialized. However, the Petitioner was also required to purchase additional Short Term power to cater the peak demand for a few hours in a day. It is submitted that during regulation of power the Petitioner was able to avoid purchase of 253 MU during off-peak hours whereas the Petitioner was required to purchase additional 2 MU only though Short Term power during peak hours. As a result, the regulation of power actually contributed in net savings to the consumers due to the reduction in power purchase cost. The same is tabulated as under:

Table 78: Reduction in Power Purchase Cost on account of Regulation of Power during FY 2012-13

Particulars	Quantum	Avg. per unit rate	Amount
	MU	Rs./ kWh	Rs. Cr.
Actual Power Purchase cost during FY 13 (A)	6333	5.64	3574
Regulated Power during FY 2012-13	253	2.59	66
Short Term power purchase to make up for Regulated power when demand exceeds schedule (FY 2012-13)	2	3.21	1
Power Purchase Cost assuming no regulation of power in FY 2012-13 (B)	6584	5.53	3639
Net savings to consumers due to reduction in power purchase cost			**65**

3.278 Similarly during regulation of power during FY 2013-14, the Petitioner was able to avoid purchase of 877 MU during off-peak hours whereas the Petitioner was required to purchase additional 18 MU though Short Term power during peak hours. As a result, the regulation of power actually contributed in net savings to the consumers due to the reduction in power purchase cost. The same is tabulated as under:

Table 79: Reduction in Power Purchase Cost on account of Regulation of Power during FY 2013-14

Particulars	Quantum (MU)	Avg. per unit rate (Rs/kwh)	Amount (Rs.Cr.)
Actual Power Purchase (FY13-14) (A)	6577	6.00	3949
Regulated Power (FY13-14)	877	4.10	359
Short Term power purchase to make up for Regulated power when demand exceeds schedule(FY13-14)	18	3.02	6
Power purchase cost assuming no regulation of power in FY13-14 (B)	7436	5.79	4303
Avoided cost consumer due to reduction in power purchase cost.			**354**

3.279 The Petitioner requested the Commission to consider the above submissions and allow the cost incurred on account of Regulated Power from FY 2011-12 to FY 2013-14 along with carrying cost as tabulated below:

Table 80: Amount pertaining to Regulated Power from FY 2011-12 to FY 2013-14 (Rs. Crore)

Sr. No.	Particulars	FY 12	FY 13	FY 14
A	Opening Balance	0	13	52
B	Disallowance pertaining to Regulated Power	12.16	34.59	104.14
C	Closing Balance	12	48	156
D	Average Balance	6	30	104
E	Rate of Carrying Cost	14.88%	15.03%	15.01%
F	Carrying Cost	1	5	16
G	**Grand Balance**	**13**	**52**	**172**

COMMISSION'S ANALYSIS

3.280 The Commission has analyzed the submission of the Petitioner and it is observed that the Petitioner has not factored the merit order principle while computing the opportunity cost and benefit due to regulation of power vis-a-vis sale of surplus power. It is clarified that in case the power would not have been regulated from these cheaper station of NHPC then the Petitioner would had the opportunity to back down its costly station and avail the cheaper power from NHPC, which could have reduced the loss on sale of surplus power as considered by the Petitioner.

BANK CHARGES/ SYNDICATION FEES

PETITIONER'S SUBMISSION

3.281 The Petitioner has referred the Tariff Order dated September 29, 2015 as under:

"3.316 As per Regulation 5.6 of the MYT Regulations, 2011,

> *"Return on Capital Employed (RoCE) shall be used to provide a return to the Distribution Licensee, and shall cover all financing costs, without providing separate allowances for interest on loans and interest on working capital".*
>
> *3.317 As per Accounting standard (AS 16 - Borrowing Costs) issued by Institute of Chartered Accountants of India and notified by Companies amendment Act 1999,*
>
> > *"6. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset should be capitalized as part of the cost of that asset. The amount of borrowing costs eligible for capitalisation should be determined in accordance with this Statement. Other borrowing costs should be recognised as an expense in the period in which they are incurred."*
>
> *3.318 Conjoint reading of all the three extracts above, the Commission is of the view that the borrowing costs directly related to the capital assets shall be added to the cost of such capital assets.*
>
> *3.319 The Commission is of the view that only the borrowing cost will be considered at the time of final true up of capitalisation. Accordingly, the Commission has not considered the syndication and documentation charges claimed by the Petitioner. Accordingly, the Commission has not considered syndication fees etc. of Rs.31.19 Crore as part of miscellaneous expenses."*

3.282 The Petitioner submitted that the Commission has not dealt with the contentions raised by the Petitioner which are as under:

a) Other SERCs are also allowing borrowing costs separately and not covering the same under carrying costs. Even the Hon'ble Commission also allowed borrowing costs/ financing charges separately till February 2008. Then how the financial institutions can have different borrowing conditions only for the Petitioner as compared to the Utilities in other states?

b) How the borrowing costs/ financing charges borne on account of the loans taken for funding of Regulatory Assets be covered under normative rate of carrying cost which is already lower than the actual rate at which Petitioner is borrowing?

c) When borrowing costs have not been included in A&G Expenses in the base year, i.e., FY 2010-11 then how the condition of cost allocation as per DERC MYT Regulations, 2011 is fulfilled?

d) How the financial institutions can exclude Delhi DISCOMs from finance charges when DISCOMs in other states are paying the syndication charges/ borrowing fees and the same is being allowed in their ARR.

3.283 **Borrowing costs pertaining to capex Loans is not capitalized with Assets:** The Petitioner has submitted that the borrowing costs which are capitalized during the year are not directly attributable to specific assets/ capital expenditure incurred during the year. In fact the funds are borrowed generally for capex purposes and related borrowing costs are capitalized as per the requirements of Clause-12 of AS-16 which states as under:

"12. To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation should be determined by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate should be the weighted average of the borrowing costs applicable to the borrowings of the enterprise that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalised during a period should not exceed the amount of borrowing costs incurred during that period."

However the borrowing costs/ syndication fees are not being capitalized and are charged to Profit and Loss Account as finance costs. The practice adopted by the Petitioner regarding borrowing costs, i.e., syndication fees and finance charges etc. is in line with that followed by DISCOMs operating in other states. The Petitioner in its ARR dated December 18, 2014 submitted the relevant extracts of the Tariff Orders issued by other State Electricity Regulatory Commissions where the financing charges have not been capitalized and have been allowed separately as a part of ARR. The same is reproduced again as under:

Chhattisgarh State Electricity Regulatory Commission (CSERC):

CSERC in its Tariff Order for FY 2013-14 dated July 12, 2013 considered the financing Charges of Rs. 2.35 Crore and Rs. 2.69 Crore apart from Interest on Loans while truing-up Interest and Finance Charges for FY 2010-11 and FY 2011-12 respectively. The relevant excerpts from the Order are given below:

"The Interest and Finance Charges claimed by CSPDCL and approved by the Commission is as given in the following Table:

Table 204: Interest and Finance Charges as approved by the Commission (Rs. Crore)

Particulars	***FY 2010-11***		***FY 2011-12***	
	Petition	***Approved after Final Truing-up***	***Petition***	***Approved after Final Truing-up***
Total Opening Net Loan	*689.59*	*395.76*		*459.93*
Repayment during the period	*109*	*53.15*		*59.06*
Additional Capitalisation of Borrowed loan during the year	*108.47*	*97.18*		*92.37*
Addition/ (Reduction) in normative loan during the year	*0*	*20.14*		*18.58*
Total Closing Net Loan	*689.06*	*459.93*		*511.83*
Average Loan during the year	*689.33*	*427.85*		*485.88*
Weighted Average Interest Rate	*9.55%*	*9.62%*		*10.09%*
Interest Expenses for the period	*65.85*	*41.17*		*49.02*
Add: Interest payment on Consumer Security Deposit	*33.13*	*30.71*		*34.7*
Add: Legal, Bank, Guarantee and Other Charges		***2.35***		***2.69***
Add: Adjustment on a/c of term loan from financial				*(2.99)*

Particulars	*FY 2010-11*		*FY 2011-12*	
	Petition	*Approved after Final Truing-up*	*Petition*	*Approved after Final Truing-up*
institution				
Total interest and finance charges	*98.98*	*74.22*		*83.4*

Maharashtra Electricity Regulatory Commission (MERC):

MERC in its Tariff Order for FY 2013-14 dated August 16, 2012allowed the actual financing Charges apart from interest on loans while truing-up the Interest and Finance Charges of MSEDCL for FY 2011-12. The relevant excerpts from the Order are given below:

"3.10.5 The actual expenditure on other interest and finance charges has been accepted by the Commission as per the Audited Accounts. Thus, the interest on working capital, other interest and finance charges including interest on consumers‟ security deposit, approved by the Commission for FY 2010-11 works out to Rs. 257 crore.

Table 30: Interest on Working Capital, Consumers' Security Deposit and other interest and finance charges for FY 2010-11(Rs. crore)

Particulars	*APR Order*	*Actual*	*Allowed after Truing-up*
Interest on Working Capital		*198.76*	*0*
Interest on Security Deposit		*211.3*	*211.3*
Guarantee Charges		*14.33*	*14.33*
Finance Charges		*25.34*	*25.34*
Stamp Duty		*5.93*	*5.93*
Service Fee		*0*	*0*
Total other Interest and Finance Charges	*295.8*	*455.66*	*256.9*

Tamil Nadu Electricity Regulatory Commission (TNERC):

TNERC in its Tariff Order for FY 2013-14 dated June 20, 2013 allowed the Finance Charges apart from Interest on Loans. The relevant excerpts from the Order are given below:

"3.148 Commission has observed that TANGEDCO has claimed interest on GPF in other finance charges. Commission is not allowing the interest

expenses on GPF as it has not considered GPF reserve for funding of capital expenditure. ***The interest expenses on consumer security deposits and other finance charges approved by the Commission are tabulated below.***

Table 67: Interest and other finance charges approved by the Commission (Rs. Cr)

Parameter	*2010-11*		*2011-12*		*2012-13*	
	Petition	*Commission*	*Petition*	*Commission*	*Petition*	*Commission*
Interest on Consumer Security Deposit	*145.34*	*100.44*	*380.05*	*247.6*	*399.05*	*380.81*
Other Finance Charges	*48.78*	*20.23*	*140.56*	*87.14*	*147.58*	*87.14*
Total	*194.12*	*120.67*	*520.61*	*334.74*	*546.63*	*467.95*

Rajasthan Electricity Regulatory Commission (RERC):

RERC in its Tariff Order for FY 2013-14 dated June 06, 2013 allowed the Finance Charges as sought by the DISCOMs. The relevant excerpts from the Order are given below:

"12.2 COMMISSION'S ANALYSIS

Finance charges have been allowed as sought by the three Discoms.......

Table-13: Interest and Finance Charges approved by the Commission for FY 2013-14 (Rs. Crore)

Particulars	*Approved JVVNL*	*Approved AVVNL*	*Approved JdVVNL*	*Total*
Opening balance of LTL	*4108*	*2705*	*2496*	*9309*
Capitalization	*673*	*506*	*556*	*1734*
Capital expenditure financed by Equity	*120*	*111*	*108*	*339*
Capital expenditure financed by Consumer Contribution and grants	*272*	*137*	*195*	*604*
Receipt of LTL for Capital expenditure	*281*	*258*	*253*	*791*
Principal Repayment	*398*	*311*	*280*	*989*
Closing balance of LTL	*3990*	*2652*	*2469*	*9111*
Average LTL	*4049*	*2679*	*2482*	*9210*
Average Interest rate of LTL (%)	*12.61%*	*10.12%*	*11.51%*	
Interest Charges on LTL	*511*	*271*	*286*	*1067*
Interest on Security Deposit	*80*	*42*	*34*	*156*

Particulars	*Approved JVVNL*	*Approved AVVNL*	*Approved JdVVNL*	*Total*
Finance Charges & Lease Rental	***2***	***1***	***6***	***10***
Gross Interest Charges	*593*	*314*	*326*	*1233*
Interest Expenses Capitalized	*0*	*0*	*0*	*0*
Total Interest & Financing Charges	*593*	*314*	*326*	*1233*

<u>Haryana Electricity Regulatory Commission (HERC):</u>

HERC in its Tariff Order for FY 2013-14 dated March 30, 2013 allowed the Finance Charges apart from Interest. The relevant excerpts from the Order are given below:

> ***"3.9.4 Cost of raising finance and bank charges***
>
> *UHBVNL has estimated that it will incur additional expenditure on account of raising finance and bank charges amounting to Rs. 110.60 million. The Commission feels that this estimate is extremely high considering the fact that the licensee expects to raise an additional amount of Rs. 1125 million and the proposed cost comes to nearly 10% of additional borrowings.* ***The Commission allows the licensee to recover Rs. 68.30 million on this account based on the audited accounts for FY 2011-12 subject to true up."***

As evident from above, the Distribution companies in other states have also not capitalized the finance charges along with assets and the respective SERCs have allowed the same as a part of ARR. Therefore the borrowing cost, i.e., finance charges, syndication fees etc. ought to be allowed separately in the ARR.

3.284 **Borrowing costs pertaining to non-capex Loans are directly linked to Regulatory Assets:** The Petitioner has stated that in absence of any amortization plan of Regulatory Assets, the Petitioner is required to fund the entire Regulatory Assets on its own. The Petitioner is funding a large portion of these Regulatory Assets through debt for which the Petitioner is required to bear syndication and documentation fees. It is noteworthy to mention that the finance charges have been borne mainly on account of IDBI Loan of Rs. 5000 Crore which was borrowed in absence of amortization of Regulatory Assets so as to clear the dues to the Gencos during FY 2011-12 and FY 2012-13. The Petitioner also informed the same to the Hon'ble Commission vide letter dated December 21, 2011 and April 30, 2012. The Petitioner also submitted the loan agreement before the Hon'ble Commission. Also the Hon'ble Commission vide its letter dated December 16, 2011 has assured the lender to amortize the Regulatory Assets completely by the end of Second Control Period.

3.285 It is further submitted that the energy distribution Sector is operating on cost plus regime. Any costs on account of Regulatory Assets ought to be allowed to the Petitioner otherwise the Petitioner will be penalized without any fault its own.

3.286 **Borrowing cost have not been included in A&G Expenses:** The Petitioner has submitted that the Commission itself has stated that Appendix 2 – Cost Allocation, Clause 3 (b) states as under:

> *"A&G Cost: A&G expenses related to power purchase, metering, billing and collection, financing expenses on loan related to Retail Supply business shall be allocated to Retail Supply business. Office expenses like telephone, stationery, electricity, lease rent etc shall be apportioned between Wheeling and Retail Supply business on the basis of predominant usage concept."*

3.287 The Hon'ble Commission has not included financing charges as a part of A&G Expenses while approving A&G Expenses from FY 2012-13 to FY 2014-15 in Tariff Order dated July 13, 2012. The financing charges appear in a separate schedule and are not merged with the A&G Expenses in the Audited Accounts of the Petitioner. The comparison of A&G Expenses from FY 2006-07 to FY 2010-11 as considered by the Hon'ble Commission and that appearing in the Audited Accounts is tabulated by the Petitioner as below:

Table 81: A&G Expenses considered from FY 07 to FY 11 (Rs. Crore)

Sr. No.	Particulars	Reference	FY 07	FY 08	FY 09	FY 10	FY 11
1	Gross A&G cost submitted by the Petitioner		100.5	121.55	74.44	125.05	123.54
a	Less: Bad Debts		-	-	-	86.64	61.77
b	Less: Provision for Doubtful Debts		61.89	76.52	28.58	2.44	10.88
c	Less: Loss On Sale / Discarding Of		0.6	0.73	0.58	0.3	0.29

Sr. No.	Particulars	Reference	FY 07	FY 08	FY 09	FY 10	FY 11
	Assets						
d	Less: SLA moved to A&G cost		-	-	-	-	6.93
e	Less: Loss on Foreign Exchange Fluctuation		-	-	1.09	0.04	0
f	Add: Lease Rental transferred from R&M		1.27	1.26	1.24	1.24	1.24
2	Net A&G Expenses considered by Commission for benchmarking		39.28	45.56	45.43	36.87	44.91
3	A&G Expenses as per Audited Accounts	Respective Audited Accounts	100.50	121.55	75.50	125.05	123.54
4	Financing charges as per Audited Accounts#	Respective Audited Accounts		1.59	2.31	3.10	6.69

 # not included in Sr. No. 2 and appearing in separate schedule of Audited Accounts

3.288 As evident from above, the Hon'ble Commission has not considered the financing charges while benchmarking A&G Expenses. Therefore, the financing charges have not been included in A&G Expenses from FY 2012-13 to FY 2014-15 and are required to be allowed separately.

3.289 The Petitioner is claiming syndication fees/ borrowing cost incurred during previous years as under:

Table 82: Impact on account of syndication fees/ borrowing cost along with carrying cost (Rs. Crore)

Sr. No	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
A	Opening Balance	0	2	4	8	17	55	81
B	Additions	2	2	3	7	33	17	31
C	Closing Balance	2	4	7	15	50	72	112
D	Average Balance	1	3	6	12	33	63	97
E	Rate of Carrying Cost	13.68%	13.75%	13.11%	13.38%	14.88%	15.03%	15.01%
F	Carrying Cost	0	0	1	2	5	9	15
G	Grand Closing Balance	2	4	8	17	55	81	127

COMMISSION'S ANALYSIS

3.287 The Commission had already clarified this issue in its tariff order dated 29/09/2015 that the borrowing cost including syndication & documentation charges for availing the loan will be considered at the time of final true up of capitalization. Further, the matter is sub-judice before Hon'ble APTEL in Appeal No. 290/2015 against the Commission's decision in Tariff Order dtd. 29/09/2015. Therefore, this matter does not merit consideration at this point of time.

INCOME FROM OTHER BUSINESS-STREET LIGHT MAINTENANCE CHARGES

PETITIONER'S SUBMISSION

3.288 The Petitioner has stated that apart from distribution licensed business, the Petitioner is also generating revenue from other business. These other business is being operated parallel by the Petitioner.

3.289 The Petitioner has referred the Section 51 of the 2003 Act entitles the Distribution Licensee such as the Petitioner to engage in any other business for optimum utilization of its assets. Section 51 also requires that a certain proportion of "the revenues" derived from such business be utilized for reducing the wheeling charges. Section 51 is an enabling provision contained in the legislation with some purpose. Disallowance of the legitimate expenses relating to other business would lead to discouraging the distribution licensee such as the Petitioner from generating income from other business, which is otherwise undertaken considering the interest of consumers at large and optimum utilization of assets of distribution business. The Petitioner has engaged in the following businesses which are within the scope of Section 51 of the 2003 Act and has hereinafter provided reasons for the Hon'ble Commission to consider: (1) The Income by deducting the expenditure from the Revenue; and (2) Reworking of the proportion of the Revenues to be retained by the Petitioner in excess of the 20% which was stipulated in the 2005 Regulations as "a general principle" and entitling the Petitioner to "approach the Commission for change of the aforesaid sharing formula with proper justification, for approval of the Commission".

3.290 The Petitioner has stated that the Commission in Tariff Order dated September 29, 2015 ruled as under:

> *"3.333 The Commission in its Tariff Order dated 23.07.2014 has clarified that income from street light maintenance is part of other income of regulated business. Further, the Petitioner has not substantiated that whether any incentive is included in revenue of street light maintenance which should not be considered a pass through in the calculation of ARR as per above Order. The Petitioner shall be allowed incentive, if any, on*

account of street light maintenance for FY 2013-14 on production of documentary evidence without any carrying cost."

3.291 As regards above, it is submitted that the responsibility of maintaining street light is not contained in the License of the Petitioner. Electricity Act 2003 does not mandate the Distribution Licensee to maintain Street Lights. Further as per Section-42 of Delhi Municipal Corporation Act, 1957, it is the responsibility of MCD to maintain Street lighting system which is reproduced below:

"42. Obligatory functions of the Corporation

….

(o) the lighting, watering and cleansing of public streets and other public places;

…

(w) the maintenance and development of the value of all properties vested in or entrusted to the management of the Corporation;"

With the unbundling and restructuring of Delhi Vidyut Board (DVB) into corporate entities and privatisation of Distribution Business, the past legacy of maintenance of public lighting was passed on to the Petitioner as matter of course, though as distribution licensee the maintenance of public lighting was not their function. In fact the Petitioner vide letter dated March 24, 2004 intimated the Hon'ble Commission that maintenance of street lighting is the responsibility of MCD under DMC Act and not the Petitioner. Also the Hon'ble Commission in Order dated September 3, 2003 ruled as under:

"10. Having heard the submission of the parties, the Commission observed that it was the prerogative of the MCD, either to get the work done themselves or through the DISCOMs, in the latter alternative, scope of works, as also the commercial terms and conditions, shall need to be proposed by MCD. Thereafter, the Commission shall determine the maintenance charges, etc. after having considered the responses of the DISCOMs."

3.292 Therefore it is clear that maintenance of street lighting is an activity assigned to the Petitioner by MCD under DMC Act and does not fall under Regulated Business.

3.293 However there was a dispute between the Delhi DISCOMs and MCD on scope of work of the activities and charges at which is the maintenance is to be undertaken by Delhi DISCOMs. During FY 2003-04 The Hon'ble Commission received number of complaints on the poor conditions of street light prevailing in respect of Public Lighting in Delhi. Consequently in order to settle the matter, the Hon'ble Commission vide letter dated October 15, 2003, identified the scope of works as maintenance of existing streetlights, addition of new streetlights, installing of high mast lights, transformers, etc. Further the Hon'ble Commission vide Order dated March 5, 2004 determined the rates for maintenance of street lights. These rates were further amended by the Order issued by the Hon'ble Commission on September 24, 2009.

3.294 It is further submitted that the determination of rates and scope of work by the Hon'ble Commission does not mean that maintenance of streetlights fall under Licensed Activity and is a part of regulated business. The scope of work and determination of rates by the Hon'ble Commission has only helped MCD and the Petitioner to reach a consensus to avoid dispute.

3.295 Therefore, the Petitioner is maintaining Street Lights not as an obligation under Licensed Business but on behalf of road owning agencies, viz. MCD, NHAI, PWD in the areas comprising South and West Delhi.

For carrying out the maintenance services the Petitioner optimally engages its existing manpower, Technicians, Electricians, Electric Men, Line Engineers and also outsources further manpower.

3.296 The Petitioner has further submitted that the Petitioner vide letter dated April 29, 2015 submitted the details of incentive along with sample joint inspection report. However the letter dated April 29, 2015 has not been considered by the Hon'ble Commission as evident from Table-1.1, i.e., List of correspondences with the Petitioner of Tariff Order dated September 29, 2015.

3.297 The Petitioner has tabulated the income from street light maintenance business along with carrying cost as below:

Table 83: Impact on income from SLM Business along with carrying cost (Rs. Crore)

Sr. No	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
A	Opening Balance	0	8	11	25	42	62	85
B	Additions	8	2	12	12	13	12	13
C	Closing Balance	8	10	23	38	55	74	97

Sr. No	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
D	Average Balance	4	9	17	32	49	68	91
E	Rate of Carrying Cost	13.68%	13.75%	13.11%	13.38%	14.88%	15.03%	15.01%
F	Carrying Cost	1	1	2	4	7	10	14
G	**Grand Closing Balance**	**8**	**11**	**25**	**42**	**62**	**85**	**111**

3.298 The Petitioner requested the Commission to allow the aforesaid along with carrying cost.

COMMISSION'S ANALYSIS

3.299 The Commission has already clarified this issue in true up of FY 2014-15 and FY 2015-16 that there is no mention of incentive on street light maintenance in the notes of the audited financial statement. Therefore, the Commission has not considered incentive on street light maintenance in the ARR of the relevant year.

FINANCING COST OF LPSC DURING FY 2013-14

PETITIONER'S SUBMISSION

3.300 The Petitioner has submitted that as regards LPSC, the Petitioner levied LPSC @ 1.5% per month on flat basis till FY 2012-13. The Hon'ble Commission was therefore allowing only financing cost of LPSC to the Petitioner by computing the principal amount (LPSC divided by 18% (12 x 1.5%) and allowing carrying cost on the principal amount. The difference between the amount of LPSC and the principal amount was passed on the consumers by way of NTI.

3.301 The Petitioner stated that based on the representation of Foundation of Rubber & Polymer Manufacturers, the Hon'ble Commission vide letter dated December 13, 2012 communicated that LPSC should be charged proportional to the number of days of delay in receiving payment from the consumers by the Petitioner. The Hon'ble Commission in Tariff Order dated July 31, 2013 again directed the Petitioner to charge LPSC proportionate to the number of days of delay in receiving the payment from the consumers of the DISCOMs.

3.302 The Petitioner in its Petition for Truing-up of FY 2013-14, Review of FY 2014-15 and ARR and Tariff for FY 2015-16 requested the Hon'ble Commission to allow the entire LPSC instead of financing cost of LPSC as during FY 2013-14, the Petitioner charged LPSC proportionate to the number of days of delay and not on flat basis. The methodology of charging LPSC proportionate to the number of days of delay leads to recovery of only financing cost of LPSC for the delay in payment and not on flat basis. However the Hon'ble Commission without referring to its' direction for change in charging of LPSC continued with the earlier methodology which was utilised for computation of financing of LPSC till FY 2012-13. Such treatment has actually resulted in allowance of financing cost of LPSC at much lower rate.

3.303 It is further submitted that the concept of financing cost of LPSC was introduced by the Hon'ble Commission in Tariff Order dated August 26, 2011 as LPSC was considered as a part of revenue realisation for the purpose of computation of AT&C Loss as per Clause-4.7 (c) of DERC Tariff Regulations, 2007. As per DERC Tariff Regulations, 2011, the methodology of computation of revenue realisation for the purpose of computation of AT&C Loss has been changed and LPSC is no longer being included as a part of revenue realisation for computation of AT&C Loss from FY 2012-13 onwards. Since the methodology for computation of AT&C Loss has been changed, the Petitioner ought to be allowed entire LPSC instead of financing cost of LPSC.

3.304 Petitioner further submitted that concept of financing cost of LPSC is based on the principle that the Petitioner will fund the amount delayed through loans whereas, it is practically not possible to arrange for the funding of such delayed payment as the Petitioner does not know in advance as to which consumer will pay the bill on deadline and which consumers will not pay the bill on deadline. The process of raising loans for funding any expenditure is time taking process and therefore, in case of any default on part of consumers to pay electricity bills in time, the Petitioner has to face the following penalties as per the MYT Regulations 2011:

a. Penalty on account of under-achievement of AT&C Loss: As per DERC MYT Regulations, 2011, the AT&C Loss Target has been categorized as controllable parameter. In case of any under-achievement of AT&C Loss, the Hon'ble Commission levies penalty on the Petitioner irrespective of the fact that the default in collection efficiency is on account of consumers.
b. Penalty in repayment of Loans: In present scenario, the Petitioner is not

operating in business as usual situation. Apart from normal capex loan and working capital loan, the Petitioner is required to fund huge amount of regulatory assets and the revenue gap during the year on account of variation between the estimated ARR and actual ARR. In such a situation any default in payment of billed amount put financial constraints on the ability of the Petitioner to efficiently discharge its debt obligations. As a result the Petitioner has to face penalty on account of delay in repayment of loans which is not being passed in the ARR.

c. Penalty by Generators: Generators levy penalty of 1.5% per month in case of non-payment of dues within time.

3.305 The Petitioner has submitted that Commission neither allows the amount nor financing cost on account of these penalties. These penalties are entirely borne by the Petitioner. However the penalty paid by the consumers on account of the delayed payment is not being allowed to the Petitioner and only financing cost on such delayed payment is being allowed. Therefore the Petitioner requested the Commission to allow entire LPSC during FY 2013-14 to be retained by the Petitioner as the same merely meets the financing cost of delay in payment.

3.306 The Petitioner has tabulated the difference in LPSC and the amount allowed by the Commission, i.e. Rs. 9.04 Crore (Rs. 20.06 Crore- Rs. 11.02 Crore) in Tariff Order dated September 29, 2015 along with carrying cost as below:

Table 84: Impact on account of difference in LPSC during FY 2013-14 along with carrying cost (Rs. Crore)

Sr. No.	Particulars	FY 14
A	Opening Balance	0
B	Additions	9
C	Closing Balance	9
D	Average Balance	5
E	Rate of Carrying Cost	15.01%
F	Carrying Cost	1
G	**Grand Closing Balance**	**10**

COMMISSION'S ANALYSIS

3.307 The Petitioner has submitted that total LPSC collected from the consumer should be allowed to be retained by the Petitioner. However, as per the practice followed by the Commission and Hon'ble APTEL's direction in Appeal No. 61 & 62 of 2012 dated 28/11/2014, the cost of funding of working capital due to delayed payment by the consumers has been allowed to the Petitioner. Therefore, the Commission has not considered the additional cost over and above the cost of funding of working capital for financing of LPSC during FY 2013-14.

WRONG COMPUTATION OF CARRYING COST AND INCORRECT SURCHARGE

PETITIONER'S SUBMISSION

3.308 The Petitioner has referred the Regulation 5.40 of MYT Regulations, 2011 as under:

> *"5.40 Truing-up shall be carried out in accordance with Regulation 4.21, for each year based on the actual/audited information and prudence check by the Commission;*
>
> *Provided that if such variations are large, and it is not feasible to recover in one year alone, the Commission may take a view to create a regulatory asset,* ***as per the guidelines provided in clause 8.2.2 of the National Tariff Policy****."*

3.309 The Petitioner further referred Clause-8.2.2 of National Tariff Policy, 2015 dated January 28, 2016 as under:

> *"8.2.2 The facility of a regulatory asset has been adopted by some Regulatory Commissions in the past to limit tariff impact in a particular year. This should be done only as a very rare exception in case of natural calamity or force majeure conditions and subject to the following:*
>
> *a. Under business as usual conditions, no creation of Regulatory Assets shall be allowed;*
>
> *b. Recovery of outstanding Regulatory Assets* ***along with carrying cost*** *of Regulatory Asset should be time-bound and with a period not exceeding seven years. The State Commission may specify the trajectory for the same."*

3.310 The Petitioner has stated that the Commission in Tariff Order dated September 29, 2015 directly deducted the 8% surcharge from the revenue gap during the year instead of adjusting the same firstly against the carrying cost. In such a manner, the Hon'ble Commission has not provided any carrying cost on Regulatory Assets during truing-up of FY 2013-14.

3.311 The Petitioner further mentioned that the adjustment of revenue from 8%

surcharge directly from revenue gap recognised during the year is contrary to the following:

a) Hon'ble Commission statement in Tariff Order dated July 31, 2013:

"5.29 ***For meeting carrying cost*** *of the revenue gap till FY 2013-14, the Commission* ***has decided to continue the existing surcharge at 8% over the revised tariff****. The Commission in consultation with GoNCTD shall evolve a reasonable schedule for liquidation of revenue gap which will be fair to all stakeholders.*

b) Submission made by the Hon'ble Commission on November 25, 2013 in IA 358 & 365 of 2013 on affidavit before Hon'ble ATE:

"3…Furthermore, in compliance of APTEL's Order of November 11, the Commission in a time span of less than one year approved another tariff hike of 23% with quarterly power purchase adjustment surcharge and ***additional surcharge @ 8% for recovery of carrying cost and partial recovery of Regulatory Assets****. It was expected that the recovery of accumulated short-fall will commence w.e.f. 1st July 2012…*

…

6. ***The surcharge of 8% was introduced in FY 12-13 so as to meet a partial gap in carrying costs*** *and start the process of gradual recovery of the Regulatory Assets…"*

c) Submission made before the Hon'ble Supreme Court in Writ Petition 104 of 2014:

The Hon'ble Commission submitted a road-map for liquidation of Regulatory Assets before Hon'ble Supreme Court wherein Delhi DISCOMs would be allowed to recover carrying cost separately apart from recovery of principal amount whereas the Hon'ble Commission is adjusting 8% surcharge directly from revenue gap during the year without providing the carrying cost.

3.312 The Petitioner has further submitted that the Hon'ble Commission has done similar treatment in Tariff Order dated July 23, 2014 for FY 2012-13. The Petitioner in the Petition submitted on December 18, 2014 also highlighted the erroneous treatment given for 8% surcharge in Tariff Order dated July 23, 2014 and requested to rectify the same. However the Hon'ble Commission without assigning any reason continued with the same methodology. The Hon'ble Commission did not even indicate as to where the carrying cost on Regulatory Assets created upto FY 2013-14 has been allowed in the truing-up of FY 2013-14.

3.313 Moreover, the figures of 8% surcharge deducted from the revenue gap during FY 2012-13 and FY 13-14 are incorrect. The Hon'ble Commission has trued up Rs. 158.9 Crore as the recovery through 8% during FY 12-13 in Tariff Order dated July 23, 2014. During FY 13-14 the Hon'ble Commission has deducted surcharge billed during the year instead of collected i.e. Rs. 270.32 Crore.

3.314 In view of the above submissions, the Petitioner tabulated the correct computation of Regulatory Assets as below:

Table 85: Correct computation of Regulatory Assets (Rs. Crore)

Sr. No.	Particulars	FY 2012-13	FY 2013-14
A	Opening Balance	(2,279)	(2,923)
B	Additions	(534)	(199)
C	8% Surcharge	159	270
D	Net (Gap)/ Surplus	(376)	72
E	Rate of Carrying cost	10.54%	10.77%
F	Carrying cost	(268)	(325)
G	Closing Balance	(2,923)	(3,177)
H	RA during the year	(2,832)	(3,051)
I	Difference	91	126

3.315 The aforesaid amount along with carrying cost is tabulated below:

Table 86: Impact on account of correct computation of RA along with carrying cost (Rs. Crore)

Sr. No.	Particulars	FY 14
A	Opening Balance	0
B	Additions	126
C	Closing Balance	126
D	Average Balance	63
E	Rate of Carrying Cost	15.01%
F	Carrying Cost	9
G	Grand Closing Balance	135

COMMISSION'S ANALYSIS

3.316 The Commission has already explained the methodology of Carrying Cost Rate in paras above. Further, the Commission has rectified the error of 8% Surcharge in Tariff Order dtd. 29/09/2015 and the impact has been considered in

3.317 Table 92: Impact as approved by the Commission on account of implementation Hon'ble APTEL Judgments (Rs. Cr.)

CORRECTION IN OPENING BALANCE OF CONSUMER CONTRIBUTION IN OPENING RRB

PETITIONER'S SUBMISSION

3.318 The Petitioner has mentioned that the Commission vide mail dated March 24, 2015 directed the Petitioner to submit the consumer contribution data duly audited in a specified format. The Petitioner vide letter dated March 20, 2015 submitted the data duly certified by Auditor with respect to consumer contribution. However the Hon'ble Commission did not assigned any reason for not considering the same in Tariff Order dated September 29, 2015. Since the Hon'ble Commission allowed the funding of capital expenditure instead of capitalisation during Policy Direction Period, i.e., FY 2002-03 to FY 2006-07, the Petitioner has considered the actual consumer contribution and grants received till FY 2006-07.

3.319 The Petitioner has stated that Commission has shifted from RoE approach to RoCE approach during MYT Regime, i.e. from March 1, 2008 onwards. The actual consumer contribution and grants capitalised till FY 2006-07 is Rs. 8.71 Crore and Rs. 16.22 Crore respectively. The Petitioner has accordingly considered the same for the purpose of computation of depreciation and RoCE.

3.320 The Petitioner requested the Hon'ble Commission to allow the same in the ARR.

COMMISSION'S ANALYSIS

3.321 The Commission vide its order dated 23/12/2015 has already directed the Petitioner to refund the balance of consumer contribution collected by the Petitioner during FY 2002-03 to FY 2006-07 which has been offered by the Petitioner as means of finance during FY 2002-03 to FY 2006-07 and submit its claim on account of total amount refunded to the respective consumers during each year for recasting of ARR by the Commission. Though, the Petitioner has submitted the total amount to be refunded in each year, however he is yet to indicate the status of refund to these consumers as well as the continuity of those consumers so as to determine the impact in ARR.

CORRECTION IN RATE OF DEPRECIATION

PETITIONER'S SUBMISSION

3.322 The Petitioner has submitted that Commission in Tariff Order dated September 29, 2015 derived the rate of depreciation as per Audited Accounts of FY 2013-14 and applied the same for calculation of depreciation. However the rate of depreciation so computed on the basis of Audited Accounts in Tariff Order did not actually match with Audited Accounts. The comparison of rate considered in Tariff Order and as per Audited Accounts is tabulated below:

Table 87: Comparison of depreciation rate appearing in Audited Accounts and considered in Tariff Order (Rs. Crore)

Sr. No.	Particulars	Audited Accounts	Tariff Order
A	Opening GFA as per audited accounts	2281	
B	Closing GFA as per audited accounts	2422	
C	Average of GFA	2352	
D	Depreciation as per Audited Accounts	102	
E	**Average depreciation rate**	**4.33%**	**4.07%**

3.323 The Petitioner further clarified the difference between the rates considered in the Audited Accounts and as per DERC MYT Regulations as under:

Table 88: Comparison between Audited Accounts and Regulatory Books

Sr. No.	Particulars	Audited Accounts	Regulatory books
A	Basis of rates	Schedule XIV (Companies Act, 1956)	DERC MYT Regulations, 2011
B	Asset depreciated upto	95% of original cost of asset	90% of original cost of asset
C	Life of asset	As per CERC Notification no. L-7/ 25 (5)/ 2003-CERC dated 26 March 2004 or independent valuer's certificate whichever is lower	DERC MYT Regulations, 2011

3.324 The Petitioner has accordingly applied the rates of depreciation as per DERC Tariff Regulations, 2007 and DERC Tariff Regulations, 2011 and computed the depreciation from FY 2007-08 to FY 2013-14.

COMMISSION'S ANALYSIS

3.325 The Petitioner has requested for correction in rate of depreciation however, the Petitioner has not specifically indicated the rate of depreciation as per MYT

Regulations, 2007 & 2011 which should be applied on GFA for the depreciation of the relevant year in its present tariff petition. The Commission will consider the rate of depreciation as per the rates specified in MYT Regulations, 2007 & 2011 for different class of assets based on true up of capitalization of the relevant year. Therefore, the Commission directs that the Petitioner should submit the detailed class of year-wise computation of depreciation before the Commission to consider this issue in subsequent tariff order.

INCOME TAX DURING FY 2013-14

PETITIONER'S SUBMISSION

3.326 The Petitioner has mentioned that the Hon'ble Commission in the Tariff Order dated September 29, 2015 has observed that:

"3.388 Regulation 5.32 of MYT Regulation 2011 specify that the income tax, if any liable to be paid on the licensed business of the distribution licensee shall be limited to tax on return on equity component of capital employed. Any additional tax other than this shall not be a pass through and it shall be payable by the Distribution licensee itself.

3.389 Regulation 5.33 specify that the actual assessment of income tax should take into account benefits of tax holiday and the credit for carry forward losses applicable as per the provisions of the Income Tax Act, 1961 shall be passed on to the consumers.

3.390 Regulation 5.40 specify that truing up shall be carried out in accordance with Regulation 4.21, for each year based on the actual/audited information and prudence check by the Commission.

3.391 Conjoint reading of the above regulations explicitly specify that tax shall be considered in true up based on actual payment, subject to prudence check, duly taking into consideration the benefits of tax holiday and shall be limited tax on RoE.

3.392 The Petitioner has submitted the actual payment of Income Tax (MAT) of Rs.4.24 Crore for FY 2013-14 as per the audited accounts. However, as per *the cash flow statement, it is observed that there in cash inflow on account of refund of income tax to the amount of Rs. 30.56 Crore. The Commission has considered the inflow on account of such refund of income tax and adjusts it towards the Annual revenue requirement of the Petitioner."*

3.327 The Petitioner has stated that in view of the above the amount of Rs. 30.56 Crore considered by the Hon'ble Commission is refund against the payment made during the previous years.

3.328 The Petitioner has submitted that Commission has approved Income Tax during FY 2007-08 to FY 2012-13 as minimum of actual and normative based on RoE, any refund on account of actual income tax paid is unjustified. Therefore, the same cannot be included in the ARR.

3.329 The Petitioner has tabulated the Impact of Income Tax refund considered during FY 2013-14 along with carrying cost as below:

Table 89: Income Tax during FY 13 along with carrying cost (Rs. Crore)

Sr. No.	Particulars	FY 14
A	Opening Balance	0
B	Additions	61
C	Closing Balance	61
D	Average Balance	31
E	Rate of Carrying Cost	15.01%
F	Carrying Cost	5
G	**Grand Closing Balance**	**66**

3.330 Based on the above submissions, the total impact claimed by the Petitioner and as approved by the Commission on account of previous claims is tabulated below:

Table 90: Total impact claimed on account of implementation of Hon'ble ATE Judgment

Sr. No.	Particulars	Amount (Rs. Cr.)
A	Impact on account of capex related claims from FY 08 to FY 14	1,728
B	Truing-up of FY 08 (First 11 months)	255
C	Revision in distribution loss-FY 08 to FY 11	151
D	Truing-up of AT&C Loss for FY 09	263
E	Effect of 6th pay commission for Non-DVB Employees	127
F	Revision in AT&C Loss target for FY 12	135
G	Non-revision of AT&C Losses for FY 13 and FY 14	265
H	Increase in employee expenses corresponding to increase in consumer base	111
I	Payment to VRS optees	138
J	R&M and A&G Expenses- FY 05 to FY 07	78
K	Lower rates of carrying cost	392
L	Efficiency factor for FY 2011-12	16

Sr. No.	Particulars	Amount (Rs. Cr.)
M	Efficiency factor for FY 13 and FY 14	20
N	Efficiency factor for FY 2010-11	17
O	AT&C Loss for FY 2009-10	39
P	Financing Cost of LPSC based on SBI PLR	70
Q	Short Term gain	18
R	Income recovered from DTL treated as NTI	10
S	DVB Arrears for computation of AT&C Loss of FY 09	8
T	Revision of R&M Expenses by revising "K" factor	36
U	Interest de-capitalised	5
V	Additional UI Charges above 49.5 Hz	9
W	Disallowance of reactive energy charges	2
X	**Total**	**3,894**

Table 91: Total impact claimed on account of previous claims (Rs. Crore)

Sr. No.	Particulars	Principal	Carrying cost	Total
A	Disallowance of PP Cost due to MOD	101	8	109
B	Incorrect computation of SL&DC	45	11	56
C	Non-Tariff Income			
D	Write-back of misc. provisions	196	147	343
E	Double accounting of income from bad debts	15	5	20
F	Depreciation on Consumer Contribution for Capital works	15	4	19
G	Interest on funding of carrying cost		92	92
H	De-capitalisation of assets	26	15	41
I	Anta, auraiya and dadri	75	12	87
J	Normative rebate	101	17	118
K	Disallowance of R&M Expenses	16	11	27
L	Employee and A&G Expenses	85	13	98
M	Fixed charges against regulated power	151	21	172
N	Bank charges/ syndication fees	95	32	127
O	Income from other business-SLMC	72	39	111
P	Financing cost of LPSC-FY 14	9	1	10
Q	Wrong computation of carrying cost and incorrect surcharge	135		135
R	Networth			-
S	Consumer contribution			
T	Rate of depreciation			
U	Non inclusion of 6th pay comm. Arrears during FY 09, 10	125	106	232
V	UI Interest	63	36	99
W	Income Tax during FY 13-14	61	5	66
X	**Total**	**1388**	**573**	**1961**

Table 92: Impact as approved by the Commission on account of implementation Hon'ble APTEL Judgments (Rs. Cr.)

Particulars	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
Opening balance		(9.12)	(2.20)	19.11	40.48	87.26	99.53	121.49	144.01	286.54	350.25	388.71
RoE and Interest of Loan for 11 months FY 2007-08				15.00								
SLD charges									21.78	23.62		
Short Term Gain					0.86	1.59		3.00	6.00	5.00		
Reactive Energy Charges				0.98								
Bad Debts recovered							9.80	2.90	2.60			
Anta Auraiya Dadri Arrear Bills raised before expiry of PPA but disallowed in relevant True up Year									12.17	2.56		
AT&C Loss for FY 2008-09					38.60							
Interest Capitalisation				2.31								
Additional Allowance on account of True up of R&M, A&G and Employee Expenses for FY 2004-05, FY 2005-06 and FY 2006-07	(8.73)	7.41	20.58									
8% surcharge difference									78.42			
Total	**(8.73)**	**7.41**	**20.58**	**18.29**	**39.46**	**1.59**	**9.80**	**5.90**	**120.97**	**31.18**	**-**	**-**
Rate of carrying cost	9.00%	9.00%	9.00%	10.90%	12.17%	12.13%	11.64%	13.36%	10.54%	10.77%	10.98%	11.12%
carrying cost	(0.39)	(0.49)	0.73	3.08	7.33	10.68	12.16	16.62	21.55	32.54	38.45	43.21
closing balance	(9.12)	(2.20)	19.11	40.48	87.26	99.53	121.49	144.01	286.54	350.25	388.71	431.92

Note: The total impact at the end of FY 2015-16 has been added to the Closing Revenue Gap of FY 2015-16 indicated in Chapter 5 of this Order

TRUE UP OF FY 2014-15 and FY 2015-16

ENERGY SALES

PETITIONER'S SUBMISSION

3.331 The Petitioner had submitted that the actual sales during FY 2014-15 & FY 2015-16 was 5405 MU (including sales on account of enforcement) as against 5731 MU and 5676 MU as against 5629 MU estimated by the Hon'ble Commission in its Tariff Order dated 23 July 2014 and 29 September 2015 respectively.

3.330 The Petitioner has further submitted that the Enforcement Sales which pertains to the quantum of energy sold to consumers/persons booked under Sections 126 and/or Section 135 of the Electricity Act 2003 for indulging in unauthorized use of electricity or theft of electricity. The Commission in its order dated August 26, 2011 in the true-up for FY 2008-09 and FY 2009-10 and ARR for FY 2011-12 had reduced the MU in relation to enforcement sale by dividing the enforcement collection by twice the average billing rate instead of single ABR and which was upheld by the Hon'ble APTEL in Judgment dated November 28, 2014 (Appeal No. 61 and 62 of 2012).

3.331 BYPL has submitted that it has filed an appeal before the Hon'ble Supreme Court on the aforesaid Judgment of the Hon'ble APTEL dated November 28, 2014. However, pending judgement of the Hon'ble Supreme Court, BYPL has computed enforcement sales in accordance with the procedure adopted by the Commission which has been upheld by Hon'ble APTEL's judgement dated November, 28, 2014 as follows:

Table 93: Enforcement Units considered for Truing-up during FY 2014-15 & FY 2015-16

Sr. No.	Particulars	FY 2014-15	FY 2015-16
A.	Total Units Billed excl. enforcement (MU)	5384	5,653
B.	Total Amount Billed excl. Enforcement (Rs. Cr)	3948	4,301
C.	ABR (Rs./kWh)	7.33	7.60
D.	Twice of average billing rate (Rs./ kWh)	14.66	15.22
E.	Enforcement Collected (Rs. Cr)	31	36
F.	Units Billed on account of enforcement (MU)	21	24

3.332 The Petitioner has considered the sales against Own Consumption as 16.34 MU during FY 2014-15 and 13.00 MU during FY 2015-16.

3.333 The Sales adjusted are 136.61 MU & (-) 199.12 MU and amount adjusted is Rs. 128.26 Crore & (-) Rs. 180.00 Crore respectively during FY 2014-15 & FY 2015-16.

3.334 Accordingly, the Petitioner has submitted the category-wise sales during FY 2014-15 & FY 2015-16 as follows:

Table 94: Category-wise energy sales during FY 2014-15 & FY 2015-16 (MU)

Sr. No.	Category	Approved in TO 23 July, 2014	Actual FY 2014-15	Approved in Tariff Order Sep 29, 2015	Actual FY 2015-16
A	Domestic	3,057	2,930	3045	3,107
B	Non Domestic	1,822	1,639	1715	1,708
C	Industry	258	282	282	284
D	Agriculture	0	0	0.22	0
E	Mushroom Cultivation	0	0		0
F	Public Lighting	107	101	104	114
G	DMRC	193	161	141	147
H	DJB	141	141	165	164
I	Others	153	150	176	152
Total		**5,731**	**5,405**	**5,629**	**5,676**

COMMISSION'S ANALYSIS

3.335 The Commission has analyzed category-wise monthly sales data submitted by the Petitioner for each month of FY 2014-15 and FY 2015-16.

3.336 The validation of billing database was done at the Commission's office, wherein the data was submitted by the Petitioner. The Commission directed the Petitioner to verify the sales details submitted in their Petition for FY 2014-15 and FY 2015-16 from their billing database data vis-à-vis audited Forms 2.1a.

3.337 As per the Electricity Act, 2003 in all cases of enforcement/theft, energy has to be billed at twice the rate of the normal tariff. In line with the Electricity Act, 2003, the Petitioner has divided the total payment received against enforcement cases by twice the average billing rate for the year to arrive at realistic estimate of sales due to enforcement and so the same is accepted and the sales against enforcement are considered as 20.96 MU in FY 2014-15 and 23.74 MU in FY 2015-16 as per audited Form 2.1a.

3.338 In the 2nd MYT Order, the Commission vide its directive 6.12 has directed all DISCOMs to meter self consumption in their own premises and to raise the bills at appropriate tariff for actual consumption based on meter reading every month and the licensee may avail credit at zero tariff to the extent of the normative self consumption approved by the Commission at the end of the financial year.

3.339 The Petitioner has submitted the Own Consumption as 16.34 MU in FY 2014-15 and

13 MU in FY 2015-16. During the validation session, it was indicated by the Petitioner that all its installations are metered. However, the Commission observed in Form 2.1(a) that the Petitioner has adjusted sales of 1.10 MU in FY 2014-15 as against total Own Consumption of 17.44 MU i.e., 6.31%. The Commission enquired from the Petitioner that in spite of 100% metering at their own premises how the Own Consumption adjustments can be so high.

3.340 The Commission, vide Para 2.79 of the 2nd MYT Order had decided the base self consumption as 0.25% of total sales for FY 2010-11, which shall be escalated at the rate of 2% per annum. The Commission has decided to adhere to its past methodology regarding computation of Own Consumption in line with Para 2.79 of the 2nd MYT Order that the Own Consumption shall be 0.25% of total sales for FY 2010-11 and shall be escalated at the rate of 2% per annum up to FY 2014-15 and FY 2015-16. Accordingly, the Commission has arrived at the normative Own Consumption for the Petitioner as 12.44 MU (12.20*1.02) for FY 2014-15 and 12.69 MU (12.44*1.02) for FY 2015-16 by escalating the Own Consumption approved for FY 2013-14 (12.20 MU) at the rate of 2% per annum.

3.341 It is noted that the Own Consumption over and above the normative consumption is 3.90 MU (16.34-12.44) in FY 2014-15. As discussed in para above, the Commission has decided to consider this excess Own Consumption of 3.90 MU at the Average Billing Rate of Rs. 11.54/kWh for FY 2014-15 of Non-Domestic category assuming all installations for Non-Domestic purpose as given in Form 2.1(a) submitted by the Petitioner in truing up for FY2014-15. The additional amount to be considered as deemed revenue billed, thus computed as Rs. 4.50 Crore (3.90*11.54/10) on account of Own Consumption excluding normative limit.

3.342 Further, for FY 2015-16 the actual self consumption as per audited Form 2.1a is 12.63 MU whereas the normative Own Consumption is 12.69 MU. Therefore, there is no adjustment for the same in revenue billed for FY 2015-16 as the actual self consumption is less than the normative self consumption. Accordingly, the Commission has considered the actual Own Consumption which is lower than the actual Own Consumption in the trued up Energy sales for FY 2015-16.

3.343 The Petitioner has submitted in its Petition that there were 136.61 MU & Rs. 128.26

Crore adjusted during FY 2014-15 and 250.77 MU & Rs. 246.14 Crore adjusted during FY 2015-16. The Commission observed that units adjusted are 2.47% and 4.28% for FY 2015-16 and FY 2014-15 respectively of the total sales of the Petitioner, which is on the higher side on account of delay in meter reading, raising of long duration provisional bills etc.. Therefore, the Commission directs the Petitioner to restrict to a maximum adjustment of 1% in total Units billed from FY 2017-18 onwards. The Petitioner shall be liable for penalty due to non-adherence of this directive as indicated in Chapter 6 of this Tariff Order.

3.344 Further, during the prudence check, the Commission observed that the Petitioner is billing Hoardings & Displays at Malls and Multiplexes at Non-Domestic Tariff. However, as per Commission's Tariff Schedule, above are to be billed as per Advertisement/Hoardings category rates. Such under-billing by the Petitioner is resulting into revenue loss to the Petitioner and burdening the consumer at large. Therefore, the Commission directs the Petitioner to bill, within 1 (one) month of issuance of Tariff Order, the Hoardings & Displays at Malls and Multiplexes at Advertisement/Hoardings category and submit compliance report of the same to the Commission.

3.345 The trued up energy sales for FY 2014-15 as approved by the Commission are indicated in the table as follows:

Table 95: Trued up Energy Sales during FY 2014-15 (MU)

Sr. No.	Category	Approved in T.O. dated 23.07.2014	Actual as per Petitioner's submission	Trued-Up Sales for FY 2014-15	Reference
A	Domestic	3,057	2,930	3,003.85	Schedule 36(K) of the Audited Accounts for FY 2014-15 and Audited Form 2.1a
B	Non-Domestic	1,822	1,639	1,638.84	
C	Industrial	258	282	282.45	
D	Public lighting	107	101	101.11	
E	Agriculture and Mushroom Cultivation	0	0	0.20	
F	Railway Traction	-	-	-	
G	DMRC	193	161	161.09	
H	Delhi Jal Board	141	141	140.54	
I	Others*	153	150	76.76	
J	**Total**	**5,731**	**5,405**	**5,404.83**	**Sum (A-I)**
K	**Approved Sales**			**5,404.83**	

*Temporary supply, Advertisement & hoardings, Enforcement and Own Consumption

Table 96: Trued up Energy Sales during FY 2015-16 (MU)

Sr. No.	Category	Approved in T.O. dated 29.09.2015	Actual as per Petitioner's submission	Trued-Up Sales for FY 2015-16	Reference
A	Domestic	3,045	3,107	3,180.45	Note 43 of the Audited Accounts for FY 2015-16 and Audited Form 2.1a
B	Non-Domestic	1,715	1,708	1,707.69	
C	Industrial	282	284	284.18	
D	Public lighting	104	114	114.12	
E	Agriculture and Mushroom Cultivation	0	0	0.24	
F	Railway Traction	-	-	-	
G	DMRC	165	164	163.75	
H	Delhi Jal Board	141	147	147.37	
I	Others*	176	152	78.47	
J	**Total**	**5,629**	**5,676**	**5,676.32**	**Sum (A-I)**
K	**Approved Sales**			**5,676.32**	

*Temporary supply, Advertisement & hoardings, Enforcement, Net Metering and Own Consumption

Table 97: Category wise Revenue Billed including 8% Surcharge and E-Tax as per Audited Accounts excluding Subsidy (Rs. Crore)

Sr. No.	Category	FY 2014-15	FY 2015-16
A	Domestic	1873.83	2039.47
B	Non-Domestic	1891.06	2066.21
C	Industrial	284.64	303.08
E	Agriculture and Mushroom Cultivation	0.08	0.10
D	Public lighting	83.87	95.62
F	Railway Traction	0.00	
G	DMRC	114.31	118.45
H	Delhi Jal Board	132.20	145.97
I	Others*	90.09	99.70
J	**Total**	**4470.08**	**4868.60**

*Temporary supply, Advertisement & hoardings, Enforcement and Own Consumption

AT&C LOSSES

PETITIONER'S SUBMISSION

3.346 The Petitioner had submitted that vide Tariff Order dated 26/08/2011, AT&C loss level for FY 2011-12 was determined by the Hon'ble Commission which was challenged by the Petitioner in Appeal No. 62 of 2012. It was further submitted that the AT&C Loss Target for FY 2011-12 shall be lower of the:

a) Actual loss level of the Petitioner, i.e., 21.95%

b) Reduction of 1% over AT&C Loss Target for FY 2010-11, i.e., 22%- 1%= 21%.

3.347 The Petitioner had further submitted that vide Tariff Order dated 13/07/2012 the AT&C loss level target for period FY 2012-13 to FY 2014-15 was determined based on normative loss target for FY 2011-12 and the same was also challenged before Hon'ble APTEL in Appeal No. 178 of 2012.

3.348 The Petitioner submitted that the Hon'ble APTEL in its Judgment dated November 28, 2014 (Appeal No. 62 of 2012) and March 2, 2012 (Appeal No. 178 of 2012), further directed that:

a) **AT&C Loss for FY 2011-12:** The Commission to refix the AT&C loss level for FY 2011-12 as per its letter dated 8.3.2011. As per letter dated March 8, 2011, AT&C Loss for FY 2011-12 shall be lower of Actual AT&C loss during FY 2010-11 or 1% reduction over AT&C loss target for FY 2010-11. Accordingly, AT&C Loss target for FY 2011-12 shall be 21%.

b) **AT&C Loss from FY 2012-13 to FY 2014-15:** As per Hon'ble APTEL, the AT&C Loss targets have to be reasonable in nature and in case the AT&C Loss target would have been 21% for FY 2011-12, then AT&C Loss trajectory for the MYT period shall be the following:

Table 98: Revised AT&C Loss targets as per APTEL Directions

Sr. No.	Particulars	Commission	Submission
A	AT&C Loss for FY 2011-12 (base year)	18%	21%
B	AT&C Loss for FY 2012-13	16.82%	19.62%
C	AT&C Loss for FY 2013-14	15.66%	18.27%
D	AT&C Loss for FY 2014-15	14.50%	16.92%
E	AT&C Loss for FY 2015-16	13.33%	15.55%

3.349 Therefore, the Petitioner has requested the Commission to consider the AT&C Loss target as 16.92% during FY 2014-15 and 15.55% during FY 2015-16 for computation of AT&C loss over/(under) achievement.

3.350 The Petitioner has submitted that total energy received for the consumption during the FY 2014-15 is 6717 MU and during the FY 2015-16 is 6764 MU at Petitioner periphery.

3.351 The revenue billed as submitted by the Petitioner for FY 2014-15 is Rs. 4,470.00 Crore which includes 8% surcharge amount of Rs. 309.00 Crore. The Petitioner has considered Rs. 3,979.00 Crore for AT&C loss calculation i.e. after excluding 8%

surcharge of Rs. 309.00 Crore and electricity duty of Rs. 182.00 Crore.

3.352 The revenue collection as submitted by the Petitioner for FY 2014-15 is Rs. 4,517.44 Crore which includes Electricity Duty of Rs. 181.16 Crore, and 8% surcharge of Rs. 306.09 Crore. The Petitioner has considered the collection of Rs. 4,030.019 Crore for AT&C loss calculation (i.e. excluding 8% surcharge amount of Rs. 306.09 Crore, and Electricity Duty of Rs 181.16 Crore 2014-15)

3.353 The revenue billed as submitted by the Petitioner for FY 2015-16 is Rs. 4,869.00 Crore which includes 8% surcharge amount of Rs. 332.00 Crore. The Petitioner has considered Rs. 4,322.00 Crore for AT&C loss calculation i.e. after excluding 8% surcharge of Rs. 332.00 Crore and electricity duty of Rs. 199.00 Crore.

3.354 The revenue collection as submitted by the Petitioner for FY 2015-16 is Rs. 4,908.58 Crore which includes Electricity Duty of Rs. 197.73 Crore, and 8% surcharge of Rs. 332.68 Crore. The Petitioner has considered the collection of Rs. 4,343.00 Crore for AT&C loss calculation (i.e. excluding 8% surcharge amount of Rs. 332.68 Crore, and Electricity Duty of Rs 197.73 Crore 2015-16)

3.355 The Petitioner has submitted that it has shifted from bi-monthly billing to monthly billing from January 2014 and passed on rebate amounting to Rs. 0.78 Crore in proportion to the number of bills raised during January-March'14. The same was credited to the respective consumers in June 2014. Further the rebate amounting to Rs. 17.28 Crore in proportion to the number of bills raised during FY 2014-15 was credited to the respective consumers on 31 March 2015 and was credited into individual bills of consumers in terms of the directive of the Hon'ble Commission.

3.356 Therefore, the Petitioner has requested the Commission that rebate of Rs. 18.06 Crore (Rs. 17.28 Cr. + Rs. 0.78 Cr.) and Rs. 15.88 Crore to be deducted from revenue billed for the purpose of computation of AT&C loss during FY 2014-15 & FY 2015-16 respectively.

3.357 The Petitioner had submitted the computation of AT&C Loss level and impact in under/over achievement during FY 2014-15 and during FY 2015-16 is summarised below:

Table 99: Computation of AT&C Loss for FY 2014-15 & FY 2015-16

Sr. No.	Particulars	UoM	FY 2014-15	FY 2015-16

Sr. No.	Particulars	UoM	FY 2014-15	FY 2015-16
A	Energy Input	MU	6,717	6,764
B	Energy Billed	MU	5,405	5,676
C	Amount Billed	Rs. Cr	3,961	4,322
D	Average Billing Rate	Rs. kWh	7.33	7.61
E	Distribution Loss	%	19.54%	16.07%
F	Amount Collected	Rs. Cr	3,991	4,343
G	Collection efficiency	%	100.76%	100.50%
H	Units Realized	MU	5,446	5,704
I	AT&C Loss Level	%	18.93%	15.66%

Table 100: Impact of Under achievement in AT&C Loss for FY 2014-15 & FY 2015-16

Sr. No.	Particulars	As per revised AT&C Loss	FY 2014-15	As per revised AT&C Loss Target	FY 2015-16
A	AT&C Loss Target	16.92%	18.93%	15.55%	15.66%
B	Underachievement		2.01%		0.11%
C	Energy Input (MU)	6,717	6,717	6764	6764
D	Units Realized (MU)	5581	5,446	5712	5704
E	Average Billing Rate (Rs./ kWh)	7.33	7.33	7.61	7.61
F	Amount Realized (Rs. Cr)	4,090	3,991	4349	4343
G	Financial Impact on account of underachievement (Rs. Cr)		-99		-6
H	Total Revenue Available towards ARR for FY 2014-15 (excluding Electricity Duty, LPSC and 8% RA surcharge)(Rs. Crore)		4,090		4349

COMMISSION'S ANALYSIS

3.358 The Commission directed the Petitioner to show the relevant back up data with respect to energy billed (in MU), revenue billed and revenue collected (in Rs. Crore) for FY 2014-15 and FY 2015-16 during the validation.

3.359 For the purpose of the validation, the Petitioner was directed to bring supporting data to substantiate sales details and also to bring evidence in support of the entries, which have gone into calculation of AT&C loss.

3.360 In order to conduct the prudence check to verify the reliability of sales data, the Petitioner was directed to produce month-wise billing and daily collection details for FY 2014-15 and FY 2015-16. During the course of validation exercise, Petitioner's officials brought the daily collection details and billing database for FY 2014-15 and

FY 2015-16.

3.361 Regulation 4.7(c) of DERC (Terms and conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 specifies that Collection Efficiency shall be measured as ratio of total revenue realized to the total revenue billed in the same year and revenue billed and revenue realized from Electricity Duty and Late Payment Surcharge shall not be included for computation of Collection Efficiency.

3.362 The Commission had already communicated the same to the Distribution Licensees vide its letter dated 09/05/2013 that revenue collection on account of 8% Surcharge will not be considered for computation of achievement of AT&C loss targets and.

3.363 The Commission has noted from Schedule 36(K) of the Audited Accounts for FY 2014-15 and audited Form 2.1a that the Revenue Billed during the period FY 2014-15 was Rs. 3,961.00 Crore which excludes Rs. 182.23 Crore on account of Electricity Duty (verified from the challan submitted by the Petitioner to the Municipal Corporations) and Rs. 309.01 Crore on account of 8% Surcharge. However, the Petitioner has indicated Rs. 182.23 Crore on account of 8% Surcharge and Rs. 309.01 Crore on account of Electricity Duty in its Petition.

3.364 Further, the Commission has noted from Note 43 of the Audited Accounts for FY 2015-16 and audited Form 2.1a that the Revenue Billed during the period FY 2015-16 was Rs. 4,322.00 Crore which excludes Rs. 198.81 Crore on account of Electricity Duty (verified from the challan submitted by the Petitioner to the Municipal Corporations) and Rs. 332.35 Crore on account of 8% Surcharge.

3.365 The Commission has noted that the amount billed on account of enforcement, as indicated in Audited Accounts and Audited Form 2.1(a), is Rs. 33.76 Crore for FY 2014-15 and Rs. 39.88 Crore for FY 2015-16.

3.366 Further, the amount collected on account of enforcement, as indicated in Audited Accounts and Audited Form 2.1(a), is Rs. 36.57 for FY 2014-15 and Rs. 40.73 Crore for FY 2015-16. As per the methodology followed in the earlier Tariff Orders the revenue collected against enforcement during the year(s) is only considered in the revenue billed during the year(s).

3.367 In view of above, the Commission has considered the revenue billed during FY 2014-

15 for the purpose of AT&C Loss computation detailed in the Table as follow:

Table 101: Revenue billed for AT&C Loss Computation for FY 2014-15 approved by Commission (Rs. Crore)

Sr. No.	Particulars	Petitioner's Submission	Now Approved
A	Revenue Billed as per Audited Form 2.1 (a)	4,470	4,470.07
B	Add: Revenue Billed on account of Own Consumption over and above normative level	-	4.50
C	Less: Electricity Duty	182	182.23
D	Less: 8% Surcharge	309	309.01
E	Less: Revenue billed on account of enforcement	-	33.76
F	Add: Revenue collected on account of enforcement	-	36.57
G	Less: Rebate on monthly billing	18	-
H	**Net Amount Billed**	**3,961**	**3,986.15**

Table 102: Revenue billed for AT&C Loss Computation for FY 2015-16 approved by Commission (Rs. Crore)

Sr. No	Particulars	Petitioner's Submission	Now Approved
A	Revenue Billed as per Audited Form 2.1 (a)	4,869	4,868.60
B	Add: Revenue Billed on account of excess Own Consumption	-	-
C	Less: Electricity Duty	199	198.81
D	Less: 8% Surcharge	332	332.35
E	Less: Revenue billed on account of enforcement	-	39.88
F	Add: Revenue collected on account of enforcement	-	40.73
G	Less: Rebate on monthly billing	16	-
H	**Net Amount Billed**	**4,322**	**4,338.27**

3.368 The Net Revenue collected during FY 2014-15 and FY 2015-16 as arrived at by the Commission for calculation of AT&C loss purpose is as follows:

Table 103: Revenue Collection during FY 2014-15 (Rs. Crore)

Sr. No.	Particulars	Petitioner's Submission	Now Approved	Remarks
A	Revenue Collected	4380.94	4380.94	Schedule 36 (J) of Audited Accounts
B	Subsidy disbursed	95.55	95.55	
C	Deemed Collection	40.95	40.95	
	a) Interest on SD	*21.33*	*21.33*	
	b) SD release	*1.56*	*1.56*	
	c) Domestic Rebate	*18.06*	*18.06*	
D	Gross Revenue Collected (A+B+C)	4517.44	4517.44	

Sr. No.	Particulars	Petitioner's Submission	Now Approved	Remarks
E	Less: Electricity Duty	181.16	181.16	
F	Less : 8% Surcharge	306.09	306.09	
G	Less: LPSC	21.12	21.12	
H	**Revenue Collected**	**4,009.07**	**4,009.07**	**D-E-F-G**
I	**Net Revenue Collected**	**3991.01**	**3991.01**	**H-C(c)**

Table 104: Revenue Collection during FY 2015-16 (Rs. Crore)

Sr. No.	Particulars	Petitioner's Submission	Now Approved	Remarks
A	Revenue Collected	4467.61	4467.61	Schedule 43 of Audited Accounts
B	Subsidy disbursed	392.96	392.96	
C	Deemed Collection	47.98	32.10	
	a) Interest on SD	*25.00*	*25.00*	
	b) SD release	*7.10*	*7.10*	
	c) Domestic Rebate	*15.88*	*15.88*	
D	Gross Revenue Collected (A+B+C)	4908.55	4908.55	
E	Less: Electricity Duty	197.73	197.73	
F	Less : 8% Surcharge	332.68	332.68	
G	Less: LPSC	19.33	19.33	
H	**Revenue Collected**	**4,358.81**	**4,358.81**	**D-E-F-G**
I	**Net Revenue Collected**	**4,342.93**	**4,342.93**	**H-C(c)**

3.369 The Commission has issued directive in the Tariff Order dated 31.07.2013 regarding cash payment collection as follows:

> *"5.96 The Commission directs the Petitioner, that in case the bill for consumption of electricity is more than Rs. 4000, payment for the bill shall only be accepted by the Petitioner by means of an Account Payee cheque/DD. However, the Commission has considered that the blind consumers shall be allowed to make payment of electricity bills, for any amount, through cash."*

3.370 During the prudence check exercise it has been observed that in the month of September 2014, there were 721 instances where amount collected in cash was higher than Rs. 4,000.00. Total amount of collection from such cases was approximately Rs. 0.39 Crore.

3.371 In view of the above, the Petitioner was directed via e-mail dated 03/07/2017 to provide the data for cash collection of more than Rs. 4000/-. The Petitioner provided the said information in soft copy.

3.372 On analysis of the said information it was observed that during FY 2014-15 there were 2,35,914 numbers of cash collection transactions of more than Rs. 4000/- amounting to total of Rs.177.36 Crore. Further the Commission vide e-mail dated 03/07/2017 directed the Petitioner to explain the reason for violation of the said directive. The Petitioner has not submitted proper justification for such violation of the Commission's directive. Accordingly, the Commission has decided to impose penalty of 10% of the total amount collected through cash payment over and above Rs. 4000/-. Amount collected over and above Rs 4,000/- was Rs. 82.99 Cr. Therefore, the penalty payment works out to Rs. 8.30 Crore which is reduced from the ARR of FY 2014-15.

3.373 Similarly, on analysis of the said information for FY 2015-16, 84 numbers of cash collection transactions of more than Rs. 4000/- amounting to total of Rs. 0.04 Crore were observed and the penalty works out to Rs. 9,801.00 which is reduced from the ARR of FY 2015-16.

3.374 For verification of the energy input for computation of AT&C Loss, the Commission directed State Load Dispatch Centre (SLDC) to submit the energy input for the Petitioner during FY 2014-15 and FY 2015-16 vide its letter dtd. 01/05/2017. SLDC vide its letter dtd. 25/05/2017 submitted to the Commission that energy input to Petitioner for FY 2014-15 was 6,717.11 MU and 6,761.72 MU for FY 2015-16 at the Petitioner's periphery.

3.375 Based on the above, the Commission considers the AT&C loss for FY 2014-15 and FY 2015-16 for truing up purpose as follows:

Table 105: AT&C Loss trued up by the Commission for FY 2014-15 and FY 2015-16

Sr. No.	Particulars	UoM	Approved for FY 2014-15	Approved for FY 2015-16	Remarks
A	Energy Input at Petitioner's Periphery	MU	6,717.11	6,761.72	
B	Units Billed	MU	5,404.83	5,676.32	
C	Amount Billed	Rs. Crore	3,986.15	4,338.27	
D	Average Billing Rate	Rs/kWh	7.38	7.64	(C/B)*10
E	Distribution Loss	%	19.54%	16.05%	(1-B/A)
F	Amount Collected	Rs. Crore	3,991.01	4342.93	
G	Collection Efficiency	%	100.12%	100.11%	(F/C)
H	Units Realized	MU	5,411.41	5682.41	(B*G)
I	**AT&C Loss Level**	**%**	**19.44%**	**15.96%**	(1-H/A)

3.376 Accordingly, the AT&C loss considered by the Commission in truing up for FY 2014-15 and FY 2015-16 is summarised as follows:

Table 106: AT&C loss for FY 2014-15 (%)

Particulars	Approved in the Tariff Order dated July 13, 2012	Petitioner's Submission	Now Approved
AT&C Loss	14.50%	18.93%	19.44%
Distribution Loss	14.07%	19.54%	19.54%
Collection Efficiency	99.50%	100.76%	100.12%

Table 107: AT&C loss for FY 2015-16 (%)

Particulars	Approved in the Tariff Order dated Sept. 29, 2015	Petitioner's Submission	Now Approved
AT&C Loss	13.33%	15.66%	15.96%
Distribution Loss	12.90%	16.07%	16.05%
Collection Efficiency	99.50%	100.50%	100.11%

3.377 The AT&C loss of 19.44% and 15.96% for FY 2014-15 and FY 2015-16 respectively calculated in true up is higher than the target AT&C loss of 14.50% for FY 2014-15 for the Petitioner as specified in the Tariff Order dated July 13, 2012 and 13.33% for FY 2015-16 for the Petitioner as specified in the Tariff Order dated 29/09/2015.

As per Regulation 4.8 of the MYT Regulations, 2011,

"the Distribution Licensee will be eligible for incentive by the way of higher rate of Return on Equity (to be considered while calculating RoCE) for achieving lower AT&C loss level than specified in the loss reduction trajectory...

....

...and any financial loss on account of underperformance with respect to AT&C loss targets shall be to the Licensee's account."

3.378 Accordingly, the under-recovery in the revenue realized on account of under-achievement of the AT&C loss target of the Petitioner for FY 2014-15 is summarized in the Table as follows:

Table 108: Computation of under achievement for FY 2014-15

Sr. No.	Particulars	Unit	FY 2014-15	
			Approved for FY 2014-15 in 2nd MYT Order	Now Approved
A	AT&C Loss	%	14.50%	19.44%
B	Under achievement	%		4.94%
C	Energy Input	MU	6717.11	6717.11
D	Units realised	MU	5,743.13	5,411.41

Sr. No.	Particulars	Unit	FY 2014-15	
			Approved for FY 2014-15 in 2nd MYT Order	Now Approved
E	Average Billing Rate	Rs/kWh	7.38	7.38
F	Amount realised	Rs Cr.	4,235.66	3991.01
G	Financial impact on account of under achievement which has to be borne by the Petitioner	Rs Cr.		(244.65)
H	Total revenue available towards ARR for FY 2014-15 (Excluding Electricity Duty & 8% Surcharge)	Rs Cr.		4235.66

3.379 Hence, the total revenue available towards ARR for FY 2014-15 excluding Electricity Duty and 8% Surcharge has been computed by the Commission at Rs. 4,235.66 Crore, which considers additional burden of Rs. 244.65 Crore to be borne by the Petitioner for underachievement of AT&C loss target for FY 2014-15.

3.380 The under-recovery in the revenue realized on account of under- achievement of the AT&C loss target of the Petitioner for FY 2015-16 is summarized in the Table as follows:

Table 109: Computation of under achievement for FY 2015-16

Sr. No.	Particulars	Unit	FY 2015-16	
			Approved in T.O. dated 29/09/2015	Now Approved
A	AT&C Loss	%	13.33%	15.96%
B	Under achievement	%		2.63%
C	Energy Input	MU	6,761.72	6,761.72
D	Units realised	MU	5,860.38	5,682.41
E	Average Billing Rate	Rs/kWh	7.64	7.64
F	Amount realised	Rs Cr.	4,478.95	4342.93
G	Financial impact on account of under achievement which has to be borne by the Petitioner	Rs Cr.		(136.02)
H	Total revenue available towards ARR for FY 2015-16 (Excluding Electricity Duty & 8% Surcharge)	Rs Cr.		4,478.95

3.381 Hence, the total revenue available towards ARR for FY 2015-16 excluding Electricity Duty and 8% Surcharge has been computed by the Commission at Rs. 4,478.95

Crore, which considers additional burden of Rs. 136.02 Crore to be borne by the Petitioner for underachievement of AT&C loss target for FY 2015-16.

3.382 The Hon'ble APTEL has directed the Commission in Appeal No 14 of 2012, Appeal No 61 & 62 of 2012 and Appeal No. 177 & 178 of 2012, to reconsider the AT&C Loss target from FY 2011-12 to FY 2014-15. The Commission has filed a Clarificatory application before Hon'ble APTEL on various issues including AT&C Loss Target, decided in above mentioned appeals due to variance in judgement on similar issues therefore a view in the matter will be taken, as deemed fit and appropriate, after receipt of the direction of the Hon'ble APTEL in the said application.

LONG TERM POWER PURCHASE QUANTUM

PETITIONER'S SUBMISSION

3.383 The Petitioner has submitted that almost 90% of power is purchased from generating companies owned and/ or fully controlled by the Central Government and State Government by virtue of Long Term Power Purchase Agreements which have been inherited from Delhi TRANSCO Ltd. (initially signed by DTL).

3.384 The Petitioner has considered the total cost on account of Long Term sources during FY 2014-15 and FY 2015-16 which includes the following:

a) All Power Purchase cost including fixed cost, variable cost, arrears, other charges etc. as scheduling of power is controlled by SLDC.

b) Cost incurred on account of Anta, Auraiya and Dadri Gas Stations.

c) Amount received on account of credit against Regulated Power has been considered and the benefit has been passed to the consumers.

3.385 The Petitioner had submitted source-wise Quantum and Cost of Long Term Power purchased for FY 2014-15 and FY 2015-16 as follows:

Table 110: Details of Power Purchase Cost Station wise For FY 2014-15

Sr. No	Stations	Petitioner Share MU	Fixed Charge Rs. Cr.	Variable Charge Rs. Cr.	Other Charges Rs. Cr.	Arrears* Rs. Cr.	Total Charges Rs. Cr.	Avg. Rate Rs./ kWh
1	2	3	4	5	6	7	8=sum(4 to 7)	9=8/3*10
A	**NTPC**							
i	Anta Gas	43	6	13	0	0	19	4.43
ii	Auraiya Gas	39	7	15	0	0	22	5.56
iii	Dadri Gas	46	9	18	0	0	27	5.82
iv	Dadri – I	720	62	260	0	22	345	4.78

Sr. No	Stations	Petitioner Share MU	Fixed Charge	Variable Charge	Other Charges	Arrears*	Total Charges	Avg. Rate
			Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs./ kWh
1	2	3	4	5	6	7	8=sum(4 to 7)	9=8/3*10
v	Dadri – II	1282	209	450	0	43	703	5.48
vi	Farakka	39	3	11	0	1	16	3.99
vii	Kahalgaon – I	90	9	23	0	0	32	3.53
viii	Kahalgaon – II	288	34	70	0	2	106	3.69
ix	Rihand – I	166	14	27	0	3	44	2.68
x	Rihand – II	227	21	38	0	4	63	2.76
xi	Rihand – III	222	30	37	0	-9	59	2.63
xii	Singrauli	410	23	49	0	5	77	1.87
xiii	Unchahar – I	42	4	11	0	1	16	3.84
xiv	Unchahar – II	84	7	22	0	2	32	3.84
xv	Unchahar – III	53	7	14	0	1	23	4.23
xvi	Aravali Jhajjar	8	16	3	0	-5	15	17.66
	Sub Total	**3760**	**462**	**1062**	**1**	**72**	**1597**	**4.25**
B	**NHPC**							
i	Bairasul	21	2	2	0	0	3	1.66
ii	Chamera – I	50	4	4	0	1	9	1.77
iii	Chamera – II	49	7	7	0	1	15	3.06
iv	Chamera – III	32	8	8	0	0	16	5.06
v	Dhauliganga	24	3	3	0	2	8	3.53
vi	Dulhasti	69	20	20	0	3	43	6.26
vii	Salal	99	5	5	0	11	21	2.09
viii	Tanakpur	9	2	1	0	0	3	3.04
ix	Uri	83	7	7	0	5	18	2.15
x	Sewa – II	18	4	4	0	0	9	4.84
xi	Parbati – III	21	3	6	0	2	10	4.97
xii	Uri – II	40	7	7	0	4	18	4.58
	Sub Total	**514**	**71**	**73**	**0**	**29**	**174**	**3.38**
C	**THDC**							
i	Tehri HEP	78	19	17	0	39	75	9.70
ii	Koteshwar	30	6	6	0	0	11	3.85
	Sub Total	**107**	**24**	**23**	**0**	**39**	**87**	**8.08**
D	**DVC**							
i	Mejia Units -6 (LT-4)	0	23	0	0	0	23	
ii	DVC Chandrapur 7 & 8 (LT-3)	0	80	0	0	0	81	
iii	Mejia Units -7	0	102	0	0	1	103	
	Sub Total	**0**	**205**	**0**	**0**	**1**	**206**	
E	**NPCIL**							
i	NAPS	69	0	16	1	0	17	2.53
ii	RAPP B Units 3&4	0	0	0	0	0	0	

Sr. No	Stations	Petitioner Share	Fixed Charge	Variable Charge	Other Charges	Arrears*	Total Charges	Avg. Rate
		MU	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs./ kWh
1	2	3	4	5	6	7	8=sum(4 to 7)	9=8/3*10
iii	RAPP C Units 5&6	78	0	27	0	0	28	3.52
	Sub Total	**147**	**0**	**43**	**1**	**1**	**45**	**3.06**
F	**SJVNL**							
i	Naptha-Jhakri#	0	25	0	0	11	37	
	Sub Total	**0**	**25**	**0**	**0**	**11**	**37**	
G	**Others**							
i	Tala HEP	24	0	5	0	0	5	2.02
ii	Sasan UMPP	708	11	79	0	3	93	1.32
	Sub Total	**732**	**11**	**84**	**0**	**3**	**98**	**1.34**
H	**Total CSGS**	**5261**	**799**	**1285**	**2**	**156**	**2243**	**4.26**
I. Delhi Generating Stations								
i	IPGCL					0	0	
ii	BTPS	543	64	252	0	69	386	7.12
iii	Rajghat	90	27	30	0	4	62	6.83
iv	Gas Turbine	234	42	108	0	0	150	6.41
v	Pragati - I	328	38	137	0	0	174	5.31
vi	Pragati -III, BAWANA	432	214	133	0	0	347	8.04
	Sub Total	**1626**	**385**	**660**	**0**	**73**	**1119**	**6.88**
J	**Credit Regulation of power**					-1.3	-1	
K	**Interest**					-22	**-22**	
L	**Grand Total**	**6,888**	**1,184**	**1,946**	**2.6**	**206**	**3,338**	**4.85**

** Includes arrears of Rs. 192.54 Crore pertaining to previous years*

 # includes Credit of Rs. 31.71 Crore

Total Credit of Rs. 32.98 Crore received during FY 2014-15

Table 111: Details of Power Purchase Cost Station wise for FY 2015-16

Sr. No	Stations	Petitioner Share	Fixed Charge	Variable Charge	Other Charges	Arrears*	Total Charges	Avg. Rate
		MU	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs./ kWh
1	2	3	4	5	6	7	8= sum (4 to 7)	9= 8/3*10
A	**NTPC**							
i	Anta Gas	18	5	6	0	0	11	6.35
ii	Auraiya Gas	27	7	11	0	-1	17	6.28
iii	Dadri Gas	52	9	19	0	-2	26	5.05
iv	Dadri – I	237	42	83	0	-13	112	4.71
v	Dadri – II	1,091	204	377	0	-31	550	5.05
vi	Farakka	26	3	7	0	-1	10	3.75

Sr. No	Stations	Petitioner Share	Fixed Charge	Variable Charge	Other Charges	Arrears*	Total Charges	Avg. Rate
		MU	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs./ kWh
1	2	3	4	5	6	7	8= sum (4 to 7)	9= 8/3*10
vii	Kahalgaon – I	62	8	15	0	-1	22	3.53
viii	Kahalgaon – II	242	32	55	0	-5	82	3.40
ix	Rihand – I	146	14	25	0	-1	37	2.56
x	Rihand – II	208	20	34	0	-2	53	2.53
xi	Rihand – III	211	30	33	0	18	82	3.87
xii	Singrauli	545	27	72	2	-1	100	1.83
xiii	Unchahar – I	31	3	9	0	-1	11	3.55
xiv	Unchahar – II	67	7	18	0	-2	24	3.51
xv	Unchahar – III	39	7	11	0	-1	16	4.16
xvi	Aravali Jhajjar	20	14	8	0	6	28	14.09
xvii	Koldam	52	13	14	0	0	28	5.36
	Sub Total	**3,076**	**446**	**797**	3	-36	**1,209**	**3.93**
B	**NHPC**							
i	Bairasul	0	2	0	0	1	3	
ii	Chamera – I	0	4	0	0	1	5	
iii	Chamera – II	0	7	0	0	2	9	
iv	Chamera – III	0	8	0	0	4	12	
v	Dhauliganga	0	5	0	0	2	7	
vi	Dulhasti	69	20	19	0	4	43	6.20
vii	Salal	0	6	0	0	4	9	
viii	Tanakpur	0	2	0	0	1	2	
ix	Uri	0	7	0	0	2	10	
x	Sewa – II	0	2	0	0	0	2	
xi	Parbati – III	20	4	6	0	0	11	5.42
xii	Uri – II	30	11	7	0	8	25	8.30
	Sub Total	**118**	**77**	**31**	0	28	**137**	**11.55**
C	**THDC**							
i	Tehri HEP	66	18	19	0	28	66	9.89
ii	Koteshwar	30	6	6	0	0	11	3.81
	Sub Total	**96**	**23**	**25**	0	29	**77**	**8.01**
D	**DVC**							
i	Mejia Units -6 (LT-4)	154	24	33	0	1	58	3.76
ii	DVC Chandrapur 7 & 8 (LT-3)	369	68	83	0	-29	122	3.30
iii	Mejia Units -7	552	110	117	0	-112	115	2.08
	Sub Total	**1,075**	**201**	**233**	0	-139	**294**	2.74
E	**NPCIL**							
i	NAPS	84	0	20	1	0	21	2.53
ii	RAPP	107	0	37	0	0	37	3.50
		0	0	0	0	0	0	
	Sub Total	**191**	**0**	**57**	1	1	**59**	**3.07**
F	**SJVNL**							
i	Naptha-Jhakri	0	26	0	0	0	26	

Sr. No	Stations	Petitioner Share	Fixed Charge	Variable Charge	Other Charges	Arrears*	Total Charges	Avg. Rate
		MU	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs./ kWh
1	2	3	4	5	6	7	8= sum (4 to 7)	9= 8/3*10
	Sub Total	**0**	**26**	**0**	0	0	**26**	
G	**Others**							
i	Tala HEP	24	0	5	0	0	5	2.08
ii	Sasan UMPP	1,719	27	197	10	36	270	1.57
	Sub Total	**1,744**	**27**	**202**	10	36	**275**	**1.58**
H	**Total CSGS**	**6,300**	**801**	**1,345**	14	-82	**2,078**	**3.30**
I. Delhi Generating Stations								
i	IPGCL	0	0	0	0	0	0	
ii	BTPS	359	60	161	0	-17	205	5.71
iii	Rajghat	8	5	3	0	-4	4	4.41
iv	Gas Turbine	82	29	35	0	-31	33	4.01
v	Pragati - I	261	38	101	0	-17	123	4.70
vi	Pragati -III, BAWANA	344	148	97	0	-24	222	6.45
	Sub Total	**1,053**	**279**	**398**	0	-93	**585**	**5.56**
J	**Renewable**				0	0		
i	**EDWPCL**	**3**	**0**	**0**	0	1	1	3.15
ii	**SECI**	**33**	**0**	**18**	0	0	18	5.51
	Sub Total	**36**	**0**	**18**	0	1	**19**	**5.33**
K	**Credit -Regulation of power**				0			
	NHPC	0	0	0	-1	-44	-45	
	SJVNL	0	0	0	0	-21	-21	
	Sub Total				-1	-66	-66	
L	**Interest Cost**				0	0	0	
M	**Grand Total**	**7,388**	**1,081**	**1,762**	**13**	**-240**	**2,616**	**3.54**

** Includes arrears of Rs. 193 Crore pertaining to previous years*

COMMISSION'S ANALYSIS

3.386 The Commission in its Tariff Order dated 23/07/2014 has approved gross power purchase quantum of 8,608 MU from all sources including Central and State Sector Generating Stations for FY 2014-15. Similarly, the Commission in its Tariff Order dated 29/09/2015, has approved gross power purchase quantum of 8,895 MU from all sources including Central and State Sector Generating Stations for FY 2015-16.

3.387 The Commission vide its letter dated 01/05/2017 directed SLDC to verify the figures of Long Term Power Purchase and Short Term Power purchase/sale for Delhi DISCOMs. SLDC vide its letter dated 25/5/2017 has submitted source wise Long Term

Power Purchase and Short Term Power purchase/sale for Delhi DISCOMs.

3.388 The Commission observed that there was deviation in the Power Purchase Quantum submitted by Petitioner and that submitted by SLDC to the Commission due to peripheral mismatches i.e., for few plants, the Petitioner has considered the power at Northern periphery whereas SLDC has considered at DTL periphery. Therefore, a meeting was held in the office of the Commission on 07/07/2017 during which Petitioner and SLDC were directed to reconcile station wise Long Term power purchase and source wise Short Term power purchase at DTL periphery and submit the jointly signed statement to the Commission.

3.389 Accordingly, the Petitioner has submitted the Long Term Power Purchase Quantum station wise duly signed by Petitioner and SLDC. The Commission has considered the same for FY 2014-15 and FY 2015-16.

3.390 The Commission, in its Tariff Order dated 23/07/2014 had projected Rs. 3,250.46 Crore as Gross Power Purchase Cost from Central and State Generating Stations for 8,607.97 MU at an average rate of Rs. 3.78/kWh for FY 2014-15. The Petitioner has submitted the Gross Power Purchase Cost of Rs. 3,338 Crore for purchase of 6,888 MU at an average rate of Rs. 4.85/kWh for FY 2014-15 as indicated in the aforesaid Table.

3.391 The Commission has verified the station-wise, month-wise power purchase bills raised by various generators to the Petitioner for FY 2014-15 and FY 2015-16. It is observed that major reason for increase in actual average rate of power purchase cost for FY 2014-15 in comparison to the projected average power purchase cost for major Power Plants is as follows:

Table 112: Comparison of Projected Rate vis-à-vis Actual Rate FY 2014-15

Power Plant	Projected Rate for FY 2014-15 (Rs./kWh)	Actual Rate FY 2014-15 (Rs./kWh)
Pragati-I	4.20	5.31
Rajghat	6.36	6.83
PPS-III Bawana	6.22	8.04
Sasan UMPP	1.19	1.32

3.392 Similarly, the Commission, in its Tariff Order dated 29/09/2015 had approved Rs. 3,310.28 Crore as Gross Power Purchase Cost from Central and State Generating Stations for 8,895.33 MU at an average rate of Rs. 3.72/kWh. The Petitioner has submitted the Gross Power Purchase Cost of Rs. 2,616.00 Crore for purchase of 7,388 MU at an average rate of Rs. 3.54/kWh, as indicated in the aforesaid Table, which is lesser than that projected in the Tariff Order.

LONG TERM POWER PURCHASE COST

AVOIDABLE POWER PURCHASE COST-NON-ADHERENCE OF MERIT ORDER DISPATCH

PETITIONER'S SUBMISSION

3.393 The Petitioner has stated that Merit Order Despatch (MOD) is controlled by SLDC and the Hon'ble Commission has relied upon one of the letter dated May 19, 2015 vide which the Petitioner has requested SLDC for backing down of two Eastern Region plants. However, the Petitioner also submitted SLDC's letter dated December 13, 2013 wherein SLDC intimated that RLDC does not schedule power as per the requirement of DISCOMs.

3.394 The Petitioner has further submitted that Hon'ble Commission has relied on Hon'ble ATE Judgment dated April 8, 2015 (Appeal No. 160 of 2012) (R-Infra D versus MERC). However the Hon'ble Commission ignored the fact that Mumbai DISCOMs do not have any allocation from Central Generating Stations and thus scheduling is not dependent on SLDC in their case. Unlike Delhi, DISCOM-wise scheduling is possible in Mumbai. The scheduling is still being done by SLDC and DISCOMs have no control over backing-down of the costly power plants. Hence the Petitioner has not considered any deduction in power purchase cost on account of Merit Order Despatch.

COMMISSION'S ANALYSIS

3.395 The Clause 5.4 of the Terms and Conditions of the Licence granted by the Commission to the Petitioner deals with optimisation of Power Purchase Cost which is as follows:

"The Licensee shall purchase the energy required by the Licensee for Distribution and Retail Supply in an economical manner and under a transparent power purchase or procurement process......"

3.396 Further, as per Regulation 5.25 of the DERC MYT Regulations, 2011, while approving the cost of power purchase, the Commission shall determine the quantum of power to be purchased from various sources in accordance with the principles of merit order schedule and despatch based on ranking of all approved sources of supply in the order of their variable cost of power. All power purchase costs shall be considered legitimate unless it is established that the merit order principle has been violated or power has been purchased at unreasonable rates or the power procurement guidelines as laid down by the Commission from time to time has not been followed.

3.397 As per the above mentioned licence condition and Regulation, the Petitioner is required to procure the power in an economical manner following the principle of Merit Order Dispatch which is an integral part of this process. As per Merit Order Dispatch principle, the plants are stacked in least cost approach of their Variable Cost. The demand is then met through stations in ascending order of their Variable Cost subject to various Technical Constraints and the balance power from the left over stations after meeting the required demand, are not scheduled. Such balance power from the left over stations could have been backed down considering Technical Constraints and such surplus power could have been avoided.

3.398 The Commission further observes that it has directed SLDC vide its letter dtd. 21/11/2013 to implement DISCOM-wise scheduling in Delhi based on the request of the Distribution Licensees. Therefore, the contention of the Petitioner that on account of non implementation of DISCOM-wise scheduling in Delhi, it could not adhere to Merit Order Despatch principle is wrong and rejected.

3.399 During the prudence check exercise, the Petitioner was asked to provide correspondences related to backing down request made to SLDC. Petitioner submitted letter dated 05/04/2014 from SLDC which states that due to grid constraints scheduling of generation of BTPS, Pragati, RPH and GT shall be done by SLDC only. However, in their letter dated 07/05/2014 SLDC states that the interval between consecutive revisions may be kept at least 90 minutes and accordingly the pre-planning of load generation balance is carried out by DISCOMs.

3.400 Therefore, the Commission has excluded various power stations from Merit Order Dispatch principle which have must run status like Nuclear & Hydro, State GENCOs which are considered in the Islanding scheme of Delhi and Eastern Region Plants where there is time delay in revision of schedule.

3.401 The Commission has observed that in FY 2014-15 and FY 2015-16 the Petitioner has violated Merit Order Dispatch principle for few stations like NCPP Dadri I and II which were scheduled over and above the technical limit even after meeting the demand. During such time period when NCPP Dadri I and II were scheduled over and above the technical limit, and the Surplus Power from these substations was sold below the variable cost of these stations.

3.402 The Commission has computed the impact due to violation of Merit order by considering the month-wise actual units of power purchase over and above the Technical Minimum limit which had been sold as Surplus Power (except Banking and UI) but could have been backed down.

3.403 Avoidable Power Purchase Cost due to scheduling of Power without considering Merit Order Dispatch Principle by the Petitioner is Rs. 0.78 Crore for FY 2014-15 and Rs. 0.51 Crore 2015-16. The Commission has decided to disallow Rs. 0.78 Crore and Rs. 0.51 Crore from the Power Purchase Cost of FY 2014-15 and FY 2015-16 respectively.

3.404 The Commission directs that the Petitioner to adopt Merit Order Dispatch principle as specified in 2nd MYT Regulations and directions in various Tariff Orders in totality for all plants excluding the plants under must run and plants associated with islanding scheme and submit back down requests for such targeted plants to SLDC in a timely and desired manner.

AVOIDABLE POWER PURCHASE COST FROM ANTA, AURAIYA AND DADRI GAS STATIONS

PETITIONER'S SUBMISSION

3.405 The Petitioner has submitted that the Commission has in its Orders dated June 12, 2015 and September 29, 2015 disallowed power purchase cost Power Purchase Cost from Anta, Auraiya and Dadri Gas Stations. It had purchased power in accordance with the terms of the PPAs, which had not been objected to and in fact accepted during the assignment/reassignment of PPAs in the past by the Hon'ble Commission and as per the tariff determined by Hon'ble CERC. Therefore, now the Commission is estopped from withdrawing the purchase permitted in its past tariff orders, which have attained finality on this issue.

3.406 The disallowance is all the more egregious and unsustainable as the same has been done in truing up. The basis of incurring such costs by the Petitioner was the tariff orders which allowed the Petitioner to purchase power from these power stations during the years in which the tariff orders, which are being trued up, were passed.

COMMISSION'S ANALYSIS

3.407 The Commission in its Tariff Order dtd. 29/09/2015 observed that validity of PPA from Anta, Auraiya and Dadri stations have expired on 31.03.2012. However, the Petitioner renewed PPA of these plants without getting approval from the Commission which is violation of Licence condition. Therefore, the Commission disallowed Rs. 37.17 Cr. and Rs. 37.78 Cr. from these stations respectively in its Tariff Order dtd. 29/09/2015 for FY 2012-13 and FY 2013-14 by setting of the cost of procurement of these stations at the monthly average rate of exchange. The relevant extract of the Tariff Order dtd. 29/09/2015 is as follows:

"Disallowance of Avoidable Power Purchase Cost from Anta, Auraiya and Dadri Gas in

FY 2012-13

3.127 The Clause 5.2(a) of the Terms and Conditions of the License granted by the Commission to the Petitioner deals with approval of the Commission for purchase of power which is as follows:

"The Licensee shall not, without the general or special approval of the Commission:

a. Purchase or otherwise acquire electricity for distribution and retail supply except in accordance with this License and on the tariffs and terms and conditions as may be approved by the Commission."

3.128 During the Technical Validation Session, it was observed from the internal audit report of the Petitioner that validity of PPA from Anta, Auraiya and Dadri stations have expired on 31.03.2012 and Singrauli's PPA has expired on 30.04.2013. These PPAs have been renewed by the Petitioner without intimating or getting prior approval from the Commission. As per internal audit report of the Petitioner for FY 2013-14, Anta, Auraiya and Dadri Gas based stations are costlier than their average power purchase cost. The Commission has also sought clarification vide its letter dated 19.03.2015 from the Petitioner regarding renewal of PPA from these stations *without getting the approval of the Commission.*

3.129 The Petitioner has submitted that the renewal of PPA has been extended on existing terms and conditions. Therefore, approval of the same from the Commission is not required. The Petitioners submission regarding renewal of PPA is factually incorrect because whenever the analysis for projected demand and supply is considered, the supply from each station is being considered up to the date of validity of existing PPA. Therefore, before extending the existing PPA for further periods, cost benefit analysis for procurement should have been considered by the Petitioner and as per license condition, the approval from the Commission was required, which has not been done by the Petitioner. Further, the Petitioner vide its letters dated 15.06.2015, 30.06.2015, 13.07.2015 has submitted its proposal to surrender its allocation from Anta, Auraiya and Dadri Gas Stations forever from their portfolio due to high cost of generation from these stations. The said letters were also submitted to GoNCTD by the Petitioner.

3.130 In view of the above, the Commission has decided that the power purchase cost from Anta, Auraiya and Dadri Gas based station should not be considered into the total power purchase cost after the expiry date of PPA due to their high cost of generation. As regards power from Singrauli, the Commission has considered the same even after the expiry of PPA and its renewal without intimation to the Commission, in the overall interest of the consumers as the generation cost from this station is Rs. 1.76/kWh which is quite less than the average Power Purchase Cost from the Petitioner's portfolio and the Petitioner has also not submitted any proposal for surrender of power from Singrauli to GoNCTD/Commission.

3.131 The Commission has thus decided that the differential power purchase cost from Anta, Auraiya and Dadri Gas based station has to be disallowed for FY 2012-13. The Commission has considered the power scheduled from Anta, Auraiya and Dadri gas stations as these powers were procured by the Petitioner through Short Term sources. Therefore, the cost of procurement of these powers has been allowed at the monthly average rate of exchange as per CERC market monitoring report for FY 2012-13. Accordingly, the difference between the actual rate of power procured and exchange rate of Northern Region (N2) amounting to Rs. 37.17 Crore from these *stations has been disallowed in FY 2012-13....*

3.408 The Commission in its PPAC Order dtd. 12/06/2015 excluded the cost of procurement of power from these stations. The said Order was challenged by TPDDL in Appeal No. 186 of 2015 & IA No. 318 of 2015 and Appeal No. 196 of 2015 & IA No. 335 of 2015 before Hon'ble APTEL. Hon'ble APTEL has examined the methodology adopted by the Commission in Tariff Order dated 29/09/2015 regarding disallowance of Power Purchase Cost for FY 2012-13 and FY 2013-14 due to power procured from Anta, Auraiya and Dadri gas stations and upheld the same as follows:

> *"7.7 Further, the Appellant has relied on Clause 5.1 of the license conditions which states as under:*
>
> *"5.1 The Licensee shall be entitled to purchase, import or otherwise acquire electricity from such sources and persons with whom the Licensee had agreements or arrangements of power purchase or procurement of energy as on the date of the coming into force of the Transfer Scheme, in accordance with the terms and conditions of such agreement and arrangement".*
>
> *The contention of the Appellants that the approval of the Commission is not required, is not correct and the licensees are bound to comply with the license conditions. Further, there is no provision of a deemed approval in the license conditions. It is also mentioned in the license conditions that the licensee shall purchase the energy required for distribution and retail supply in an economical manner and under a transparent power purchase or procurement process and in accordance with the Regulations framed by the Commission from time to time. As per the license conditions, prior approval from Delhi Commission was required which had not been done by the Appellants.*
>
> *....*
>
> *7.9 **Accordingly, we do not find any infirmity in disallowing the actual cost of power procurement from Anta, Auraiya and Dadri Gas Generating Stations**. However, the Commission considered the power drawn from these stations at short-term power purchase rate as the power was already consumed by the Appellant.*

3.409 The Commission has adopted similar methodology as upheld by Hon'ble APTEL for computing avoidable Power Purchase Cost from Anta Auraiya and Dadri costly Gas based Power Plants for FY 2014-15 and FY 2015-16, due to renewal of PPA without approval of the Commission, as follows:

Table 113: Amount Disallowed from Anta, Auraiya and Dadri Gas Stations during FY 2014-15

Sr.No.	Power Stations	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total	Reference
A	**Quantum Purchased in FY 2014-15 (MU)**														
B	Anta	4.73	1.33	4.45	3.38	3.57	3.09	2.46	5.89	5.58	4.40	2.21	1.67	42.76	
C	Auraiya	3.78	3.13	3.81	3.11	3.51	3.45	3.30	4.07	3.95	1.57	1.61	3.16	38.45	
D	Dadri	2.75	2.16	2.81	3.60	3.70	3.84	2.79	6.68	5.64	3.72	2.58	5.57	45.84	
E	**Rate (Rs./kWh)**														
F	Anta	3.72	9.00	3.77	4.09	3.13	4.54	4.58	4.19	4.38	4.65	5.71	6.49		
G	Auraiya	4.68	4.88	4.92	5.08	5.21	5.74	5.00	5.62	6.05	8.41	7.94	6.08		
H	Dadri	6.30	6.73	6.21	4.86	5.45	5.95	5.90	5.24	5.80	6.39	7.20	5.45		
I	Delhi exch. Rate (n2)	3.44	3.16	3.56	3.35	4.19	4.06	3.66	2.63	2.97	2.70	2.60	2.44		
J	**Disallowed Cost (Rs. Cr.)**														
K	Anta	0.13	0.78	0.09	0.25	-0.38	0.15	0.23	0.92	0.79	0.86	0.69	0.68	5.18	A(D-G)
L	Auraiya	0.47	0.54	0.52	0.54	0.36	0.58	0.44	1.22	1.22	0.90	0.86	1.15	8.78	B(E-G)
M	Dadri	0.79	0.77	0.74	0.54	0.47	0.73	0.62	1.74	1.60	1.37	1.19	1.68	12.24	C(F-G)
N													**Total**	**26.19**	**(H+I+J)**

Table 114: Amount Disallowed from Anta, Auraiya and Dadri Gas Stations during FY 2015-16

	Power Stations	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total	Reference
A	**Quantum Purchased in FY 2015-16 (MU)**														
B	Anta	0.69	2.41	3.61	0.16	0.95	2.95	0.15	2.58	3.00	1.10	-	0.49	18.09	
C	Auraiya	2.36	1.92	3.33	0.86	3.35	0.42	2.10	3.29	3.79	2.06	2.94	0.71	27.13	
D	Dadri	4.39	4.12	4.57	4.03	4.96	5.36	3.70	3.79	5.12	4.00	4.90	2.75	51.69	
E	**Rate (Rs./kWh)**														
F	Anta	6.82	6.61	4.18	31.36	8.02	4.97	32.81	4.41	4.67	9.82	-	12.47		
G	Auraiya	5.72	6.72	4.72	10.50	5.69	18.82	6.34	5.06	5.33	8.21	5.72	11.68		
H	Dadri	4.84	5.52	4.67	6.29	5.33	5.23	5.52	1.89	4.77	5.67	4.95	6.21		
I	Delhi exch. Rate	2.48	2.26	3.18	3.20	2.65	3.43	2.89	2.55	2.45	2.88	2.64	2.60		
J	**Disallowed Cost (Rs. Cr.)**														
K	Anta	0.30	1.05	0.36	0.45	0.51	0.45	0.45	0.48	0.66	0.76	0.00	0.48	5.96	A*(D-G)
L	Auraiya	0.76	0.86	0.51	0.63	1.02	0.65	0.73	0.83	1.09	1.10	0.90	0.64	9.71	B*(E-G)
M	Dadri	1.04	1.34	0.68	1.24	1.33	0.96	0.97	-0.25	1.19	1.11	1.13	0.99	11.74	C*(F-G)
N													**Total**	**27.42**	

3.410 In view of the above, the Commission has decided to reduce power purchase cost by Rs. 26.19 Cr. and Rs. 27.42 Cr. for FY 2014-15 and FY 2015-16 respectively.

3.411 The Petitioner vide its letter dated 30/11/2016 had requested for allowance of arrears bills of Anta, Auraiya and Dadri Gas plants for the period FY 2012-13 and FY 2013-14.

3.412 The Commission observes that it had disallowed Rs. 37.17 Cr. for FY 2012-13 and Rs. 37.78 Cr. for FY 2013-14 in Tariff Order dated 29/09/2015. Such disallowances were on account of renewal of PPA after its expiry from these plants without Commission's approval. While considering such disallowance, the past Arrear Bills, pertaining to period before expiry of PPA and raised in FY 2012-13 to FY 2013-14 were also disallowed. The Commission has indicated in the reply to the Appeal filed before Hon'ble APTEL in Appeal No. 290 of 2015 that such past arrear bills when submitted before the Commission will be considered after prudence check.

3.413 Accordingly, the Petitioner had submitted that the past Arrear Bills which had been raised by NTPC for Anta, Auraiya and Dadri Gas based Power Plants. These bills were verified and it was observed that such arrear bills pertain to the period before the expiry of the PPA but raised in FY 2012-13 & FY 2013-14 for Rs. 12.17 Cr. & Rs. 2.56 Cr. respectively. The impact has been considered in the

3.414 Table 92: Impact as approved by the Commission on account of implementation Hon'ble APTEL Judgments (Rs. Cr.).

3.415 Further, during prudence check, the Petitioner was asked to submit details regarding the arrear bills for the period FY 2014-15 and FY 2015-16 which were pertaining to the period before the expiry of the PPA. The Petitioner vide their e-mail dated 06/06/2017 has submitted as follows:

> *"2) Arrear billing amount of Anta, Auraiya & Dadri-G up to March'12 received in FY 14-15 is Rs -0.21 Cr & FY 15-16 is Rs -0.03 Cr, "*

3.416 Accordingly, the Commission has considered Rs. 0.21 Cr in FY 2014-15 and Rs. 0.03 Cr FY 2015-16 in the Power Purchase Cost of the Petitioner.

IMPACT DUE TO REGULATION OF POWER

PETITIONER'S SUBMISSION

3.417 The Petitioner has submitted that it has paid fixed cost to the generating companies who regulated their power supply to the Petitioner on account of non-payment of their dues, and have diverted the regulated power to some other beneficiary, in accordance with the CERC (Regulation of Power Supply) Regulations, 2010.

3.418 The Petitioner has submitted before the Commission to consider fixed cost paid to the Generators due to the following reasons:

a) The Petitioner is purchasing power from Long Term sources at RTC basis. The power available from Long Term sources, being surplus is sold at lower rates than the average power purchase cost during off-peak hours. The loss on account of sale of surplus power being uncontrollable in nature is passed on to the consumers. By regulation of power, however, such a loss is mitigated because when certain generating stations discontinue supply of power under the scheme of 'Regulation of Power', the Petitioner is only required to pay the fixed charges and not the energy charges. Therefore the Petitioner is avoiding the loss on account of sale of surplus power during off-peak hours.

b) In terms of the Power Purchase Agreement executed by the Petitioner with various Generating Companies and CERC Regulation on Power Supply Regulation, the Petitioner is contractually mandated to pay fixed charges to the Generating Company even though it is the Generating Company which restricts the power supply under the mechanism of regulation of supply owing to the non-payment of its outstanding dues. Under section 86(1)(b) while approving procurement of power through Power Purchase Agreements, the Commission allows fixed charges and variable charges to be paid by the Petitioner to the Generating Companies.

c) The financial position of the Petitioner over the past 3 - 4 years was a result of a lack of cost reflective tariff and non- implementation of the various Orders passed and directions issued by the Hon'ble APTEL. As a result there is building up of regulatory assets.

d) The funding of these regulatory assets has been done by availing financial assistance from lenders through increased debt. Because of these reasons, payments of suppliers, generators and transmission companies had to be deferred.

COMMISSION'S ANALYSIS

3.419 During FY 2014-15, the Petitioner's power was regulated from NHPC, SJVNL, DVC and other cheaper stations due to non-payment of outstanding dues to the generators.

As a result Petitioner had to procure power on Short Term basis from Bilateral Contracts, Power Exchanges and Inter DISCOM Transfer.

3.420 This Petitioner's submission that part of surplus power has been reduced due to regulation of power and the Petitioner could still meet the demand by procuring lower quantum of power through Short Term market on need basis is not justified. The Commission is of the view that if power would not have been regulated then the Petitioner would have the option for backing down costlier plants in-order to procure power at comparative economical rate in order to optimize their power purchase cost. Further, Regulation of Power cannot be treated as mechanism to optimise surplus power and meet demand by procuring power from Short Term market.

3.421 CERC vide its Regulations had introduced Central Electricity Regulatory Commission (Regulation of Power Supply) Regulations, 2010 on 28/09/2010 which are applicable to the Generating Station and the Transmission System where there is a specific provision in the Agreement between the Beneficiaries and Generating Company or the Transmission Licensee as the case may be, for Regulation of Power supply in case of non-payment of outstanding dues or non-maintenance of Letter of Credit or any other agreed Payment Security Mechanism. In its Statement of Reasons (SOR), CERC has specifically indicated that responsibility of bearing the capacity charges has to remain with the Regulated Entity. The relevant extract of the said SOR is as follows:

> *" 9.3 We have considered the comments and are of the view that a balance has to be maintained between the benefit and risk of the Regulating Entity as well as Regulated Entity. As a result of regulation of power supply, the generator is already ensured of getting all its expenses, including the capacity charge, energy charge and incidental charges like trading margin, if sold through a trader. So, there would not be loss to the generator due to regulation of power. As per the provisions of these regulations, the Regulated Entity has to pay capacity charge even if the power is not scheduled to him due to regulation.*
>
> *....*
>
> *13.7 We are of view that during the regulation of power, the allocation of*

generating capacity remains with the Regulated Entity and only the power generated from it is being diverted for the specific reason of non-payment of outstanding dues by the Regulated Entity. Therefore, the responsibility of bearing the capacity charges has to remain with the Regulated Entity."

3.422 The Commission vide its letter dated 28/12/2012 and dated 11/04/2013 communicated its decision to the distribution licensee as follows:

> *"..in such cases where cheaper power is regulated due to nonpayment of dues and eventually distribution licensee purchases expensive power to meet the demand, at the time of true-up cost of such expensive power will be restricted to the cost of cheaper power"*

3.423 In view of the above, the Commission has decided to continue with its existing practice for treatment of Regulated Power and disallow the prorated Fixed Cost as also indicated in para 3.260 of the Tariff Order dtd. 29/09/2015.

3.424 The Commission vide its letter dtd. 01/05/2017 directed SLDC to submit the power station wise, Regulated Quantum of power available if there would not had been Regulation and also source-wise Short Term purchases done during such Regulated period. SLDC vide its letter dtd. 25/05/2017 has submitted the said information indicating that for FY 2014-15 there was 1493.87 MU and 698.82 MU of regulated power for FY 2014-15 and FY 2015-16 from various stations of NHPC, SJVNL and DVC.

3.425 The Petitioner vide its email dtd. 24/03/2017 has submitted the Fixed Cost borne on account of Regulated Power and Credit received for such Regulated Power.

3.426 The Commission had sought information from NHPC, SJVNL and DVC regarding Credit given to the Petitioner and found that the information submitted by the Petitioner is same as provided by various Generating Companies.

3.427 The Commission observed that that they have factored in credit amount of Rs. 31.71 Cr. and Rs. 1.26 Cr. for SJVNL and NHPC respectively in its Gross Power Purchase Cost which is also indicated in its Petition in table no. 3.12.

3.428 Further, the Commission in its prudence check session has observed that Petitioner received credit invoice dated 06/02/2017 from Damodar Valley Corporation (DVC) for FY 2015-16 indicated in the table as follows. These amounts have not been factored in the True Up Order of FY 2013-14 by the Commission and true up Petition for FY 2014-15 filed by the Petitioner as the same has been received from

DVC on 06/02/2017 by the Petitioner:

Table 115: Regulation Credit received by Petitioner from DVC in FY 2014-15

Sr. No.	Power Station	Amount (Rs. Cr.)
A	MTPS- # 6	11.45
B	CTPC # 7 & 8	53.22
C	MTPS- # 7	60.25
D	**Total**	**121.92**

3.429 The total Credit received by the Petitioner from the Generators on account of regulation of power supply which is considered in True up of FY 2014-15 is as follows:

Table 116: Total Credit received from Regulated stations (Rs. Cr.)

Station	FY 2014-15	FY 2015-16
SJVNL-Naptha Jhakri	(31.71)	(21.00)
NHPC	(1.26)	(45.00)
DVC	(121.92)	-
Total	**(154.89)**	**(66.00)**

3.430 Fixed cost borne by the Petitioner and Credit received by them against the Regulated Power during FY 2014-15 and FY 2015-16 is as follows:

Table 117: Additional burden on Consumers due to regulated power

Particulars	FY 2014-15	FY 2015-16
Fixed Cost	242.09	101.00
Credit Received	(154.89)	(66.00)
Net Amount	87.20	35.00

3.431 The Commission observed that the power was regulated from NHPC, SJVNL and DVC stations throughout FY 2014-15. Short Term procurement done by the Petitioner as 380.14 MU and 135.45 MU except Banking and UI whose weighted average rate is Rs. 4.28/kWh and Rs. 3.74/kWh during FY 2014-15 and FY 2015-16 respectively.

3.432 The weighted average per unit rate pertaining to the period of Regulation for power from Regulated stations of NHPC, SJVNL and DVC stations is Rs. 3.98/kWh for FY 2014-15 and Rs. 3.02/kWh for FY 2015-16 have been arrived at considering current bill details of TPDDL (DISCOM for which there was no Regulation).

3.433 The Commission has analyzed that Petitioner incurred additional expenditure for procurement of 380.14 MU in FY 2014-15 and 135.45 MU in FY 2015-16. Average Short Term power purchase cost for the period FY 2014-15 was Rs. 4.28/kWh therefore the Commission has decided to disallow opportunity loss of Rs. 11.54 Cr. [(380.14*(4.28-3.98))/10] on account of purchase of power from Short Term sources instead of cheaper power availability from regulated power station.

3.434 Similarly, average Short Term power purchase cost for the period FY 2015-16 was Rs. 3.74/ kWh therefore the Commission has decided to disallow normative loss of Rs. 9.74 Cr. [135.45*(3.74-3.02))/10] on account of purchase of power from Short Term sources instead of cheaper power availability from regulated power station.

3.435 The additional fixed cost net of credit amounting to Rs. 87.20 Crore and Rs. 35.00 Crore for FY 2014-15 and FY 2015-16 was borne by the Petitioner as indicated in Table 117: Additional burden on Consumers due to regulated power. The Commission, therefore has decided to disallow the prorated fixed cost against 1113.73 MU (1493.87 MU - 380.14 MU) which works out to Rs. 65.01 Crore (87.20 *(1113.73 /1493.87)).

3.436 Similarly for FY2015-16, the prorated fixed cost works out to Rs. 6.78 Crore.

3.437 In view of the above the Commission has decided not to allow following costs for FY 2014-15 and FY 2015-16 on account on Regulated Power resulted due to non-payment of bills to the Generators:

Table 118: Calculation of normative loss on account of regulated power

Financial Year	Regulated Quantum (MU)	Energy Purchased during the period of Regulation (MU)	Weighted Average Per Unit Cost of regulated Quantum (Rs./kWh)	Avg. per unit cost of power purchased during the period of regulation (Rs/kWh)	Additional Power Purchase Cost (Rs. Cr.)	Net Fixed Cost borne on account of regulated power (Rs. Cr.)	Total Impact (Rs. Cr.)
	1	2	3	4	5=[(4-3)*2]/10	6	7=(5+6)
2014-15	1,493.87	380.14	3.98	4.28	11.54	65.01	76.55
2015-16	698.82	135.45	3.02	3.74	9.74	6.01	16.53

IMPACT OF HON'BLE SUPREME COURT JUDGMENT ON SASAN POWER LIMITED

3.438 The Hon'ble Supreme Court of India vide its judgement dated 08/12/2016 has ruled as follows:

"48. We thus find that the Appellate Tribunal is wholly incorrect in accepting the case of waiver put forward by learned counsel for Sasan, and is equally incorrect in absolving the independent engineer for the test certificate given by him on 30.3.2013. We, therefore, set aside the Appellate Tribunal's

judgment, and reinstate the judgment dated 8.8.2014 of the Central Electricity Regulatory Commission."

3.439 Further, the relevant extract of CERC Order dated 08/08/2014 is as follows:

"30. Under the provisions of Article 6.3.2 of the PPA, if the commissioning test is not as per Article 6.3.1, the seller is required to retake the relevant test within a reasonable period with prior written notice to the procurers and Independent Engineer. It is noticed that SPL instead of taking appropriate remedial measures under the PPA has vide its email dated 30.3.2013 (Annexure-9 to the petition) to WRLDC intimated the commercial operation of the Unit from 0000 hrs of 31.3.2013 and sent the declared capacity of the Sasan UMPP for 31.3.2013 for 620.4 MW. In our view, SPL has not acted strictly as per the provisions of the PPA. We directed SPL to carry out the revised testing in accordance with the PPA to achieve the unit tested capacity of not less than 95% of the contracted capacity as existing on the effective date. SPL after 31.3.2013 has carried out Performance Test in June 2013 and finally from 11.8.2013 to 14.8.2013. The Independent Engineer has issued the final certificate for commercial operation stating that the plant has been in operation for 72 hours at above 95% of the contracted capacity. However, it has been noticed that there was a single dip to 575.627 MW in one time block between 1745 hrs to 1800 hrs on 12.8.2013. The Commission enquired from WRLDC as to whether such dip in generation during the period of 72 hours the machine is being put to test for achievement of super critical parameters could be considered as continuous operation for declaring COD. WRLDC has explained that in case of other generating stations also, intermittent variation for short durations has been allowed while declaring COD of the generating station. It has been stated by SPL that the procurers have accepted the final testing of the unit and declaration of COD in August, 2013. MPPMCL, lead procurer, vide its letter dated 16.8.2013 has accepted the performance test carried out by SPL. Therefore, we consider that the unit has complied with the testing requirement as per the Schedule 5 of the PPA and accept the COD as 16.8.2013."

3.440 As per the conjoint reading of above indicated judgments establishes COD of Sasan UMPP as 16/08/2013.

3.441 The Petitioner has started procuring power from Sasan UMPP w.e.f. FY 2013-14 and quantum purchased in this FY is split in two periods i.e. 01.04.2013 to 15.08.2013 and 16.08.2013 to 31.03.2014. As per CERC order dated 08.08.2014 supply of power for the period 01.04.2013 to 15.08.2013 should be treated as infirm power and accordingly infirm power is considered at UI rate and for the period 16.08.2013 to 31.03.2014. The rate billed by Sasan to the Petitioner for past years vis-a-vis the rate to be billed due to Hon'ble Supreme Court judgment is as follows:

Table 119: Sasan rate summary

Financial Year	Rate as per Sasan PPA	Applicable rate after Hon'ble Supreme Court's Judgment dated 08.12.2016
2012-13	Rs. 0.696/kWh	Rate suitable for infirm power
2013-14	Rs. 0.700/kWh	Upto 15.08.2013 rate suitable for infirm power from 15.08.2013 Rs. 0.696/kWh
2014-15	Rs. 1.320/kWh	Rs. 0.700/kWh
2015-16	Rs. 1.570/kWh	Rs. 1.311/kWh

3.442 The impact due to Hon'ble Supreme Court's Judgment on Power Purchase Cost till FY 2015-16 is as follows:

Table 120: Impact of Hon'ble Supreme Court's Judgment on Power Purchase Cost

Particulars	UoM	FY 2013-14		FY 2014-15	FY 2015-16
		01.04.13 to 15.08.13	16.08.13 to 31.03.14		
As per PETITIONER'S SUBMISSION					
Power Procured from SPL	MU	29.53	47.47	708.00	1719.10
Billing rate by SPL	Rs./kWh	0.710	0.710	1.320	1.570
Total Cost of power procured through SPL	Rs. Crore	2.10	3.37	93.46	269.90
As per Hon'ble Supreme Court					
Billing rate as per Hon'ble Supreme Court Judgment	Rs./kWh	1.450	0.696	0.700	1.311
Total Cost of power procured through SPL	Rs. Crore	4.28	3.30	49.56	225.37
Total Cost procured from SPL eligible for disallowance	Rs. Crore	2.19	(0.07)	(43.90)	(44.52)

3.443 On the basis of above table below would be the impact on respective year's power purchase cost:

Table 121: Treatment of impact of Supreme Court Judgment (Rs. Cr.)

Financial Year	Impact on Power Purchase Cost

Financial Year	Impact on Power Purchase Cost
2013-14	2.12
2014-15	(43.90)
2015-16	(44.52)

COMMISSION'S ANALYSIS

3.444 During the prudence check discussion, the Petitioner has informed the Commission that they have received credit note from SPL regarding Supreme Court judgment. The Commission directed the Petitioner to provide credit note received by the Petitioner in this regard.

3.445 The Petitioner vide their e-mail dated 29/06/2017 submitted copy of credit note received from SPL. As per credit note from SPL, Petitioner had made excess payment of Rs. 43.76 Cr. for the FY 2013-14, FY 2014-15 and FY 2015-16.

3.446 The Petitioner is directed to submit the justification, within 1 (one) month from the issuance of this Tariff Order, for the difference in excess payment as computed by the Commission in the table above and that by submitted by SPL. The difference in excess payment as finalised by the Commission will be considered during True up of FY 2016-17.

3.447 In view of above, the Power Purchase quantum and cost considered by the Commission for FY 2014-15 is as detailed in the table as follows:

Table 122: Station wise Power Purchase Cost approved by the Commission for FY 2014-15

Sr. No.	Stations	Actual Quantum	Total Charges	Average Rate
			Rs. Cr.	Rs./kWh
	Central Generating Stations(CSGS)			
A	**NTPC**			
i	Anta Gas	43	19	4.43
ii	Auraiya Gas	39	22	5.56
iii	Dadri Gas	46	27	5.82
iv	Dadri – I	720	345	4.78
v	Dadri – II	1282	703	5.48
vi	Farakka	39	16	3.99
vii	Kahalgaon – I	90	32	3.53
viii	Kahalgaon – II	288	106	3.69
ix	Rihand – I	166	44	2.68
x	Rihand – II	227	63	2.76
xi	Rihand – III	222	59	2.63
xii	Singrauli	410	77	1.87
xiii	Unchahar – I	42	16	3.84
xiv	Unchahar – II	84	32	3.84
xv	Unchahar – III	53	23	4.23

Sr. No.	Stations	Actual Quantum	Total Charges	Average Rate
			Rs. Cr.	Rs./kWh
xvi	Aravali Jhajjar	8	15	17.66
	Sub Total	**3,760**	**1,597**	**4.25**
B	**NHPC**			
i	Bairasul	21	3	1.66
ii	Chamera – I	50	9	1.77
iii	Chamera – II	49	15	3.06
iv	Chamera – III	32	16	5.06
v	Dhauliganga	24	8	3.53
vi	Dulhasti	69	43	6.26
vii	Salal	99	21	2.09
viii	Tanakpur	9	3	3.04
ix	Uri	83	18	2.15
x	Sewa – II	18	9	4.84
xi	Parbati – III	21	10	4.97
xii	Uri – II	40	18	4.58
	Sub Total	**514**	**174**	**3.38**
C	**THDC**			
i	Tehri HEP	78	75	9.70
ii	Koteshwar	30	11	3.85
	Sub Total	**107**	**87**	**8.08**
D	**DVC**			
i	Mejia Units -6 (LT-4)	0	23	
ii	DVC Chandrapur 7 & 8 (LT-3)	0	81	
iii	Mejia Units -7	0	103	
	Sub Total	**0**	**206**	
E	**NPCIL**			
i	NAPS	69	17	2.53
ii	RAPP B Units 3&4	0	0	
iii	RAPP C Units 5&6	78	28	3.52
	Sub Total	**147**	**45**	**3.06**
F	**SJVNL**			
i	Naptha-Jhakri[#]	0	37	
	Sub Total	**0**	**37**	
G	**Others**			
i	Tala HEP	24	5	2.02
ii	Sasan UMPP	708	93	1.32
	Sub Total	**732**	**98**	**1.34**
H	**Total CSGS**	**5,261**	**2,243**	**4.26**
I. Delhi Generating Stations				
i	IPGCL		0	
ii	BTPS	543	386	7.12
iii	Rajghat	90	62	6.83
iv	Gas Turbine	234	150	6.41
v	Pragati - I	328	174	5.31
vi	Pragati -III, BAWANA	432	347	8.04
	Sub Total	**1,626**	**1,119**	**6.88**

Sr. No.	Stations	Actual Quantum	Total Charges	Average Rate
			Rs. Cr.	Rs./kWh
J	**Interest**		-22	
K	**TOTAL**	**6,888**	**3,338**	**4.85**
L	**Less:** Credit Regulation of Power (DVC & NHPC)		(121.92)	
M	**Less:** Avoidable Power Purchase Cost Anta, Auraiya and Dadri costly Gas based Stations		(26.19)	
O	**Less:** Disallowance due to purchase of power against regulated quantum & additional Fixed Cost		(76.55)	
P	**Less:** Scheduling of Power without considering Merit Order		(0.78)	
Q	**Add:** Arrear Bills Prior to expiry of PPA but raised in FY 2014-15		0.21	
R	**Sub Total**		**(225.23)**	
S	**Grand Total**	**6,888**	**3112.77**	**4.52**

3.448 The Power Purchase quantum and cost considered by the Commission for FY 2015-16 is as detailed in the table below:

Table 123: Station wise Power Purchase Cost approved by the Commission for FY 2015-16

Sr. No	Stations	Petitioner Share	Total Charges	Average Rate
		MU	Rs. Cr.	Rs./ kWh
A	**NTPC**			
i	Anta Gas	18	11	6.35
ii	Auraiya Gas	27	17	6.28
iii	Dadri Gas	52	26	5.05
iv	Dadri – I	237	112	4.71
v	Dadri – II	1,091	550	5.05
vi	Farakka	26	10	3.75
vii	Kahalgaon – I	62	22	3.53
viii	Kahalgaon – II	242	82	3.40
ix	Rihand – I	146	37	2.56
x	Rihand – II	208	53	2.53
xi	Rihand – III	211	82	3.87
xii	Singrauli	545	100	1.83
xiii	Unchahar – I	31	11	3.55
xiv	Unchahar – II	67	24	3.51
xv	Unchahar – III	39	16	4.16
xvi	Aravali Jhajjar	20	28	14.09
xvii	Koldam	52	28	5.36
	Sub Total	**3,076**	**1,209**	**3.93**
B	**NHPC**			
i	Bairasul	-	3	

Sr. No	Stations	Petitioner Share	Total Charges	Average Rate
		MU	Rs. Cr.	Rs./ kWh
ii	Chamera – I	-	5	
iii	Chamera – II	-	9	
iv	Chamera – III	-	12	
v	Dhauliganga	-	7	
vi	Dulhasti	69	43	6.20
vii	Salal	-	9	
viii	Tanakpur	-	2	
ix	Uri	-	10	
x	Sewa – II	-	2	
xi	Parbati – III	20	11	5.42
xii	Uri – II	30	25	8.30
	Sub Total	**118**	**137**	**11.55**
C	**THDC**			
i	Tehri HEP	66	66	9.89
ii	Koteshwar	30	11	3.81
	Sub Total	**96**	**77**	**8.01**
D	**DVC**			
i	Mejia Units -6 (LT-4)	154	58	3.76
ii	DVC Chandrapur 7 & 8 (LT-3)	369	122	3.30
iii	Mejia Units -7	552	115	2.08
	Sub Total	**1,075**	**294**	2.74
E	**NPCIL**			
i	NAPS	84	21	2.53
ii	RAPP	107	37	3.50
	Sub Total	**191**	**59**	**3.07**
F	**SJVNL**			
i	Naptha-Jhakri[#]	-	26	
	Sub Total	**-**	**26**	
G	**Others**			
i	Tala HEP	24	5	2.08
ii	Sasan UMPP	1719	270	1.57
	Sub Total	**1,744**	**275**	**1.58**
H	**Total CSGS**	**6,300**	**2,078**	**3.30**
I. Delhi Generating Stations				
i	IPGCL	-	-	
ii	BTPS	359	205	5.71
iii	Rajghat	8	4	4.41
iv	Gas Turbine	82	33	4.01
v	Pragati - I	261	123	4.70
vi	Pragati -III, BAWANA	344	222	6.45
	Sub Total	**1,053**	**585**	**5.56**
J	**Renewable**			
i	**EDWPCL**	**3**	1	3.15
ii	**SECI**	**33**	18	5.51
	Sub Total	**36**	**19**	**5.33**
K	**Credit -Regulation of power**			

Sr. No	Stations	Petitioner Share	Total Charges	Average Rate
		MU	Rs. Cr.	Rs./ kWh
	NHPC	-	-45	
	SJVNL	-	-21	
	Sub Total		-66	
K	**TOTAL**	**7,388**	**2,616**	**3.54**
L	**Less:** Avoidable Power Purchase Cost Anta, Auraiya and Dadri costly Gas based Stations		(27.42)	
N	**Less:** Disallowance due purchase of power against regulated quantum & additional Fixed Cost		(16.53)	
O	**Less:** Scheduling of Power without considering Merit Order		(0.51)	
P	**Add:** Arrear Bills Prior to expiry of PPA but raised in FY 2015-16		0.03	
Q	**Sub-Total**		(44.43)	
R	**Grand Total**	**7,388**	**2,571.57**	**3.48**

3.449 The Commission considers the Transmission Charges and Open Access Charges as per Audited Power Purchase Certificate for FY 2014-15 and FY 2015-16 as follows:

Table 124: Transmission Charges as per audited power purchase Certificate (Rs. Crore)

Sr.No.	Particulars	2014-15			2015-16		
		Transmission Charges	Open Access Charges	Total	Transmission Charge	Open Access Charges	Total
A	PGCIL	238.33	6.39	244.72	263.08	1.66	264.74
B	PTC	-	2.46	2.46	0.01	-	0.01
C	DTL (Including Pension trust & reactive energy charges)	291.79	2.25	294.04	339.49	2.15	340.29
D	BBMB	0.07		0.07	0.07	-	0.07
E	APCPL	0.33		0.33	-0.21	-	-0.21
F	DVC	0		0	5.04		5.04
G	NTPC Ltd	3.83		3.83	4.4		4.4
H	SECI	-		-	1.39		1.39
I	Awdhut Swami Metal Works	-		-	-0.37		-0.37
J	NTPC Vidyut Vyapar Nigam Ltd.		28.96	28.96		34.21	34.21
K	GMR Energy Ltd.		0.73	0.73		0.72	0.72
L	POSOCO			0		0.15	0.15
M	HPSEBL		3.55	3.55		0.05	0.05
N	Mittal Processor Pvt. Ltd		5.05	5.05		4.69	4.69

Sr.No.	Particulars	2014-15			2015-16		
		Transmission Charges	Open Access Charges	Total	Transmission Charge	Open Access Charges	Total
O	IEX		0.74	0.74		0.67	0.67
P	Manikaran Pvt. Ltd.		5.72	5.72		2.04	2.04
Q	**Total**	**534.35**	**55.85**	**590.20**	**613.28**	**46.34**	**659.62**

SHORT TERM POWER PURCHASE

PETITIONER'S SUBMISSION

3.450 The Petitioner submitted source wise details of Power purchased on Short Term basis during FY 2014-15 and FY 2015-16 in order to meet the peak demand as follows:

Table 125: Short Term Purchase FY 2014-15

Sr. No.	Particulars	Quantum (MU)	Amount (Rs. Cr.)	Avg. Rate (Rs./kWh)
A	Bilateral	100	41	4.10
B	Banking	631.6	248	3.93
C	Exchange	274.05	120	4.38
D	Intra-State	6.07	2	3.29
E	UI	132.88	44	3.31
F	**Total**	**1,144.60**	**455**	**3.98**

Table 126: Short Term Purchase FY 2015-16

Sr. No.	Particulars	Quantum (MU)	Amount (Rs. Cr.)	Avg. Rate (Rs./kWh)
A	Bilateral	90.43	36	3.98
B	Banking	468.91	183	3.90
C	Exchange	32.63	11	3.37
D	Intra-State	12.39	3	2.42
E	UI	125.02	38	3.04
F	**Total**	**729.38**	**272**	**3.73**

3.451 The Petitioner has submitted that Commission has introduced the Contingency limit to dispose of surplus power in UI at 3% of Gross Power Purchase in the Tariff Order for FY 2015-16. However, the Commission has retrospectively applied the same for transactions carried out during FY 2013-14 which needs to be re-considered. Further, the Petitioner has requested to consider additional UI Charges.

3.452 The Petitioner submitted source wise details of surplus Power sold through Short Term basis in FY 2014-15 and FY 2015-16 as follows:

Table 127: Short Term Sale FY 2014-15

Sr.No.	Particulars	MU	Amount (Rs. Cr.)	Avg. Rate (Rs./kWh)
A	Bilateral	3.14	1	3.18
B	Banking	778.35	302	3.88
C	Exchange	96.23	23	2.39
D	Intra-State	39.22	14	3.57
E	UI	130.43	18	1.38
F	**Total**	**1049.85**	**358**	**3.41**

Table 128: Short Term Sale FY 2015-16

Sr. No.	Particulars	MU	Amount (Rs. Cr.)	Avg. Rate (Rs./kWh)
A	Bilateral	200.00	59	2.95
B	Banking	560.30	223	3.98
C	Exchange	304.93	68	2.23
D	Intra-State	0.00	0	3.14
E	UI	37.04	1	0.27
F	**Total**	**1093.46**	**351**	**3.21**

COMMISSION'S ANALYSIS

3.453 For the process of prudence check for FY 2014-15 and FY 2015-16 Short Term power purchase, the Commission issued detailed formats for Short Term power purchase vide its e-mail dated 08/03/2017 and the Petitioner has submitted replies in these formats.

3.454 The Commission compared the Short Term power purchase and sale through different modes in the FY 2013-14 with respect to FY 2014-15 and 2015-16 as follows:

Table 129: Comparison of Short Term Power Purchase Quantum (MU)

Sr. No.	Particulars	FY 2013-14		FY 2014-15		FY2015-16	
		Energy (MU)	%	Energy (MU)	%	Energy (MU)	%
A	Bilateral	0.00	0.00%	100.00	8.74%	90.43	12.40%
B	Banking	514.00	92.61%	631.60	55.18%	468.91	64.29%
C	Exchange	20.00	3.60%	274.05	23.94%	32.63	4.47%
D	Intra State	7.00	1.26%	6.07	0.53%	12.39	1.70%
E	UI	14.00	2.52%	132.88	11.61%	125.02	17.14%
F	**Total Purchase**	**555.00**	**100.00%**	**1,144.60**	**100.00%**	**729.38**	**100.00%**

Table 130: Details of Short Term Power Purchase

Sr. No.	Particulars	FY 2013-14		FY 2014-15		FY2015-16	
		Rate Per unit (Rs./kWh)	Amount (Rs. Cr.)	Rate Per unit (Rs./kwh)	Amount (Rs. Cr.)	Rate Per unit (Rs./kwh)	Amount (Rs. Cr.)

Sr. No.	Particulars	FY 2013-14		FY 2014-15		FY2015-16	
		Rate Per unit (Rs./kWh)	Amount (Rs. Cr.)	Rate Per unit (Rs./kwh)	Amount (Rs. Cr.)	Rate Per unit (Rs./kwh)	Amount (Rs. Cr.)
A	Bilateral	3.66	11.17	4.09	41.00	3.99	36.00
B	Banking	3.91	171.18	3.93	248.00	3.91	183.00
C	Exchange	3.34	11.47	4.39	120.00	3.42	11.00
D	Intra State	5.82	0.72	2.5	2.00	2.81	3.00
E	UI	3.03	4.37	3.35	44.00	3.06	38.00
F	**Total Purchase**	**3.84**	**198.91**	**3.98**	**455.00**	**3.73**	**272.00**

Table 131: Comparison of Short Term Power Sales Quantum (MU)

Sr. No.	Particulars	FY 2013-14		FY 2014-15		FY2015-16	
		Energy (MU)	%	Energy (MU)	%	Energy (MU)	%
A	Bilateral	347	13.17%	3.51	0.33%	201.11	18.40%
B	Banking	648	24.59%	778.88	74.10%	558.95	51.15%
C	Exchange	528	20.04%	95.61	9.10%	303.35	27.76%
D	Intra State	57	2.16%	39.43	3.75%	0.98	0.09%
E	UI	1055	40.04%	133.71	12.72%	28.37	2.60%
F	Total Purchase	2,635	100.00%	1,051.14	100.00%	1,092.76	100.00%

Table 132: Details of Short Term Power Sales

Sr. No.	Particulars	FY 2013-14		FY 2014-15		FY2015-16	
		Rate Per unit (Rs./kwh)	Amount (Rs. Cr.)	Rate Per unit (Rs./kwh)	Amount (Rs. Cr.)	Rate Per unit (Rs./kwh)	Amount (Rs. Cr.)
A	Bilateral	3.06	9	3.18	1.00	2.95	59.00
B	Banking	3.48	166	3.88	302.00	3.98	223.00
C	Exchange	2.01	119	2.39	23.00	2.23	68.00
D	Intra State	7.06	1	3.57	14.00	3.14	0.00
E	UI	1.45	69	1.38	18.00	0.27	1.00
F	Total Purchase	2.31	364	3.41	358.00	3.21	351.00

3.455 The Commission observes that the Petitioner has sold most of its Surplus Power in Banking which is revenue neutral. The Commission vide its letter dated 20 January, 2010 had issued directions for procurement and sale of power by Distribution Licensee as follows wherein it is specifically indicated that the Distribution Licensees endeavour should be first to dispose off surplus power through banking transaction:

"7…….. the Distribution Licensee, for any reason whatsoever, the licensee may enter into a short-term arrangement or agreement for procurement of power/sale of power through a transparent process of open tendering and competitive bidding in accordance with these guidelines.

8. Distribution Licensee shall adopt a bid evaluation or scoring system that is sufficiently comprehensive and transparent to permit a competitive result which identifies the least cost proposal for procurement and highest in case of sale of power.

.....

15. The Distribution Licensees endeavor should be first to dispose off surplus power through banking transaction. Such banking transactions should be tried at first on direct basis."

Excessive Quantum of Transactions in UI mode

3.456 The Commission recognises the efforts of Petitioner in selling majority of its Surplus power in Banking. However, the Commission observed that the Petitioner has not made its efforts to control its transactions under UI. The purchase under UI has increased significantly from 2.52% in FY 2013-14 to 17.14% in FY 2014-15. However, the sale under UI has decreased significantly from 40.04% to 2.60% from FY 2013-14 to FY 2014-16

3.457 UI charges under ABT mechanism were incorporated to maintain Grid Discipline and benefit those entities who maintained grid discipline and penalize those who hamper Grid so as to maintain Grid frequency near to 50 Hz. CERC vide its Order dtd. 4/01/2000 has dealt up the reason for implementation of UI Charges under ABT mechanism as follows:

*"…Apart from the two charges, a third charge contemplated in the ABT scheme is for the unscheduled interchange of power (**UI charges**). The UI charges are payable/receivable depending upon who has deviated from the schedule and also subject to the grid conditions at that point of time. **This is the element, which is expected to bring about discipline in the system**."*

3.458 The month wise analysis of power sold under UI to Gross Power Purchase for the Petitioner is indicated in the table as follows:

Table 133: Power sold under UI to Gross Power Purchase

Particulars	Apr 14	May 14	Jun 14	Jul 14	Aug 14	Sep 14	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15	Total
Gross Power	567.84	757.16	866.16	848.71	759.27	707.56	610.57	577.07	607.91	638.94	530.08	559.71	8,030.98
Power sold under UI	24.49	38.09	51.25	14.97	1.31								130.11
UI sold v/s	**4.31**	**5.03**	**5.92**	**1.76**	**0.17**								

Particulars	Apr 14	May 14	Jun 14	Jul 14	Aug 14	Sep 14	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15	Total
Gross Power (%)													

3.459 Sale of power under UI is linked to real time frequency mechanism which cannot be totally avoided due to dynamic power system. However, there has to be certain contingency limit to dispose of surplus power in UI, which was fixed at 3% on Gross Power Purchase for every month in the Tariff Order dtd. 29/09/2015. The Commission has decided to keep same percentage for contingency limit and percentage sale over and above the contingency limit is set off with the differential rate of Exchange Rate at N2 Region Vs. UI Rate for BYPL. The disallowed cost arrived at is indicated in the Table as follows:

Table 134: Amount Disallowed-Power sold under UI to Gross Power Purchase

Particulars	Apr 14	May 14	Jun 14	Jul 14	Aug 14	Sep 14	Oct 14	Nov 14	Dec 14	Jan 15	Feb 15	Mar 15	Total
Gross Power (MU)	567.84	757.16	866.16	848.71	759.27	707.56	610.57	577.07	607.91	638.94	530.08	559.71	**8,030.98**
Power sold under UI (MU)	24.49	38.09	51.25	14.97	1.31	-	-	-	-	-	-	-	**130.11**
UI sold v/s Gross Power (%)	**4.31**	**5.03**	**5.92**	1.76	0.17	-	-	-	-	-	-	-	
Exchange Rate for the month (Rs./kWh)	3.44	3.16	3.56	4.19	4.06	3.66	2.63	2.97	2.70	2.60	2.44	3.44	
UI Rate (Rs./kWh)	1.47	1.16	0.79	-	-	-	-	-	-	-	-	-	
Disallowed Amount (Rs. Cr.)	1.47	3.07	7.00	-	-	-	-	-	-	-	-	-	**11.54**

3.460 Further, the Commission observes that the Petitioner is grid disciplined and the sale under UI in FY 2015-16 is within the contingency limit of 3%.

3.461 In view of above the Commission has decided to disallow Rs. 11.54 Cr. on account of sale of power through UI mode which cannot be treated as mode to dispose off surplus power rather UI mode is a real time frequency settlement mechanism for ensuring Grid Discipline.

OVERLAPPING IN BANKING TRANSACTIONS

3.462 During prudence check, the Commission directed the Petitioner to provide statement of banking transactions indicating opening and closing balance of banking transactions as per that indicated in the audited financial statement.

3.463 Further, the Commission sought list of months in which there were overlapping in banking transactions in RTC and non RTC basis both. The Petitioner submitted such information vide its e-mail dated 24/03/2017 and 03/05/2017 as follows:

Table 135: Overlapping in banking transactions submitted by Petitioner (MU)

Period of Overlapping	Import Units	Export Units	Overlapped Units
July-14	75.21	14.12	14.12
Sep-15	90.83	31.79	31.79

Table 136: Overlapping in banking transaction on non-RTC basis (MU)

Period of Overlapping	Import Units	Export Units	Overlapped Units
Sep-14	34.43	3.60	0.6
Oct-14	13.09	35.41	1.6
Dec-14	2.91	156.43	2.9
Jan-15	33.36	155.82	27.8
Feb-15	15.38	129.79	15.4
Mar-15	1.08	125.53	1.1
Apr-15	10.50	23.44	4.3
May-15	92.02	10.54	0.0
Jun-15	70.32	2.74	0.5
Jul-15	83.66	14.65	0.0
Sep-15	69.81	1.7	1.6
Oct-15	7.14	20.9	0.0
Dec-15	13.32	77.74	0.1
Jan-16	23.59	97.19	0.1
Feb-16	6.31	104.28	0.0

3.464 During prudence check with regard to overlapping in banking transactions, the Petitioner explained that in order to procure power to meet Short Term demand, Petitioner is engaged in practice to indulge in power banking transactions without considering relevant financial impact in terms of opportunity losses. In view of the above it has been observed that 63.52 MU and 38.39 MU (including RTC and non RTC basis) were overlapped in banking transactions due to non-consideration of opportunity losses by Petitioner in the FY 2014-15 and FY 2015-16 respectively while planning for power banking. Therefore, the Commission has decided to disallow the excess amount as submitted by the Petitioner of Rs. 2.32 Cr. and Rs. 1.46 for FY 2014-15 and FY 2015-16 respectively.

REBATE ON POWER PURCHASE AND TRANSMISSION CHARGES

PETITIONER'S SUBMISSIONs

3.465 The Petitioner has submitted that rebate is not allowed on interest charges and other billing items which are in nature of reimbursement, such as Income Tax, Other Taxes, Cess, Duties etc.

3.466 The Petitioner submitted that the Hon'ble Commission in Tariff Order dated September 29, 2015 has continued to rely upon Regulation 5.24 of DERC MYT Regulations, 2011 which entitles Distribution Licensees to recover cost of power considering maximum normative rebate. However the normative rebate can not be applied at the time of truing-up due to the following reasons:

a. The Hon'ble Commission has completely ignored Regulation-4.21 of DERC MYT Regulations, 2011 which provides that the power purchase cost is uncontrollable is nature and shall be trued-up based on actual. The Regulation does not provide any distinction for treatment of rebate. The rebate on power purchase being an intrinsic and inseparable part of power purchase must also be trued up on actual in terms of Regulation 4.21 of the said Regulations.

b. The Hon'ble ATE in Judgment dated March 2, 2015 (Appeal No. 178 of 2012) has again confirmed the Judgment dated July 30, 2010 (Appeal 153 of 2009) and directed that normative rebate of at best 1% can be considered as per the norms specified for working capital in DERC Tariff Regulations, 2011.

3.467 In accordance with above submissions, the Petitioner requested the Commission to consider the actual rebate on Power Purchase and Transmission Charges during FY 2014-15, i.e., Rs. 12.95 Crore and to consider the actual rebate on Power Purchase and Transmission Charges during FY 2015-16.

COMMISSION'S ANALYSIS

3.468 The Regulation 5.24 of DERC (Terms and conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011, specifies that :

"Distribution licensee shall be allowed to recover the net cost of power it procures from sources approved by the Commission, viz. Intra-State and Inter-State Trading Licences, Bilateral Purchases, Bulk Suppliers, State generators, Independent Power Producers, Central generating stations, non-conventional energy generators, generation business of the Distribution Licensee and

*others, **assuming maximum normative rebate available** from each source for payment of bills through letter credit on presentation of bills for supply to consumers of Retail Supply Business".*

3.469 Further, it is pertinent to state that TPDDL has already made an Appeal before Hon'ble High Court of Delhi against the Delhi Electricity Regulatory Commission (Terms and Conditions of Wheeling Tariff & Retail Supply Tariff) Regulations, 2011. It is submitted that Hon'ble High Court of Delhi in its judgement dtd. 29/07/2016 in W.P.(C) 2203/2012 & C.M. No.4756/2012 has rejected the submissions of TPDDL regarding maximum normative rebate and has ruled as follows:

*" 39. The Commission is an expert body which is constituted to perform the functions as specified under the Act including determination of the tariff and specifying the terms and conditions for such determination. **Such functions which by nature require expert knowledge would ordinarily be outside the scope of judicial review** and no interference would be warranted unless it is established that the actions of the Commission are contrary to the provisions of the Act and/or ultra vires the Constitution.*

.....

*40. In view of the above, **we are unable to accept that the impugned Regulations are violative of any provision of the Act** or are ultra vires the Constitution of India."*

3.470 In view of the above, the Commission has considered the maximum normative rebate on rebate-able amount, without considering rebate on the disallowed cost of Anta, Auraiya and Dadri Gas Power Plants, as follows:

Table 137: Rebate on Power purchase and Transmission Cost for FY 2014-15 (Rs. Crore)

Sr. No.	Particulars	Rebatable Amount	Non-Rebatable Amount	Rebate claimed by Petitioner	Rebate Calculated by the Commission
A	Long Term Power Purchase	3,317.81	17.00	13.00	65.54
B	Short Term Purchase	0.00	0.00	0.00	0.00
C	Transmission Charges	419.00	110.00	0.00	8.38

Sr. No.	Particulars	Rebatable Amount	Non-Rebatable Amount	Rebate claimed by Petitioner	Rebate Calculated by the Commission
D	**Total**	**3,763.00**	**127.00**	**13.00**	**73.92**

Table 138: Rebate on Power purchase and Transmission Cost for FY 2015-16 (Rs. Crore)

Sr. No.	Particulars	Rebatable Amount	Non-Rebatable Amount	Rebate claimed by Petitioner	Rebate Calculated by the Commission
A	Total Long Term Power Purchase	2,651.58	-64.00	0.00	52.50
B	Total Short Term Purchase	34.00	2.00	1.00	0.68
C	Total Transmission Charges	501.00	109.00	0.00	10.02
D	**Total**	**3,214.00**	**47.00**	**1.00**	**63.20**

IMPACT DUE TO SHORT TERM POWER PROCUREMENT AT MORE THAN RS.5.00/KWH

3.471 The Commission in its Tariff Order dtd. 23/07/2014 and 29/09/2015 for ARR of FY 2014-15 and FY 2015-16 has directed the Petitioner as follows:

> *"6.12. The Distribution licensee is directed to take necessary steps to restrict the cost of power procured through Short Term contracts at Rs.5 per kWh. Further in case of Short Term power purchase at a rate higher than the above ceiling rate (of Rs.5 per kWh), the impact of such purchase on total Short Term power purchase shall not exceed 10 Paise /kWh during the financial year. In case the cost of power proposed to be procured exceeds the above limits, this may be brought to the notice of the Commission within 24 hours detailing the reasons or exceptional circumstances under which this has been done. The Commission reserves the right to restrict allowance to the permissible limit if proper justification is not provided."*

3.472 In view of above direction, during prudence check session, the Commission directed the Petitioner to provide information related to Short Term power purchase at a rate higher than the ceiling rate of Rs. 5.00/kWh.

3.473 As per Petitioner's submission vide e-mail dated 27/03/2017, the Commission observed that Petitioner procured total 56.40 MU at a cost of Rs. 35.66 Cr on various occasions at the rate of more than Rs. 5.00/kWh for FY 2014-15 and the impact of such purchases on total Short Term power purchase exceeded 10 paise/kWh at its periphery which leads to violation to the above mentioned directive in FY 2014-15. The detailed calculation is as follows:

Table 139: Calculation of disallowance-Impact for STPP @ more than Rs. 5.00/kWh

Sr. No.	Particulars	Units (MU)	Slot wise landed cost at DISCOM point	Remarks
A	Inter DISCOM Transfer (IDT)	6.07	1.52	Table
B	Bilateral	100.03	40.90	Table
C	Exchange	274.05	120.28	Table
D	Total Short Term Power Purchase	380.15	162.70	(A+B+C)
E	Rate for STPP at Sr. No. 4		4.28	
F	STPP @ more than Rs. 5.00/kWh	56.40	35.66	Petitioner's Email
G	Short Term Power Purchase (STPP) cost excluding power purchase Cost where it crossed Rs. 5 per KWH	323.75	127.04	(D-F)
H	Rate for STPP at Sr. No. 7		3.92	
I	Impact for STPP @ more than Rs. 5.00/kWh	56.40	0.36	(E-H)
J	Short Term Power Purchase Cost disallowance on account of violation of Commission's directive	56.40	1.44	[(0.36-0.10)*56.40]/10

3.474 Therefore, the Commission has decided to disallow Rs. 1.44 Cr. on account of violation the Commission's directive regarding Short Term power purchase at a rate higher than the ceiling rate of Rs. 5.00/kWh whose impact exceeded 10 paise/kWh at Petitioner's periphery.

3.475 No violation of Short Term power purchase at a rate higher than the ceiling rate of Rs. 5.00/kWh whose impact exceeded 10 paise/kWh at Petitioner's periphery was observed in FY 2015-16.

3.476 SLDC vide its letter dtd. 25/05/2017 has submitted in response to the Commission's letter dtd. 01/05/2017 that additional UI Charges borne by the Petitioner in FY 2014-15 is Rs. 10.35 Cr. and Rs. 4.52 Cr. in FY 2015-16. Additional UI charges are imposed on the Distribution Licensees to maintain the Grid discipline. The Forum of Regulators in its Press Release dated 23.07.2009 had stated that additional UI charges imposed on various distribution utilities across the country for excessive over drawl from the Grid will not be allowed to be recovered from the consumers w.e.f 01.08.2009 as follows:

"….

all the Chairpersons of State Electricity Regulatory Commissions as its members, has agreed that the ***additional Unscheduled Interchange (UI)*** *charges imposed on distribution utilities for excessive over drawl from the grid would not be allowed to be recovered from consumers w.e.f. 1st August, 2009."*

3.477 The Commission as a deterrent action has decided that any penal/ additional UI charges will not be allowed in the power purchase cost and has accordingly decided in line with past practices followed in earlier Tariff Orders to disallow the same.

3.478 The Petitioner has not considered LPSC of Rs. 737 Cr. and Rs. 695 Cr. in its Gross Power Purchase Cost in line with the past practices followed by the Commission in earlier Tariff Orders.

TRUED-UP POWER PURCHASE COST FOR FY 2014-15 & FY 2015-16

3.479 With the above observations, the Commission approves the total power purchase cost for FY 2014-15 and FY 2015-16 , summarized in the table as follows:

Table 140: Trued-Up Power Purchase Cost for FY 2014-15 (Rs. Crore)

Sr. No.	Particulars	Approved in Tariff Order Dated 23/07/2014	PETITIONER'S SUBMISSION	COMMISSION'S APPROVAL
A	Gross Power Purchase Cost	3,314.77	3,794	3,794
B	Less: Cost of Surplus Power Sold	704.68	358	358
C	Net Power Purchase Cost	2,610.09	3,436	3,436
D	Total Transmission Charges	533.13	590.20	590.20
E	Total Power Purchase Cost	3,143.22	4,026.20	4,026.20
F	Less Normative Rebate	(73.48)	(13.00)	(73.92)
G	Net Power Purchase Cost including Transmission Charges	3,069.74	4,013.20	3,952.28
H	Less: Avoidable Power Purchase Cost Anta, Auraiya and Dadri costly Gas based Stations		-	(26.19)
J	Less: Impact of per unit increase in power purchase cost due to power procurement of more than Rs. 5 per unit		-	(1.44)
K	Less: Cost Disallowed on		-	(11.54)

Sr. No.	Particulars	Approved in Tariff Order Dated 23/07/2014	PETITIONER'S SUBMISSION	COMMISSION'S APPROVAL
	account of excessive trading at UI above contigency limit			
L	Less: Additional UI Charges disallowed		-	(10.35)
M	Less: Disallowance due purchase of power against regulated quantum & additional Fixed Cost		-	(76.55)
N	Less: Scheduling of Power without considering Merit Order		-	(0.78)
O	Less: Disallowance on account of overlapping in banking transaction		-	(2.32)
P	Less: Credit Regulation of Power (DVC & NHPC)			(121.92)
Q	Add: Arrear Bills Prior to expiry of PPA but raised in FY 2014-15			0.21
R	Trued-Up Power Purchase cost	3,069.74	4,013.20	3,701.39

Table 141: Trued-up Power Purchase Cost for FY 2015-16 (Rs. Crore)

Sr. No.	Particulars	Approved in Tariff Order Dated 23/07/2014	PETITIONER'S SUBMISSION	Commission's Approval
A	Gross Power Purchase Cost	3,369.84	2,888	2,888
B	Less: Cost of Surplus Power Sold	753.07	351	351
C	Net Power Purchase Cost	2,616.77	2,537	2,537
D	Total Transmission Charges	636.33	659.62	659.62
E	Total Power Purchase Cost	3,253.10	3,196.62	3,196.62
F	Less Normative Rebate	(76.03)	(1.00)	(63.20)
G	Net Power Purchase Cost including Transmission Charges	3,177.07	3,195.62	3,133.42
H	Less: Avoidable Power Purchase Cost Anta, Auraiya and Dadri costly Gas based Stations		-	(27.42)
J	Less: Additional UI Charges disallowed		-	(4.52)
K	Less: Disallowance due		-	(16.53)

Sr. No.	Particulars	Approved in Tariff Order Dated 23/07/2014	PETITIONER'S SUBMISSION	Commission's Approval
	purchase of power against regulated quantum & additional Fixed Cost			
L	Less: Scheduling of Power without considering Merit Order		-	(0.51)
M	Less: Disallowance on account of overlapping in banking transaction		-	(1.46)
N	Add: Arrear Bills Prior to expiry of PPA but raised in FY 2014-15			0.03
O	Trued-Up Power Purchase cost	3,177.07	3,195.62	3,083.01

OPERATION AND MAINTENANCE (O&M) EXPENSES

PETITIONER'S SUBMISSION

EMPLOYEE AND A&G EXPENSES

3.480 The Petitioner has submitted that the Commission has determined the Employee Expenses based on net employee expenses of FY 2011-12 appearing in the Audited Accounts. The Commission has applied an escalation factor of 8% on y-o-y basis on actual employee expenses for FY 2011-12 (minimum of computed and audited expense) which is already net of employee expenses capitalized during the year. Even while computing the normative expenses the base year i.e. FY 2007-08 was net of capitalisation as is also admitted by the Hon'ble Commission in Table 3.15 of the same Tariff Order dated September 29, 2015. However the Hon'ble Commission has again deducted 10% capitalisation as employee expenses capitalized from the so determined employee expenses from FY 2012-13 to FY 2014-15 (arrived at after applying escalation factor of 8% on actual employee expenses of FY 2011-12). Therefore, there is double deduction of employee expenses to the extent of 10% capitalized during the year from FY 2012-13 to FY 2014-15.

3.481 The Petitioner has submitted that the treatment done by the Commission by considering minimum of the actual expenses and normative derived expenses is contrary to the Regulation 4.21 (b) (i) which clearly mandate that any surplus or deficiency on account of Operation and Maintenance (O&M) expenses shall be to the account of the licensee and shall not be trued up in the ARR. This is entirely against the principles of normative tariff determination as has been so held by the Hon'ble Tribunal in judgment dated 29.04.2013 in Appeal Nos. 63, 64 & 146 of 2012.

3.482 The Petitioner has submitted that the Commission in Tariff Order dated September 29, 2015 has considered the minimum of actual A&G expenses during FY 2011-12 and norm derived for FY 2011-12 by escalating the actual expenses during FY 2007-08. The Petitioner has submitted that the Commission has considered the actual A&G expenses for the Petitioner being lower than the normative A&G expenses during FY 2011-12 which is contrary to the Regulation 4.21 (b) (i) of MYT Regulations and the Hon'ble Tribunal in judgment dated 29.04.2013 in Appeal Nos. 63, 64 & 146 of 2012.

R&M EXPENSES

3.483 The Petitioner has submitted that the Hon'ble Commission in its Tariff Order dated September 29, 2015 has re-determined R&M expenses and has continued to true-up R&M Expenses by multiplying "K" factor by GFA. The Petitioner has further submitted on December 18, 2014 highlighted the fact that the Hon'ble Commission itself submitted in Tariff Order dated February 23, 2008 as under:

> *"4.151…The Commission clarifies that though the value of GFA is subjected to truing up at the end of the Control Period, the Commission, however, shall not true-up R&M Expenses as a consequence of the same."*

3.484 The Petitioner has submitted that the Hon'ble Commission in MYT Order for second control period dated July 13, 2012 did not specify as to whether R&M Expenses shall be trued-up or not. As per the Regulations, same principles shall continue during second control period unless revised by the Hon'ble Commission.

3.485 The Petitioner has accordingly, considered the R&M expenses during FY 2014-15 & FY 2015-16 as per the following table:

Table 142: Revised R&M Expenses from FY 2012-13 to FY 2015-16 (Rs. Crore)

Particulars	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Opening GFA	2,258	2,281	2,422	2,647
K Factor	3.6%	3.6%	3.6%	3.6%
R&M Expenses	82	83	88	96

3.486 The Petitioner has submitted that in accordance with the recommendation of 6th pay commission, the Govt. of India had enhanced the grade pay of Head Clerk / Jr. Stenographer and Section Officer / Sr. Stenographer from Rs. 4000 to Rs. 4600 & from Rs. 4200 to Rs. 4800 respectively w.e.f. 01.01.2006 for its employees. Accordingly, GoNCTD and Delhi Transco Limited had also revised their pay structure in line with the above said notification.

3.487 The Petition further, clarified that accordingly an office order no. GM(HR)/2013-14/309 dated 24.12.2013 was issued revising the grade pay of the aforementioned employees. The Petitioner had borne an additional liability of Rs. 7.34 Crore during FY 2014-15 on account of the same. The Petitioner vide letter dated December 31, 2013 has also submitted the auditor certificate in support of the payment made during FY 2014-15.

3.488 The Petitioner has submitted that the said amount was not included in the employee expenses in the base year, i.e., FY 2011-12. As a result, the same is not included even in the projection during the second control period. Accordingly the Petitioner is claiming additional employee expenses of Rs. 7.34 Crore in true-up of employee expenses of FY 2014-15.

3.489 The Petitioner has submitted the O&M Expenses for FY 2014-15 and FY 2015-16 as follows:

Table 143: O&M Expenses for FY 2014-15 (Rs. Crore)

Sr. No.	Particulars	Tariff Order dated September 29, 2015	Submission	Tariff Order dated September 29, 2015	Submission
		FY 2014-15		FY 2015-16	
A	Employee Expenses	234.13	276.14	252.86	298.23
B	A&G Expenses	75.95	81.68	82.02	88.21
C	R&M Expenses	71.65	87.34	79.41	96.08
D	Gross O&M Expenses	381.73	445.16	414.29	482.52
E	Efficiency factor%	4%		4%	
F	Less: Efficiency Improvement	15.27	0.00	16.57	0.00
G	SVRS Pension	4.92	4.92	4.92	0.90
H	Revision in salary of Head Clerk/ Jr. Stenographer		7.34		
I	Net O&M Expenses	371.38	457.42	402.64	483.42

COMMISSION'S ANALYSIS

3.490 The Commission has observed that the employee cost has been considered as net employee cost excluding employees cost capitalised for base year FY 2011-12 in revised computation of Employee Expenses in Table No 3.40 in Tariff Order dated 29/09/2015. The amount of employee cost capitalised during FY 2011-12 as indicated in audited financial statement is Rs. 2.92 Cr. Therefore the Commission has revised the base year employee expenses for FY 2011-12 and consequential impact has been adjusted in the revenue gap of the relevant year in chapter 5 of this order.

3.491 Further the Commission has considered the additional employee cost of Rs.7.34 Cr. on account of office order no. GM(HR)/2013-14/309 dated 24.12.2013 for revision in the grade pay of Head Clerk / Jr. Stenographer and Section Officer / Sr. Stenographer from Rs. 4000 to Rs. 4600 & from Rs. 4200 to Rs. 4800 respectively w.e.f. 01.01.2006 for its employees. As these increase in employee expenditure are uncontrollable in nature and protected by the transfer scheme and tripartite agreement dated January 16, 2001 entered into between GoNCTD, DVB and the various DVB employees unions (prior to privatization), FRSR employees for their service terms and conditions.

3.492 The Petitioner has submitted that expenses fixed on normative basis can't be trued up as per direction of Hon'ble APTEL in Appeal no. 63 of 2012, Appeal no. 66 of 2012 and Appeal no. 144 of 2012. However, it is pertinent to state that the Hon'ble APTEL in its judgement in the appeal no. 271 of 2013 in the Matter of Tata Power Delhi Distribution Limited Versus Delhi Electricity Regulatory Commission has upheld the true up of R&M expenses by the Commission as follows:

> *"23.3) After giving consideration to the earlier tariff orders the learned Delhi Commission has in the Impugned Order provisionally allowed the capitalization based on the appellant's submission and audited accounts of the appellant. Accordingly, the GFA had been revised for the MYT control period for FY 2007-08 and 2011-12 and due to this revision in the GFA under the MYT control period, the R&M expenses have also been revised provisionally subject to final true up of capitalization. Accordingly, the learned Delhi Commission has considered the impact on the R&M expenses in a tabular form with a revised true up for the control period. After analyzing the*

whole facts and figures, as provided by the appellant, at the time of previous tariff orders and the present Impugned Order, the learned Delhi Commission in paragraph 3.127 of the Impugned Order has clearly observed that employee expenses and A&G expenses had been trued up in the relevant FY up to 2010-11 based on the information furnished by the appellant/Petitioner taking into consideration the provisions of MYT Regulations 2007. Since the efficiency factor has erroneously been applied during the true up of employee expenses on SVRS pension for 2008-09 and 2009-10, the same has now been rectified by the Delhi Commission in compliance of this Appellate Tribunal's directions in Appeal No.36 of 2008. This is the whole situation which has led the Delhi Commission to provisionally allow capitalization based on the appellant's submissions and the audited accounts of the appellant. All these factors have led to revision of GFA under MYT control period and the R&M expenses have also been revised provisionally, subject to final true up of capitalization. The learned Delhi Commission in paragraph 3.130 of the Impugned Order clarifies that employee expenses include expenses towards SVRS Pension. However, while calculating the net employee expenses, no efficiency factor has been applied on SVRS Pension. In this view of the matter, we find no merit in the contentions of the appellant and this issue relating to revised R&M based on revised GFA is decided against the appellant."

EFFICIENCY FACTOR

PETITIONER'S SUBMISSION

3.493 The Petitioner has referred the Hon'ble ATE's Judgment dated March 2, 2015 (Appeal No. 178 of 2012) as under:

"37.3 This issue has been considered by this Tribunal in Appeal no. 171 of 2012. The relevant paragraph of the judgment are reproduced below:

"12.5 We find that as per the Regulations, the efficiency factor can be determined by benchmarking and, therefore, there is no fault in the Commission's basic approach for benchmarking the O&M cost of the Appellant with other distribution companies. However, the benchmarking of

O&M has to be with respect to like distribution licensees and for a larger span with analysis. In the present case, the State Commission has given figures of O&M cost per unit of sales and per consumer for a single year i.e. FY 2010-11. ***It is not clear whether the O&M expenses considered are the actual audited expenses or trued up expenses or the estimate of expenses approved in the tariff order****. The State owned distribution licensee considered in the benchmarking should be much who maintain reliable power supply and distribution loss level comparable to the Appellant. The Commission should have benchmarked the O&M costs of some more distribution licensees having metropolitan area of supply such as other licensees of* ***Delhi, Mumbai, Kolkata for at last three years*** *before coming to a conclusion. The approach adopted by the State Commission is over simplified and lacks analysis.*

12.6 While we agree with the basic approach of benchmarking, the data and the analysis is required to be augmented as discussed above. Therefore, we remand the matter to the State Commission for redetermination of the Efficiency Factors."

3.494 The Petitioner has submitted that the reasoning given by the Commission is contrary to the direction given by Hon'ble ATE because of the following reasons:

a) **Benchmarking the O&M costs of Distribution Licensees of Delhi, Mumbai, Kolkata**: The]Commission has ignored the O&M costs of Calcutta Electricity Supply Company (the only distribution licensee in the city of Kolkata) and Brihan-Mumbai Electric Supply and Transport Undertaking (hereinafter referred to as "BEST") .

b) **Comparison of cost for last three years:** The Commission has compared the O&M Expenses based on the projected MYT Order from FY 2012-13 to FY 2014-15 instead of comparing with last 3 years, i.e, FY 2009-10 to FY 2011-12. A comparison with the Utilities of Mumbai and Kolkata over last 3 years is tabulated below:

Table 144: Comparison of O&M Expenses per unit of Sales over Past 3 Years (Rs. Per Unit)

Sr. No.	Utility	FY 10	FY 11	FY 12
		Approved	Approved	Approved
A	RINFRA-D, Mumbai	0.74	0.78	0.81
B	BEST, Mumbai	0.62	0.74	0.8

Sr. No.	Utility	FY 10	FY 11	FY 12
		Approved	Approved	Approved
C	CESC, Kolkata	0.69	0.7	0.76
D	BYPL	0.52	0.6	0.61
E	BRPL	0.43	0.48	0.48

c) **No details of computation or references given:** The comparison provided by the Commission in Tariff Order does not contain the amount of O&M expenses, sales and date of tariff order issued by MERC and only provides O&M Expenses per unit of sales. However, Maharashtra Electricity Regulatory Commission (MERC) vide Order dated August 22, 2013 (Case No. 9 of 2013) determined the Multi-Year tariff for RInfra-D second control period from FY 2012-13 to FY 2015-16. As per the said MYT Order, the O&M Expenses per unit of sales from FY 2012-13 to FY 2014-15 is tabulated below:

Table 145: O&M Expenses per unit of Sales approved by MERC for R Infra-D For MYT Period FY 2012-13 to FY 2014-15

Particulars	UoM	FY 2012-13	FY 2013-14	FY 2014-15
O&M Expenses	Rs. Cr.	637	913	971
Sales	MU	9922	10337	10894
O&M Expenses per unit of sales	Rs./ Unit	0.64	0.88	0.89

Further, Petitioner added that MERC has already trued-up O&M Expenses and sales for FY 2012-13 and FY 2013-14 vide Order dated June 26, 2015 (Case 4 of 2015 for RInfra-D). This Order has not been considered by the Hon'ble Commission while benchmarking O&M Expenses in Tariff Order dated September 29, 2015. The O&M Expenses per unit of sales tabulated by the Petition is as below:

Table 146: O&M Expenses per unit of Sales Trued-up by MERC For R Infra-D During FY 2012-13 and FY 2013-14

Particulars	UoM	R Infra-D	
		FY 2012-13	FY 2013-14
O&M Expenses	Rs. Cr.	971	925
Sales	MU	9322	9311
O&M Expenses per unit of sales	Rs./ Unit	1.04	0.99

3.495 The Petitioner has requested the Hon'ble Commission to consider efficiency factor as 0% during FY 2014-15 & FY 2015-16.

3.496 The Petitioner has requested the Commission to consider efficiency factor as 0% during FY 2014-15 & FY 2015-16.

COMMISSION'S ANALYSIS

3.497 The Commission has examined the submissions of the Petitioner regarding various Tariff Orders of Maharashtra Electricity Regulatory Commission and has analysed the O&M Expenses per unit of Sales year-wise for Reliance Infrastructure Ltd. - Distribution Business (RInfra-D) in the said Tariff Orders:

RInfra-D - FY 2013-14

Case No.	Matter	O&M Expenses (Rs. Cr.)	Sales (MU)	O&M Expenses per unit of Sales (Rs./Unit)
Case No. 158 of 2011 dtd. 23/11/2012	Business Plan Order for FY 13 to FY 16	642	10140	0.63
Case No. 9/2013 dtd. 22/08/2013	MYT Order for FY 13 to FY 16	913	9887	0.92
Case No. 4 of 2015 dtd. 26/06/2015	True up of FY 14 and provisional True up of FY 15 and revised ARR for FY 16	925	9,311.33	0.99

RInfra-D - FY 2014-15

Case No.	Matter	O&M Expenses (Rs. Cr.)	Sales (MU)	O&M Expenses per unit of Sales (Rs./Unit)
Case No. 158 of 2011 dtd. 23/11/2012	Business Plan Order for FY 13 to FY 16	699	10380	0.67
Case No. 9/2013 dtd. 22/08/2013	MYT Order for FY 13 to FY 16	971.16	10385	0.94
Case No. 4 of 2015 dtd. 26/06/2015	True up of FY 14 and provisional True up of FY 15 and revised ARR for FY 16	983.83	9,636.74	1.02
Case No. 34 of 2016 dtd. 21/10/2016	True up of FY 15 and provisional True up of FY FY 16	964.36	9662.87	1.00

RInfra-D - FY 2015-16

Case No.	Matter	O&M Expenses (Rs. Cr.)	Sales (MU)	O&M Expenses per unit of Sales (Rs./Unit)
Case No. 158 of 2011 dtd. 23/11/2012	Business Plan Order for FY 13 to FY 16	758	10653	0.71
Case No. 9/2013 dtd. 22/08/2013	MYT Order for FY 13 to FY 16	1032.86	10923	0.95

Case No.	Matter	O&M Expenses (Rs. Cr.)	Sales (MU)	O&M Expenses per unit of Sales (Rs./Unit)
Case No. 4 of 2015 dtd. 26/06/2015	True up of FY 14 and provisional True up of FY 15 and revised ARR for FY 16	1040.11	9,953.40	1.04
Case No. 34 of 2016 dtd. 21/10/2016	True up of FY 15 and provisional True up of FY FY 16	1019.51	10,076.66	1.01

3.498 The Commission has further examined the various Tariff Orders of Maharashtra Electricity Regulatory Commission and has analysed the O&M Expenses per unit of Sales year-wise for Tata Power Company Limited- Distribution Business (TPC-D) in the said Tariff Orders:

TPC-D - FY 2013-14

Case No.	Matter	O&M Expenses (Rs. Cr.)	Sales (MU)	O&M Expenses per unit of Sales (Rs./Unit)
Case No. 165 of 2011 dtd. 26/08/2012	Business Plan Order for FY 13 to FY 16	157.89	6612.63	0.24
Case No. 179 of 2011 dtd. 28/16/2013	MYT Order for FY 13 to FY 16	158.43	6974.08	0.23
Case No. 18 of 2015 dtd. 26/06/2015	True-up of FY14, provisional Truing-up for FY15 & revised ARR for FY16	142.68	6538.01	0.22

TPC-D - FY 2014-15

Case No.	Matter	O&M Expenses (Rs. Cr.)	Sales (MU)	O&M Expenses per unit of Sales (Rs./Unit)
Case No. 165 of 2011 dtd. 26/08/2012	Business Plan Order for FY 13 to FY 16	177.53	6988.46	0.25
Case No. 179 of 2011 dtd. 28/16/2013	MYT Order for FY 13 to FY 16	195.39	7610.97	0.26
Case No. 18 of 2015 dtd. 26/06/2015	True-up of FY14, provisional Truing-up for FY15 & revised ARR for FY16	153.21	5961.90	0.26
Case No. 47 of 2016 dtd. 21/10/2016	True-up of FY15 & provisional Truing-up for FY	153.68	5968.34	0.26

Case No.	Matter	O&M Expenses (Rs. Cr.)	Sales (MU)	O&M Expenses per unit of Sales (Rs./Unit)
	16			

TPC-D - FY 2015-16

Case No.	Matter	O&M Expenses (Rs. Cr.)	Sales (MU)	O&M Expenses per unit of Sales (Rs./Unit)
Case No. 165 of 2011 dtd. 26/08/2012	Business Plan Order for FY 13 to FY 16	199.61	7378.73	0.27
Case No. 179 of 2011 dtd. 28/16/2013	MYT Order for FY 13 to FY 16	219.67	8305.62	0.26
Case No. 18 of 2015 dtd. 26/06/2015	True-up of FY14, provisional Truing-up for FY15 & revised ARR for FY16	180.9	6555.93	0.28
Case No. 47 of 2016 dtd. 21/10/2016	True-up of FY15 & provisional Truing-up for FY 16	161.26	5,767.16	0.28

3.499 Further, the Commission various Tariff Orders of Gujarat Electricity Regulatory Commission and has analysed the O&M Expenses per unit of Sales year-wise for Torrent Power Limited (Distribution) Ahmedabad and Surat in the said Tariff Orders:

Table 147 :Torrent Power Limited (Distribution) Ahmedabad
True up Orders Case No. 1627/2016, 1552/2015 and 1467/2014

Financial Year	O&M Expenses (Rs. Cr.)	Sales (MU)	O&M Expenses per unit of Sales (Rs./Unit)
FY 2013-14	232.79	6069.62	0.38
FY 2014-15	259.4	6451.19	0.40
FY 2015-16	268.41	6666	0.40

Table 148: Torrent Power Limited (Distribution) Surat
True up Orders Case No. 1628/2016, 1553/2015 and 1468/2014

Financial Year	O&M Expenses (Rs. Cr.)	Sales (MU)	O&M Expenses per unit of Sales (Rs./Unit)
FY 2013-14	91.61	3165.04	0.29
FY 2014-15	105.57	3308.27	0.32
FY 2015-16	111.11	3313	0.34

3.500 From the above analysis, the Commission observes that O&M Expenses per unit of Sales for RInfra-D varies from Rs. 0.63/kWh to Rs. 0.99/kWh for same year (FY 2013-14) in various Orders of Business Plan, Multi Year and True up. Therefore, the

Commission decides not to consider O&M Expenses per unit of Sales of RInfra-D for comparison purpose for Delhi DISCOMs.

3.501 It is observed that BYPL is being allowed O&M Expenses per unit of Sales are Rs. 0.707/kWh and Rs. 0.708/kWh in FY 2014-15 and FY 2015-16 respectively as compared to the O&M Expenses per unit of Sales for Torrent Power Limited (Distribution) Surat (Rs. 0.30/kWh), Torrent Power Limited (Distribution) Ahmedabad (Rs. 0.40/kWh) and Tata Power Company Limited- Distribution Business (Rs. 0.28/kWh) and there is scope for improvement in O&M Expenses. Therefore, the Commission decides to retain the efficiency factor of 3%, 4% and 4% for FY 2013-14, FY 2014-15 and FY 2015-16 respectively. Such efficiency factor is not considered for SVRS Pension and Arrears on account of statutory pay revision to employees.

3.502 Accordingly, the Commission approves O&M Expenses for FY 2014-15 and FY 2015-16 factoring Efficiency factor is as follows:

Table 149: O&M Expenses approved by the Commission for FY 2014-15 and FY 2015-16 (Rs. Crore)

Sr. No.	Particulars	FY 2014-15		FY 2015-16		Reference
		Petitioner's Submission	Now Approved	Petitioner's Submission	Now Approved	
A	Employee Expenses	276.14	237.44	298.23	256.43	
B	A & G Expenses	81.68	75.95	88.21	82.02	
C	R & M Expenses	87.34	71.65	96.08	79.24	
D	Gross O& M Expenses	445.16	385.04	482.52	417.70	A+B+C
E	Efficiency Factor	0.00%	4.00%	0.00%	4.00%	
F	Less: Efficiency Improvement	0.00	15.40	0.00	16.71	D*E
G	Add: SVRS Pension	4.92	4.92	0.90	0.9	
H	Add: Revision in salary of head Clerk and Jr. Stenographer	7.34	7.34	0.00	0.00	
I	Net O & M Expenses	457.42	381.90	483.42	401.89	D-E+G+H

OTHER MISCELLANEOUS EXPENSES

INCREMENTAL LICENSE FEES PAID TO DERC

PETITIONER'S SUBMISSION

3.503 The Petitioner has submitted that 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 2010-11, consequently also becomes uncontrollable. The incremental License Fee incurred by the Petitioner during FY 2014-15 & FY 2015-16 due to increase in Sales, which is uncontrollable expense in terms of DERC MYT Regulations, 2011, is tabulated as follows:

Table 150: Incremental License Fees paid during FY 2014-15 & FY 2015-16

Sr. No.	Particulars	UoM	Amount (in Rs. Cr.) 2014-15	Amount (in Rs. Cr.) 2015-16
A	Base Year expenditure (FY 11-12)	Rs. Cr.	1.00	1.00
B	Inflation Factor	%	8%	8%
C	License fees allowed as part of A&G Expenses	Rs. Cr.	1.26	1.36
D	Efficiency factor approved	%	0.04	4%
E	Approved license fees after eff. Factor	Rs. Cr.	1.21	1.31
F	License fees actually paid during the year	Rs. Cr.	2.00	2.25
G	Incremental License fees	Rs. Cr.	0.79	0.94

COMMISSION'S ANALYSIS

3.504 The license fee is applicable on actual sales for the respective year which is uncontrollable. Accordingly, the Commission has considered and approved the difference of normative license fee covered under A&G expenses and actual paid Rs. 0.79 Crore and Rs. 0.94 Crore on account of incremental license fees paid to the Hon'ble Commission during FY 2014-15 & FY 2015-16 respectively.

OMBUDSMAN EXPENSES

PETITIONER'S SUBMISSION

3.505 The Petitioner has submitted that the Commission had approved the Ombudsman Expenses which was required to be apportioned among the four Distribution Licensees of Delhi in proportion of energy drawn. Accordingly the Petitioner has submitted incremental Ombudsman Expenses as follows:

Table 151: Ombudsman Expenses paid during FY 2014-15

Sr. No	Particulars	UoM	Amount (in Rs. Cr.)
A	Base Year expenditure (FY 11-12)	Rs. Crore	0.08
B	Inflation Factor	%	8%

C	Expenses allowed as part of A&G Expenses	Rs. Crore	0.11
D	Efficiency factor approved	%	4%
E	Approved expenses after eff. Factor	Rs. Crore	0.10
F	Expenses actually paid during the year	Rs. Crore	0.11
G	Incremental Expenses	Rs. Crore	0.004

COMMISSION'S ANALYSIS

3.506 The Commission had approved the Ombudsman Expenses which was required to be apportioned among the four Distribution Licensees of Delhi in proportion of energy drawn. Therefore, the Commission approves incremental Ombudsman Expenses of Rs. 0.004 Crore as submitted by the Petitioner.

SYNDICATION FEES/ BANK CHARGES AND OTHER BORROWING COSTS

PETITIONER'S SUBMISSION

3.507 The Petitioner has submitted that the syndication fees have not been considered while projection of A&G Expenses for second control period. It is further submitted that the Petitioner had to take huge loans to finance its Regulatory Assets. For the purpose of availing such loans, the banks in the ordinary course of its business have charged various bank charges. The Petitioner has claimed such syndication fees as part of its bank charges on the basis of actual amounts paid to the bank on such loans. The Petitioner has claimed recovery of such amount on actual basis in the true-up for FY 2015-16 since the original projection of expenses did not include any projection on this account

3.508 The Petitioner has submitted that even the definition of RoCE in clause 5.6 of the DERC MYT Regulations expressly indicates that it shall cover all financing costs. Hence, it is obvious that even the return to the business would include something more than the actual interest on debt and also include such costs over and above the actual interest costs. The Petitioner has further clarified that to bridge the mismatch in cash flow due to insufficient or non-cost reflective tariff, the Petitioner has been raising funds through Commercial borrowings for which certain financing charges are required to be paid over and above the interest cost. Apart from this, while arranging loans from lender some finance charges in the form of processing fee or upfront fee etc. has to be paid by the Petitioner for various credit facilities and financial assistance grant by the banks and other lenders. Hence the Petitioner is respectfully submitting to the Hon'ble Commission to allow these financing charges on actual basis.

3.509 The Petitioner has submitted that in the MYT order for the control period, the Hon'ble Commission has merely considered the closing balance of O&M expenses for the previous year and permitted an escalation thereon. Such expenses on account of bank charges and financing fees having arisen subsequent to such projection were not envisaged when the projection was made. Petitioner has submitted that bank charges and other borrowing costs has not been claimed as a part of its capitalization and additional cost on account of Syndication fees/ Bank Charges and other borrowing costs is as follows:

Table 152: Total Financing Charges (in Rs. Crore)

Sr. No.	Particulars	FY 2014-15	FY 2015-16
A	Bank Charges	15.51	6.00
B	Other Borrowing Cost	8.27	8.00
C	Total	23.78	14.00

COMMISSION'S ANALYSIS

3.510 The Commission has already dealt this issue in tariff order dated 29.09.2015 as follows:

"As per Regulation 5.6 of the MYT Regulations, 2011, "Return on Capital Employed (RoCE) shall be used to provide a return to the Distribution Licensee, and shall cover all financing costs, without providing separate allowances for interest on loans and interest on working capital".

3.511 As per Accounting standard (AS 16-Borrowing Costs) issued by Institute of Chartered Accountants of India and notified by Companies amendment Act 1999,

"6. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset should be capitalized as part of the cost of that asset. The amount of borrowing costs eligible for capitalisation should be determined in accordance with this Statement. Other borrowing costs should be recognised as an expense in the period in which they are incurred."

3.512 Conjoint reading of all the three extracts above, the Commission is of the view that the borrowing costs directly related to the capital assets shall be added to the cost of such capital assets.

3.513 The Commission is of the view that only the borrowing cost will be considered at the time of final true up of capitalisation. Accordingly, the Commission has not considered the syndication and documentation charges claimed by the Petitioner. Accordingly, the Commission has not considered syndication fees etc. of Rs.31.19 Crore as part of miscellaneous expenses.

3.514 Accordingly, the Commission has not considered the Syndication fees/ Bank Charges and other borrowing costs claimed by the Petitioner and the same shall be considered at the time of final true up of capitalisation for the relevant year.

SPECIAL AUDIT RELATED EXPENSES:

PETITIONER'S SUBMISSION

3.515 The Petitioner has submitted that a Special Audit was undertaken by CAG on the special request of GoNCTD. This special Audit was initiated in January 2014 and continued up to September 2015. The Petitioner has incurred Rs. 1.66 Crore on various heads like engaging lawyers, legal opinion, air fare, hotel expenses, conveyance etc. Such expenses were not part of normal A&G Expenses in the base year, i.e., FY 2011-12. Therefore the Petitioner requests the Commission to allow the same in the ARR.

COMMISSION'S ANALYSIS

3.516 The Commission is of the view that the Petitioner has spent the expenditure in various heads like engaging lawyers, legal opinion, air fare, hotel expenses, conveyance etc in its writ petition filed before Hon'ble High Court of Delhi and Hon'ble Supreme Court and the said expenditure has been incurred against the CAG audit of the books of account of the Petitioner. It is observed that these expenses have no relationship with the normal expenditure to be allowed in the ARR of the Petitioner. The Petitioner had also not taken any prior approval before engaging lawyers and related expenses incurred on account of CAG audit, therefore the commission has not approved additional expenses under these heads in order to safeguard the consumer's interest.

3.517 Apart from the Incremental License Fees, Incremental Ombudsman expenses, Syndication fees/ borrowing costs, Special Audit related expenses, Petitioner has also submitted their claim for Impact due to change in service tax rate, Food Allowance, Children Education Allowance in FY 2015-16.

FOOD ALLOWANCE & CHILDREN EDUCATION ALLOWANCE

PETITIONER'S SUBMISSION

3.518 The Petitioner has submitted that the Hon'ble ATE in its Judgment dated February 10, 2015 (Appeal 171 of 2012) has ruled as under:

"3.7… The enhancement of food allowance on the recommendations of the Sixth Pay Commission Report as adopted by DTL is binding on the Appellant as per the Statutory Transfer Scheme. As such, it is an uncontrollable expenditure. Accordingly, the State Commission shall allow the additional expenditure of Rs. 0.8 Crore on this account along with carrying cost."

"4.4 In the impugned order, the State Commission has not allowed the impact of increase of Children Education allowance as the State Commission had already considered the increase in Children Education allowance while revising employees' expenses of the Appellant in its tariff order dated 26.08.2011. This is not correct. Therefore, on the same analogy as made for allowance of increase due to food allowance under paragraph 3.7 the increase in expenditure of the Appellant due to increase in Children Education allowance from Rs. 40/- p.m. per child to Rs. 1,000/- p.m. per child has to be allowed with carrying cost. Accordingly directed."

3.519 Accordingly the Petitioner has claimed Rs. 0.91 Crore and Rs. 1.42 Crore for Food allowance and Children Education Allowance respectively for FY 2015-16.

COMMISSION'S ANALYSIS

3.520 The Commission observes that the judgement referred by the Petitioner of Hon'ble APTEL in Appeal No. 171 of 2012 pertains to impact of Food Allowance and Children Education Allowance based on the recommendations of the Sixth Pay Commission

Report which has been implemented in 1st MYT Control period and the same has already been allowed by the Commission to the Petitioner in Tariff Order dtd. 26/08/2011. The relevant extract of the said Tariff Order is as follows:

"3.125 Further, the Commission has also observed that while the increase in salaries due to wage revision was with retrospective effect from January 1, 2006, the implementation of wage revision recommendations also led to introduction/removal/increase of certain allowances ***such as HRA, TPA, CCA, LTC Encashment and Children Education Allowance with effect from FY 2008-09.*** *The impact on employee cost on account of these "New Allowances" has been added separately from FY 2008-09 onwards. As these allowances were started / discontinued in FY 2008-09 and were not applicable for the entire year of FY 2008-09, the Commission has considered the impact on employee cost on account of these allowances in FY 2009-10 as base year, when these allowances were applicable for full year and escalated the total allowances paid in FY 2009-10 by the escalation factor to arrive at the figure for FY 2010-11. "*

3.521 Therefore, the Commission is of the view that the impact of New Allowance based on the recommendations of 6th Pay Report has already been allowed in the relevant years True up during 1st MYT Control Period and the same is part of Employee Expenses for base year FY 2011-12 which has been utilised for projecting Employee Expenses for FY 2015-16. Accordingly, the Commission has not considered these expenses for FY 2015-16.

IMPACT DUE TO CHANGE IN SERVICE TAX RATE

PETITIONER'S SUBMISSION

3.522 The Petitioner has submitted Rs. 3 Crore as additional expenses in FY 2015-16.

COMMISSION'S ANALYSIS

3.523 The Commission observes that the Petitioner has not provided any calculation and justification on account of Impact due to change in Service Tax Rate and has only indicated this amount in table 3.19 of the Petition. Further the same is not reflected in Audited Accounts of FY2015-16, the Commission has decided not to consider this expense as an additional expense.

3.524 Based on the above analysis, the total amount considered under the head "Other Expenses' is given in the table as follows:

Table 153: Other Expenses Truing up for FY 2014-15 and FY 2015-16 (Rs. Crore)

Particulars	Petitioner's Submission		Commission's Approved	
	FY 2014-15	FY 2015-16	FY 2014-15	FY 2015-16
Incremental Licence Fees paid to DERC	0.79	1.00	0.79	1.00
Ombudsman Expense	0.004	0.00	0.00	0.00
Syndication fees/borrowing Costs	23.78	14.00	0.00	0.00
Special Audit related Expenses	1.66	1.00	0.00	0.00
Impact due to change in service tax rate	0.00	3.00	0.00	0.00
Food Allowance	0.00	0.90	0.00	0.00
Children Education Allowance	0.00	1.42	0.00	0.00
Total	**26.24**	**19.00**	**0.79**	**1.00**

NON-TARIFF INCOME

INTEREST ON CONSUMER SECURITY DEPOSIT

PETITIONER'S SUBMISSION

3.525 The Petitioner has submitted the difference between the interest on Consumer Security Deposit (CSD) computed on the basis of carrying cost as per SBI PLR and that already paid to the consumers has been added in NTI as under:

Table 154: Interest on CSD (Rs. Crore)

Sr. No.	Particulars	FY 2014-15	FY 2015-16
A	Opening Balance of CSD	356.59	401
B	Closing Balance of CSD	400.84	445
C	Average Balance	379	423
D	Interest rate	15.13%	14.80%
E	Interest on CSD	57.28	63
F	Interest paid to the consumers	21.33	25
G	**Net Interest to be considered**	**35.95**	**38**

COMMISSION'S ANALYSIS

3.526 The Commission is of the view that the Petitioner has invested the Consumers security deposits in the regulated business. The Commission has considered the normative interest rate as per the rate of interest on carrying cost. The difference in the normative interest and the interest booked on consumer security deposit (at the rate of 6%) for FY 2014-15 and FY 2015-16 as per the audited financial statements has been considered as Non Tariff Income as the funds are already with the DISCOM which is being utilised for the Regulated business. The approved interest on consumer security deposit considered as part of Non Tariff Income is computed as follows:

Table 155: Interest on Consumer Security Deposit (Rs. Crore)

Sr. No.	Particulars	FY2014-15	FY2015-16
A	Opening CSD	348.24	393.69
B	Additions	52.60	43.74
C	Closing CSD	400.84	444.58
D	Average CSD	374.54	422.71
E	Rate of Interest	10.17%	10.25%
F	Normative interest on CSD	38.09	43.33
G	Interest paid to the consumers	21.33	25.00
H	Normative interest as part of Non tariff income	16.76	18.33

SERVICE LINE-CUM-DEVELOPMENT (SLD) CHARGES

PETITIONER'S SUBMISSION

3.527 The Hon'ble Commission in Tariff Order dated September 29, 2015 ruled as under:

"3.355 The Commission has observed from the audited financial statements (Note 8) that the service line charges received from the consumers amounting to Rs.23.76 Crore is remained unadjusted and kept in deposit account. These service line charges are collected from the consumers and by deferring and not treating as nontariff income will inflate the ARR by the same extent which tantamount to collection of the same from the consumers again through tariffs."

3.528 The Petitioner has challenged the aforesaid issue before Hon'ble ATE in Appeal No. 290 of 2015. Without pre-judice to the contentions in the Appeal, the Petitioner has added the difference between the SLD Charges received during FY 2014-15 and FY 2015-16 appearing in the Other Income in the Audited Accounts for the purpose of computation of Non-Tariff Income as under:

Table 156: Difference on account of SLD (Rs. Cr.)

Sr. No.	Particulars	FY 2014-15	FY 2015-16
A	Received during the year	29.28	36
B	SLD appearing in Other Income	26.57	31
C	Difference considered	2.71	5

COMMISSION'S ANALYSIS

3.529 The Commission has observed from the audited financial statements of FY 2014-15 and FY 2015-16 that the service line charges are Rs. 2.71 Crore and Rs. 4.50 Crore respectively. Therefore, as per the prevailing practice in previous Tariff Order, the Commission has considered these amounts as part of non-tariff income for the relevant year.

LATE PAYMENT SURCHARGE

PETITIONER'S SUBMISSION

3.530 The Petitioner has requested to allow Rs. 21.12 Crore and Rs. 19 Crore during FY 2014-15 and FY 2015-16 respectively to be retained as the same merely meets the financing cost of delay in payment.

COMMISSION'S ANALYSIS

3.531 As per judgment in Appeal No. 14 of 2012 of Hon'ble APTEL :

"135. Delhi Commission has submitted that allowing financing cost for LPSC means allowing of additional working capital for the time period between the due date and the actual date of payment. Hence, financing cost of LPSC has to be at the same rate as that approved for working capital funding. The view taken by the Delhi Commission is correct and need not be interfered with."

3.532 The Commission has approved the rate of interest of working capital at 10.17% for FY 2014-15 and 10.25% for FY 2015-16. In view of the judgment of Hon'ble APTEL, the Commission considers the financing cost at 10.17% for FY 2014-15 and 10.25% for FY 2015-16 and interest approved for funding of principal amount of LPSC for FY 2014-15 and FY 2015-16 indicated in the table as follows:

Table 157: Approved Funding of LPSC (Rs. Crore)

Sr. No.	Particulars	FY 2014-15	FY 2015-16
A	LPSC Collected @ 18 %	21.12	19.33
B	Principal amount on which LPSC was charged (A/18%)	117.33	107.39
C	Interest Rate for funding of Principal of LPSC	10.17%	10.25%
D	Interest approved on funding of Principal amount of LPSC (B*C)	11.93	11.01

REBATE ON POWER PURCHASE COST AND TRANSMISSION CHARGES:

PETITIONER'S SUBMISSION

3.533 The Petitioner has submitted that since the actual rebate on power purchase and transmission charges has been deducted for the purpose of calculation of net power purchase cost, same ought to be deducted from Non-Tariff Income. Accordingly the Petitioner has deducted rebate on power purchase and transmission charges from Non-Tariff Income.

COMMISSION'S ANALYSIS

3.534 The Regulation 5.24 of the MYT Regulations, 2011 specifies that

> *"Distribution licensee shall be allowed to recover the net cost of power it procures from sources approved by the Commission,...*
>
> *...assuming maximum normative rebate available from each source for payment of bills through letter of credit on presentation of bills for supply to consumers of Retail supply business".*

3.535 Accordingly, the actual rebate earned by the Petitioner as per the audited financial statements for FY 2014-15 and FY 2015-16 is Rs. 12.97 Crore and Rs. 1 Crore respectively has been allowed to be reduced from Non Tariff Income.

WRITE-BACK OF MISCELLANEOUS PROVISIONS

PETITIONER'S SUBMISSION

3.536 The Petitioner has referred the Commission's Tariff Order dated September 29, 2015 which did not consider the write-back of miscellaneous provisions as follows:

> *"3.354 The A&G expenses for the base year FY 2010-11 have been benchmarked for the purpose of MYT period FY 2012-13 to FY 2014-15 without adjusting provision for miscellaneous expenses. Thus, the Petitioner has been allowed O&M expenses on a normative basis without considering whether actually spent or provisioned. The Commission is of the view that the provisions written back are to be included in the Non-Tariff Income."*

3.537 The Petitioner has further submitted that the aforesaid treatment is contrary to the statement of the same tariff order where the Commission has submitted as follows:

> *"4.199 The Commission has removed abnormal expenses such as provision for retirement of fixed assets, Loss on Sale/Discarding of Assets, Provision for*

Doubtful debts, Inventory of stores and spares written off, bad debts written off, transfer from opening provision of doubtful debts and has added lease rentals transferred from R&M expenses to the total A&G expenses as per submission of the Petitioner"

Table 158: Revised A&G Expenses (Rs.Cr.)

Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
A&G expenses as per audited accounts	136.82	157.58	108.28	144.94	109.62
Less: Provision for retirement of Assets	-	-	-	14.48	12.29
Less: Loss on Sale/Discarding of Assets	1.18	2.25	223	0.22	2.88
Less: Provision for Doubtful Debts	76.05	91.99	41.14	-	20.24
Less: Bad Debts written off	-	-	-	-	199.59
Less: Inventory of Stores & Spares Written off	-	-	-	-	-
Less: Transfer from opening provision for doubtful debts	-	-	-	78.24	(199.59)
Less: Fines and Penalties inc under Sundry Expenses	-	-	-	1.68	-
Add: Lease Rentals transferred from R&M cost	1.57	1.55	2.42	1.54	1.55
Net A&G Cost	**61.16**	**64.89**	**67.33**	**51.86**	**75.76**

3.538 It is clear from the above extract that if the cost of the provisions were not considered by the Commission while projecting the A&G expenses, in any case, the revenue from any recovery under such provision cannot be added to the ARR.

3.539 The Petitioner has further referred the Commission's Tariff Order dated September 29, 2015 that has also reversed the write-back of excess provisions for doubtful debts allowed during the earlier period, i.e., FY 2007-08 to FY 2011-12. The extracts are reproduced as under:

"3.122 As per Regulation 5.23 of MYT Regulation 2007, the miscellaneous receipts from the consumers shall constitute non tariff income of the licensee. Write back of provision of doubtful debts related to recovery of debts forms part of miscellaneous receipts of the Petitioner. The Commission is of the view that the target of AT&C loss has been fixed by considering the collection efficiency at 99.5% with a scope of 0.5% provisions for bad/doubtful debts. Therefore, any recovery on account of bad and doubtful debts shall constitute non tariff income of the licensee to the extent of 0.5% provision on debtors. Accordingly, the income on account of any such write back of provision for

doubtful/bad debts is considered as Non tariff income."

3.540 The Petitioner has submitted that *"… collection efficiency of 99.5% with a scope of 0.5% provisions for bad/ doubtful debts…."* is factually inaccurate. By virtue of the billing lag which is inherent in an annual tariff re-determination, even if the collection efficiency were assumed to be 100%, even then the actual collection would still be in the range of 99% to 99.25%.

3.541 The Petitioner has requested that in view of the aforesaid submissions, income on account of write-back of provisions for doubtful debts shall be allowed as Non-Tariff Income.

COMMISSION'S ANALYSIS

3.542 The A&G expenses for the base year FY 2011-12 have been benchmarked for the purpose of MYT period FY 2012-13 to FY 2015-16 on the basis of A&G Expenses indicated in the Audited Financial Statement without considering whether the amount has been actually spent or provisioned. Therefore, the Commission is of the view that the provisions written back are to be included in the Non Tariff Income.

SHORT TERM GAIN

PETITIONER'S SUBMISSION

3.543 The Petitioner has requested the Commission to allow him to retain the income on account of the funds of the Petitioner parked in debt service reserve account (DSRA) of Rs. 7.01 Cr and Rs. 2 Cr. for FY 2014-15 and FY 2015-16 respectively as the cost incidental to the same has not been allowed in the ARR.

COMMISSION'S ANALYSIS

3.544 The Petitioner has submitted that Short Term gain is on account of interest received on fixed deposits maintained by the Petitioner as margins kept with the funding agency for loans availed. Therefore, the Commission is of the view that interest on these fixed deposits should be allowed to be reduced from the Non-Tariff Income as Rs. 7.01 Cr and Rs. 2 Cr. for FY 2014-15 and FY 2015-16 respectively.

RECOVERIES FROM EMPLOYEES

PETITIONER'S SUBMISSION

3.545 The Petitioner has mentioned that the recoveries from employees include mobile bill, bill on account of data-card etc. Since, the Hon'ble Commission is allowing the O&M Expenses on normative basis, income on account of recoveries from employees ought to be deducted from Non-Tariff Income.

COMMISSION'S ANALYSIS

3.546 The Commission has allowed O&M expenses on a normative basis and as per MYT Regulations, 2011 any under/over recovery on account of O&M Expenses is to the account of the Petitioner. Therefore, the recoveries from employees on account of mobile bill, data-card bill etc. are allowed to be reduced from Non Tariff Income as Rs. 0.01 Cr. and Rs. 0.0 Cr for FY 2014-15 and FY 2015-16 respectively.

TRANSFER FROM CONSUMER CONTRIBUTION AND CAPITAL WORKS

PETITIONER'S SUBMISSION

3.547 The Petitioner has submitted that the Commission in Tariff Order dated 29/09/2015 allowed transfer from consumer contribution for capital works to be reduced from NTI for FY 2013-14 for the other DISCOMs. In view of the above, the Petitioner requests the Hon'ble Commission not to consider this amount as Non-Tariff Income during FY 2014-15 and FY 2015-16.

COMMISSION'S ANALYSIS

3.548 The Commission is of the view that the consumer contribution is not considered for calculation of depreciation and RoCE and the Petitioner is making book adjustments in compliance of accounting standards and has no impact on cash flows. Therefore, amount transferred from Consumer contribution and capital works are allowed to be reduced from Non-Tariff Income.

INCOME ON ACCOUNT OF BAD DEBTS RECOVERED

PETITIONER'S SUBMISSION

3.549 The Petitioner has submitted that the Hon'ble Commission in its Tariff Order dated September 29, 2015 ruled as under:

"3.351 As per Regulation 5.35 of MYT Regulations, 2011, all incomes being incidental to electricity business and derived by the Licensee shall constitute non-tariff income of the Licensee.

3.352 The Petitioner has submitted that any amount recovered as bad debts is an energy income which is required to be included in the amount collected during the year as the same is received against the amount billed in the previous years. The amount billed and collected in previous years has already been considered for the purpose of AT&C loss calculation during respective years. However, the Petitioner has not indicated separately category wise details of the amount collected on account of bad debt recovered in its audited financial statement for FY 2013-14. Therefore, the bad debts actually recovered by the Petitioner under the head 'other income' as indicated in the audited financial statement of FY 2013-14 are considered under non tariff income."

3.550 The Petitioner has submitted that the treatment rendered by the Commission leads to double accounting of the same income. It is further submitted by the Petitioner that vide letter dated April 10, 2015 the Auditor Certificate duly certifying that the income on bad debts recovered is a part of normal collection. The Petitioner has further submitted that the accounting treatment of income recovered on account of bad debts is similar to transfer of consumer contribution for capital works.

3.551 The Petitioner has requested the Commission to not consider income recovered on account of bad debts as NTI.

COMMISSION'S ANALYSIS

3.552 The Petitioner has submitted that any amount recovered as bad debts is an energy income which is required to be included in the amount collected during the year as the same is received against the amount billed in the previous years. The amount billed and collected in previous years has already been considered for the purpose of AT&C loss calculation during respective years. It is observed that the amount recovered from the bad debts written off by the Petitioner is part of total collection for the relevant year has also been indicated under the head 'other income' in the audited financial statement of FY 2014-15 and FY 2015-16. Therefore, the Income on account of bad debts recovered are reduced from Non Tariff Income.

SALE OF SCRAP

PETITIONER'S SUBMISSION

3.553 The Petitioner has submitted that Hon'ble Commission did not allow the recoveries from sale of scrap to be retained by the Petitioner as under:

> *"3.344 In view of the MYT Regulation 2011 as quoted above, all incomes incidental to electricity business and derived by the Licensee from sources including but not limited to profit derived from disposal of assets is to be included in the NTI. Further, the receipts from sale of scrap have not been adjusted while determining O&M expenses of the base year. Therefore, the amount on account of sale of scrap is considered in Non tariff Income.*

3.554 The Petitioner has further submitted that the Hon'ble Commission has ignored the fact that MYT Regulations, 2011 also provides for all legitimate expenses. The Petitioner understands that the MYT Regulations, 2011 cannot be read in isolation such that all costs incidental to electricity business are not recovered but all incomes incidental to electricity business are considered for the purpose of ARR. It is a settled principle that any investment on assets by the Petitioner is required to be recovered from the consumers. Any investment by the Petitioner cannot be left unrecovered as same tantamount to violation of ensured return on equity in electricity business.

3.555 The Petitioner has requested that as per above Regulation, the depreciation is required to be allowed only on the assets funded through equity and debt subject to maximum value of 90% of the total cost of assets and rest 10% of the value is required to be recovered through income from scrap.

3.556 The Petitioner has submitted that in case income from sale of scrap is passed to the consumers, then the same will effectively reduce the rate of return on equity. For example: An asset of Rs. 100 is funded through debt-equity in ratio of 70:30 respectively. The Petitioner shall be able to recover only 90% of the total asset value, i.e., Rs. 90 and rest Rs. 10 will be residual value. Now the residual asset is sold at Rs. 5 which becomes income from scrap. This Rs. 5 ought to be utilized in the recovery of unrecovered residual value otherwise same will reduce return on equity of the Petitioner.

COMMISSION'S ANALYSIS

3.557 As per DERC MYT Regulations 2011, clause 5.35,

> *"All incomes being incidental to electricity business and derived by the Licensee from sources, including but not limited to profit derived from disposal of* assets, *rents, net late payment surcharge (late payment surcharge less financing cost of late payment surcharge), meter rent (if any), income from investments, income on investment of consumer security deposit and miscellaneous receipts from the consumers shall constitute Non-Tariff Income of the License."*

3.558 It is observed that Petitioner submission is contrary to the accounting principle specified by the Institute of Chartered Accountants of India in Accounting Standard (AS) 10 for treatment of disposal of fixed asset. As per AS 10 only gains or losses arising on disposal of fixed assets are generally recognised in the profit and loss statement and not the whole sale proceeds as follows:

> *"14.3 In historical cost financial statements, gains or losses arising on disposal are generally recognised in the profit and loss statement."*

3.559 The Petitioner has submitted the audited financial statement indicating sale of scrap under the head other income and it is also pertinent to state that the audited financial statement has been prepared by the auditors in accordance with the applicable accounting standards prescribed in the Companies (Accounting Standards) Rules 2014 issued by the Central Government. Therefore, the amount on account of sale of scrap of Rs. 7.04 Cr. and Rs. 8.39 Cr. indicated in audited financial statement for FY 2014-15 and FY 2015-16 respectively has not been reduced from Non tariff Income.

COMMISSION ON ELECTRICITY DUTY

PETITIONER'S SUBMISSION

3.560 The Petitioner has submitted that as an agent on behalf of Municipal Corporation of Delhi (MCD), it collects and pays to the MCD the Electricity Duty. For undertaking this activity, there is incidence of use of assets and facilities of the licensed business towards collection of the Electricity Duty. As such this collection activity is a separate business and optimally utilizes the assets of the Petitioner. Section-51 of the 2003 Act, as well as, Delhi Electricity Regulatory Commission (Treatment of Income from Other Business of Transmission Licensee and Distribution Licensee) Regulations, 2005 permits the Petitioner to engage in any other business for optimal utilization of its assets.

3.561 The Petitioner has added that to perform in-house operations also for which the Petitioner is required to incur additional O&M Expenses. Some of these in-house activities involve maintenance of records regarding Electricity Duty (Amount of Electricity Billed, Collected, Outstanding, Paid to GoNCTD etc.), cash-handling activities, interaction with GoNCTD, etc. which involves cost. The Petitioner incurs security and conveyance expenses towards transfer of money. Additionally, the Petitioner has also engaged various collection agencies for which the Petitioner has to pay service charges for such engagement. All these expenses are not being allowed by Hon'ble Commission since O&M Expenses are allowed on a normative basis. It is further submitted that the commission on collection of Electricity Duty is being provided as compensation in lieu of the Petitioner's efforts in collecting and accounting and other services rendered by the Petitioner to GoNCTD. The Petitioner has submitted that, therefore, the Income from commission received on account of collection of Electricity Duty ought to be deducted from Non-Tariff Income.

COMMISSION'S ANALYSIS

3.562 The Commission is of the view that collection of electricity duty is not a separate function/job and electricity duty is collected with electricity bills as normal collection of electricity dues billed by the Petitioner. Therefore, the Petitioner's submission that there is extra cost on account of collection of electricity duty is neither indicated in the audited financial statement nor justified. Accordingly, amount on account of

Commission on Electricity Duty of Rs. 5.73 Cr. and Rs. 5.93 Cr. indicated in audited financial statement for FY 2014-15 and FY 2015-16 respectively has not been reduced from Non Tariff Income.

CONNECTION/RE-CONNECTION CHARGES

PETITIONER'S SUBMISSION

3.563 The Petitioner has submitted Rs. 0.29 Crore towards revenue from connection/reconnection charges to be reduced from Non Tariff Income.

COMMISSION'S ANALYSIS

3.564 The Commission is of the view the connection/reconnection activities are part of the distribution business and accordingly considers the connection/reconnection charges as Non-Tariff Income.

3.565 Hence, the connection/reconnection charges of Rs. 0.29 Crore claimed by the Petitioner are not considered and the amount is treated as Non-Tariff Income from the distribution business.

3.566 Based on the above analysis and deliberations, the Commission has approved the amount of Non Tariff Income as summarized below:

Table 159: Amount of Non Tariff Income (Rs.Cr.)

Sr. No.	Particulars	2014-15		2015-16	
		Petitioners projections	Now Approved	Petitioners projections	Now Approved
I	**As per Audited Accounts**				
A	Other Operating revenue	88.76	88.76	70.50	70.50
B	Other Income	38.12	38.12	41.84	41.84
II	**Total (A+B)**	**126.88**	**126.88**	**112.34**	**112.34**
C	Income from normative interest on Consumer Security Deposit	35.95	16.76	38.00	18.33
D	Service line-cum-development charges	2.71	2.71	4.00	4.50
III	**Total NTI (II+C+D)**	**165.54**	**146.35**	**154.34**	**135.17**
1	Less: Financing cost of LPSC	21.12	11.93	19.00	11.01
2	Less: Rebate on Power Purchase and Transmission charges	12.97	12.97	1.00	1.00
3	Less: Write-back of Miscellaneous provisions	6.13	-	13.00	-
4	Less: Short Term gain	7.01	7.01	2.00	2.00
5	Less: Recovery from employees	0.01	-	-	-
6	Less: Connection/Reconnection	0.29	-	-	-

Sr. No.	Particulars	2014-15		2015-16	
		Petitioners projections	Now Approved	Petitioners projections	Now Approved
	Charges				
7	Less: Commission on ED	5.73	-	6.00	-
8	Less: Bad debts recovered	3.98	3.98	6.00	5.59
9	Less: Transfer from Consumer Contribution for capital works	5.58	-	6.00	-
10	Less: Sale of Scrap	7.04	-	8.00	-
V	**Total (1 to 10)**	**69.86**	**35.89**	**61.00**	**19.60**
	Total : Non Tariff Income (IV - V)	**95.68**	**110.46**	**87.34**	**115.57**

INCOME FROM OTHER THAN LICENSED BUSINESS

INCOME FROM REAP

PETITIONER'S SUBMISSION

3.567 The Petitioner has submitted that REAP Technology has been developed by BSES Yamuna Power Limited (BYPL) in collaboration with Indian Institute of Technology-Delhi (IIT-D). REAP is an off-grid solution that will enable electricity at the doorstep of farmers. REAP offers the farming sector an alternative, reliable and scientific solution to improve productivity.

3.568 The Petitioner has submitted that REAP system provides clean, green, non-polluting energy which can be harnessed in everyday life and reduce dependencies on fossil fuels. The Petitioner has engaged its existing manpower, additional new manpower as well as external technical expertise to take this initiative. For undertaking this initiative, the Petitioner has received as gross amount of Rs. 0.06 Crore which has been shown as Non-Tariff Income at Note-26 of Audited Accounts for FY 2014-15. For installing REAP system, the Petitioner has spent Rs. 0.31 Crore. Hence there is a net expense during FY 2014-15. In accordance with Delhi Electricity Regulatory Commission (Treatment of Income from Other Business of Transmission Licensee and Distribution Licensee) Regulations, 2005, the Petitioner has not considered any income to be passed in the ARR.

COMMISSION'S ANALYSIS

3.569 The Petitioner has itself submitted in its Petition at para 3.12.4 that in accordance with Delhi Electricity Regulatory Commission (Treatment of Income from Other

Business of Transmission Licensee and Distribution Licensee), 2005 the Petitioner has not considered any income on account of REAP.

STREET LIGHT MAINTENANCE BUSINESS

PETITIONER'S SUBMISSION

3.570 The Petitioner has submitted that the responsibility of maintaining street light is not contained in the Licence of the Petitioner. The Electricity Act 2003 does not mandate the Distribution Licensee to maintain Street Lights. Further as per Section-42 of Delhi Municipal Corporation Act, 1957, it is the responsibility of MCD to maintain Street lighting system as follows:

> *"42. Obligatory functions of the Corporation*
>
> *….*
>
> *(o) the lighting, watering and cleansing of public streets and other public places;*
>
> *…*
>
> *(w) the maintenance and development of the value of all properties vested in or entrusted to the management of the Corporation;"*

3.571 With the unbundling and restructuring of Delhi Vidyut Board (DVB) into corporate entities and privatisation of Distribution Business, the past legacy of maintenance of public lighting was passed on to the Petitioner as matter of course, though as distribution licensee the maintenance of public lighting was not their function. In fact the Petitioner vide letter dated March 24, 2004 intimated the Commission that maintenance of street lighting is the responsibility of MCD under DMC Act and not the Petitioner. Also the Hon'ble Commission in Order dated September 3, 2003 ruled as under:

> *"10. Having heard the submission of the parties, the Commission observed that it was the prerogative of the MCD, either to get the work done themselves or through the DISCOMs, in the latter alternative, scope of works, as also the commercial terms and conditions, shall need to be proposed by MCD. Thereafter, the Commission shall determine the maintenance charges, etc. after having considered the responses of the DISCOMs."*

3.572 Therefore it is clear that maintenance of street lighting is an activity assigned to the Petitioner by MCD under DMC Act and does not fall under Regulated Business.

3.573 The Petitioner has further mentioned that however, there was a dispute between the Delhi DISCOMs and MCD on scope of work of the activities and charges at which is the maintenance is to be undertaken by Delhi DISCOMs. During FY 2003-04 The Commission received number of complaints on the poor conditions of street light prevailing in respect of Public Lighting in Delhi. Consequently in order to settle the matter, the Hon'ble Commission vide letter dated October 15, 2003, identified the scope of works as maintenance of existing streetlights, addition of new streetlights, installing of high mast lights, transformers, etc. Further the Hon'ble Commission vide Order dated March 5, 2004 determined the rates for maintenance of street lights. These rates were further amended by the Order issued by the Hon'ble Commission on September 24, 2009.

3.574 The Petitioner has submitted that the determination of rates and scope of work by the Commission does not mean that maintenance of streetlights fall under Licensed Activity and is a part of regulated business. The scope of work and determination of rates by the Commission has helped MCD and the Petitioner to reach at consensus.

3.575 Therefore, the Petitioner is maintaining Street Lights not as an obligation under Licensed Business but on behalf of road owning agencies, viz. MCD, NHAI, PWD in the areas comprising South and West Delhi. For carrying out the maintenance services the Petitioner optimally engages its existing manpower, Technicians, Electricians, Electric Men, Line Engineers and also outsources further manpower.

COMMISSION'S ANALYSIS

3.576 The Commission in its Order dated March 5, 2004 regarding directions for street lighting in the areas of MCD has stated as follows:

> *"11. … The best way doing this would be to have an in-built system of providing incentives in case of good performance and likewise, impose penalties in case the performance is lower than expectations…*
>
> - *The Commission would like to evolve a system whereby good performance is rewarded. Similarly, poor performance also needs to be discouraged and therefore, the Commission directs that full maintenance charges may be paid for 90% performance. Performance higher than 90% shall earn an*

incentive for the DISCOMS according to the following table:

Performance level achieved	***Incentive***	***Example***
Between 90-95%	*1% for each percentage in over achievement from target of 90%*	*Actual Performance 93% Incentive 93-90= 3%*
Between 95 - 97%	*1.5% for each percentage in over achievement from target of 95%*	*Actual Performance 97% Incentive = 5+3 = 8%*
Above 97%	*2.0% for each percentage in over achievement from target of 97%*	*Actual Performance 99% Incentive = 8+4 = 12%*

Performance less than 90% shall attract disincentive for the DISCOMS according to the following table:

Performance level achieved	***Disincentive***	***Example***
Between 80-90%	*1% for each percentage in shortfall to achieve target of 90%*	*Actual Performance 83% Disincentive 90-83 = 7%*
Between 70 - 80%	*1.5% for each percentage in shortfall to achieve target of 80%*	*Actual Performance 77% Disincentive = 10+4.5 = 14.5%*
Below 70%	*2% for each percentage in shortfall to achieve target of 70%*	*Actual Performance 60% Incentive = 25+20 = 45%*

The incentive or disincentive would not be a pass through in the calculation of the Annual Revenue Requirement and the payment would be made by the 15th day of the following month."

3.577 The Commission in its Tariff order dated 23/07/2014 has already clarified that income from street light maintenance is part of other income of regulated business. Further, the expenses incurred on account of this activity are part of O&M expenses of the base year. Therefore, no separate expenses are permissible under this head.

3.578 Further, the Commission had directed the Petitioner in Tariff Order dtd. 29/09/2015 to provide details of the incentive earned on account of street light maintenance which shall be allowed to be retained by the Petitioner. However, the Commission observes that there is no separate line item for incentive earned on street light maintenance in Note 25 of the audited financial statements of FY 2015-16 as claimed by the Petitioner. The Petitioner has claimed that total income from street light maintenance business is Rs. 14.54 Cr in FY 2014-15 however, it is pertinent to state that in Note 25 of the audited financial statements of FY 2015-16 under the head "other income" maximum amount indicated against a particular head is Rs. 8 Cr. only. Therefore, the Commission has considered the amount for Street Light Maintenance as part of Non Tariff Income of the Petitioner.

CAPITAL EXPENDITURE AND CAPITALISATION

PETITIONER'S SUBMISSION

3.579 The Petitioner has submitted Capitalisation during the year as Rs. 245 Cr. and Rs. 262 Cr. for FY 2014-15 and FY 2015-16 respectively. Further, the Petitioner has submitted De-Capitalisation during the year as Rs. 20 Cr. and Rs. 46 Cr. for FY 2014-15 and FY 2015-16 respectively.

COMMISSION'S ANALYSIS

3.580 The Commission has considered closing GFA for FY 2013-14 as approved in the Tariff Order dtd. 29/09/2015 as opening GFA for FY 2014-15.

3.581 As per Audited Financial statements for FY 2014-15 and FY 2015-16, the Capitalisation, De-Capitalisation and Consumer Contribution is as follows:

Table 160: Audited Capitalisation, De-Capitalisation and Consumer Contribution

Particulars	FY 2014-15	FY 2015-16
Capitalisation	244.99	261.92
De-Capitalisation	20.00	45.94
Consumer Contribution	25.51	16.25

3.582 In view of the pending physical verification of the fixed assets of the Petitioner, Capitalization for the purpose of true up has been considered provisionally based on audited financial statements for FY 2014-15 and FY 2015-16 as follows:

Table 161: GFA approved as per audited financial statements for FY 2014-15 and FY 2015-16 (Rs. Crore)

Sr. No.	Particulars	PETITIONER'S SUBMISSION		Trued up	
		FY 2014-15	FY 2015-16	FY 2014-15	FY 2015-16
A	Opening GFA	2451	2676	2,124.51	2,349.50

Sr. No.	Particulars	PETITIONER'S SUBMISSION		Trued up	
		FY 2014-15	FY 2015-16	FY 2014-15	FY 2015-16
B	Additions during the year	245	262	244.99	261.92
C	Retirements	20	46	20.00	45.94
D	Closing GFA	2676	2892	2,349.50	2,565.48

MEANS OF FINANCE

PETITIONER'S SUBMISSION

3.583 The Petitioner has submitted the financing of the capitalisation based on Debt : Equity detailed in the table as follows:

Table 162: Financing of new investment capitalised as submitted by Petitioner (Rs. Crore)

Particulars	FY 2014-15	FY 2015-16
Capitalisation	245	262
De-capitalisation	20	46
Consumers contributions	26	16
Balance Capitalisation	219	246
Equity	66	74
Loan	154	172

COMMISSION'S ANALYSIS

3.584 It is observed from the Petitioner's submissions that the net addition in GFA for FY 2014-15 and FY 2015-16 has been wrongly computed as Rs. 219 Cr. and Rs. 246 Cr. against Rs. 199.48 Cr. and Rs. 199.73 Cr. respectively. The Commission provisionally considers the audited financial statements and funding of capitalisation through equity and debt in the ratio of 30:70 in terms of Regulation 5.11 of the MYT Regulations, 2011 as follows:

Table 163: Financing of new investment capitalised as approved by Commission (Rs. Crore)

Sr. No.	Particulars	PETITIONER'S SUBMISSION		Trued up	
		FY 2014-15	FY 2015-16	FY 2014-15	FY 2015-16
A	Capitalisation	245	262	244.99	261.92
B	De-capitalisation	20	46	20.00	45.94
C	Consumers contributions	26	16	25.51	16.25
D	Balance Capitalisation	219	246	199.48	199.73
E	Equity	66	74	59.84	59.92
F	Loan	154	172	139.64	139.81

DEPRECIATION

PETITIONER'S SUBMISSION

3.585 The Petitioner has submitted computation of Depreciation for FY 2014-15 and FY 2015-16 as follows:

Table 164: Computation of Avg. rate of Depreciation as submitted by Petitioner (Rs. Cr.)

Sr. No.	Particulars	FY 2014-15	FY 2015-16
A	Opening GFA	2451	2676
B	Closing GFA	2676	2892
C	Average of GFA	2564	2784
D	Average Consumer Contribution	188	209
E	Average depreciation rate	3.80%	3.79%
F	Depreciation	90	98

COMMISSION'S ANALYSIS

3.586 Based on the provisionally approved Opening GFA, Capitalisation, De-Capitalisation and Consumer Contribution, provisional depreciation approved by the Commission for true up of FY 2014-15 and FY 2015-16 is as follows:

Table 165: Financing of new investment capitalised as approved by Commission (Rs. Crore)

Sr. No.	Particulars	PETITIONER'S SUBMISSION		Trued up	
		FY 2014-15	FY 2015-16	FY 2014-15	FY 2015-16
A	Opening GFA	2451	2676	2124.51	2349.50
B	Closing GFA	2676	2892	2,349.50	2,565.48
C	Opening Consumer Contribution	176	201	224.59	250.10
D	Closing Consumer Contribution	201	217	250.10	266.35
E	Average Consumer Contribution	188	209	237.35	258.23
F	Average GFA	2564	2784	2,237.01	2,457.49
G	Net GFA for Depreciation	2375	2575	1,999.66	2,199.27
H	Average depreciation rate	3.80%	3.79%	3.80%	3.79%
I	Depreciation	90	98	75.99	83.35
J	Opening Accumulated Depreciation	705	796	632.08	708.06
K	Closing Accumulated Depreciation	796	893	708.06	791.41

WORKING CAPITAL

PETITIONER'S SUBMISSION

3.587 The Petitioner has submitted the computation of Working Capital Petitioner for FY 2014-15 and FY 2015-16 as follows:

Table 166: Working Capital Requirement as submitted by the Petitioner (Rs. Crore)

Sr. No.	Particulars	FY 2014-15	FY 2015-16	Reference
A	Annual Revenues from Tariff & Charges	4830	4081	
B	Receivables equivalent to two months average	805	680	B/6
C	Power Purchase Expenses	4013	3196	
D	Less: 1/12th of power purchase expenses	334	266	C/12
E	Working Capital	471	414	A+B-C
F	Working Capital-Previous	331	471	
G	Change in Working Capital	140	-57	D-E

COMMISSION'S ANALYSIS

3.588 Regulation 5.14 and 5.15 of the MYT Regulations 2011 specifies that working capital shall consist of:

"For Wheeling business

(a) Receivables for two months of wheeling charges

For Retail supply business

(a) Receivables for two months of revenue from sale of electricity

(b) Less: Power purchase costs for one month

(c) Less: Transmission charges for one month, and

(d) Less: Wheeling charges for two months"

3.589 The Commission has computed the Working Capital considering the net power purchase cost including transmission charges and revenue available towards ARR as approved in the truing up for FY 2014-15 and FY 2015-16 as follows:

Table 167: Approved Working Capital Requirement for FY 2014-15 and 2015-16 (Rs. Crore)

Sr. No.	Particulars	PETITIONER'S SUBMISSION		Trued up		Reference
		FY 2014-15	FY 2015-16	FY 2014-15	FY 2015-16	
A	Annual Revenues from Tariff & Charges	4830	4081	4235.66	4478.95	
B	Receivables equivalent to two months average	805	680	705.94	746.49	B/6
C	Power Purchase Expenses	4013	3196	3,701.39	3,083.01	
D	Less: 1/12th of Power Purchase Expenses	334	266	308.45	256.92	C/12
E	Working Capital	471	414	397.49	489.57	A+B-C
F	Working Capital-Previous	331	471	289.91	397.49	
G	Change in Working Capital	140	-57	107.58	92.08	D-E

REGULATED RATE BASE (RRB)

PETITIONER'S SUBMISSION

3.590 The Petitioner has submitted the Regulated Rate Base, Equity & Debt and RoCE for

FY 2014-15 and FY 2015-16 detailed in the table as follows:

Table 168: Regulated Rate Base submitted for FY 2014-15 and FY 2015-16 (Rs. Crore)

Sr. No.	Particulars	FY 2014-15	FY 2015-16
A	RRB - Base Year (Opening)	1825	2103
B	Change in RRB (ΔAB)	138	160
C	Investments capitalized	245	262
D	Depreciation for the year (incl. AAD)	98	118
E	Accumulated Depreciation on decapitalised asset	16	32
F	Consumer Contribution, Grants, etc for the year	26	16
G	Change in Working Capital	140	-57
H	RRB Closing	2103	2206
I	RRB (i)	2034	2126

COMMISSION'S ANALYSIS

3.591 The RRB has been computed based on provisional investment capitalised, depreciation, consumer contribution and working capital requirements for FY 2014-15 and FY 2015-16 detailed in the table as follows:

Table 169: RRB for FY 2014-15 and FY 2015-16

Sr. No.	Particulars	FY 2014-15	FY 2015-16
A	RRB Opening	1,590.11	1,837.54
B	ΔAB (Change in Regulated Base)	177.50	166.08
C	Investments Capitalized	224.99	215.98
D	Depreciation	75.99	83.35
E	Consumer Contribution	25.51	16.25
F	Accumulated Depreciation on De-capitalised Assets	16.35	31.62
G	Change in working capital	107.58	92.08
H	RRB Closing	1,837.54	2,077.61
I	RRB (i)	1,767.61	2,003.62

WEIGHTED AVERAGE COST OF CAPITAL (WACC) & RETURN ON CAPITAL EMPLOYED (ROCE) PETITIONER'S SUBMISSION

3.592 The Petitioner has submitted RoCE and WACC considering the Rate of interest @ 14.39% and 14.14% for FY 2014-15 and FY 2015-16 respectively. Accordingly, WACC has been computed by the Petitioner detailed in the table as follows:

Table 170: Weighted Average Cost of Capital (WACC) submitted for FY 2014-15 and FY 2015-16

Particulars	FY 2014-15	FY 2015-16
Average Debt (Rs. Crore)	1079	1176
Average Equity (Rs. Crore)	881	951
Total (Rs. Crore)	1960	2126
Cost of Debt %	14.39%	14.14%
Return on Equity %	16.00%	16.00%

Particulars	FY 2014-15	FY 2015-16
WACC	15.11%	14.97%
RRBi	1895	2126
RoCE	287	318

COMMISSION'S ANALYSIS

3.593 It is observed from the Audited Financial Statements that equity available for FY 2014-15 and FY 2015-16 is Rs. 811.72 Cr. and Rs. 829.21 Cr. against the requirement of Equity for net Capitalization (Average GFA – Average Accumulated Depreciation) funding of Rs. 408.58 Cr. and Rs. 449.75 Cr. Further, as per the directions of Hon'ble APTEL in its judgment in Appeal No. 153 of 2009, revenue gap should be funded in the ratio of debt:equity of 70:30. Therefore the balance equity available has been considered for funding of revenue gap for FY 2014-15 and FY 2015-16 respectively.

3.594 It is observed that the State Bank of India base rate did not vary more than +/- 1%, as the same was 10% on 01.04.2012, 01.04.2014 and 01.04.2015. Therefore, the Commission has not trued up the rate of Interest on Loan for FY 2014-15 and FY 2015-16. Accordingly, WACC & RoCE has been computed for FY 2014-15 and FY 2015-16 as follows:

Table 171: Approved WACC and RoCE for FY 2014-15 and FY 2015-16

Sr. No.	Particulars	FY 2014-15	FY 2015-16	Reference
A	RRB (i)	1,767.61	2,003.62	Table 3.98
B	Equity considered for WACC	408.58	449.75	30% of net capitalisation
C	Debt - balancing figure	1,359.03	1,553.86	A-B
D	Rate of return on equity (re)	16.00%	16.00%	Business Plan regulations
E	Rate of interest on debt (rd)	10.17%	10.25%	
F	WACC	11.52%	11.54%	
G	RoCE	203.59	231.23	A*F

INCOME-TAX

PETITIONER'S SUBMISSION

3.595 In accordance with above submissions, the Petitioner claimed the Income-Tax during FY 2014-15 and FY 2015-16 as follows:

Table 172: Income-Tax submitted for FY 2014-15 and FY 2015-16 (Rs. Crore)

Sr. No.	Particulars	FY 2014-15	FY 2015-16
A	RRB (i)	1895	2126
B	Average Equity	855	951

C	Average Debt	988	1176
D	% of Equity	46%	45%
E	Equity considered for Income Tax	879	950
F	Rate of Return on Equity	16.00%	16.00%
G	Return on Equity	141	152
H	Income Tax Rate	20.96%	20.96%
I	Income Tax	37	40

COMMISSION'S ANALYSIS

3.596 Regulation 5.32 of MYT Regulation 2011 specify that the income tax, if any liable to be paid on the licensed business of the distribution licensee shall be limited to tax on return on equity component of capital employed. Any additional tax other than this shall not be a pass through and it shall be payable by the Distribution licensee itself.

3.597 Regulation 5.33 specify that the actual assessment of income tax should take into account benefits of tax holiday and the credit for carry forward losses applicable as per the provisions of the Income Tax Act, 1961 shall be passed on to the consumers.

3.598 Regulation 5.40 specify that truing up shall be carried out in accordance with Regulation 4.21, for each year based on the actual/audited information and prudence check by the Commission.

3.599 Conjoint reading of the above regulations explicitly specify that tax shall be considered in true up based on actual payment, subject to prudence check, duly taking into consideration the benefits of tax holiday and shall be limited tax on RoE.

3.600 It is observed from the audited financial statements that the Petitioner has made actual payment of Income Tax (MAT) of Rs. 17.68 Crore for FY 2014-15 and Rs. 5.64 Crore for FY 2015-16 which is lower than the Income Tax on return on Equity. Therefore, the Commission approves Income Tax of Rs. 17.68 Crore for FY 2014-15 and Rs. 5.64 Crore for FY 2015-16.

AGGREGATE REVENUE REQUIREMENT APPROVED IN TRUING-UP OF FY 2014-15 AND FY 2015-16

3.600 The annual revenue requirement now approved by the Commission in the truing up for FY 2014-15 is summarized in the table as follows:

Table 173: ARR approved for FY 2014-15 (Rs. Crore)

Sr. No.	Particulars	Approved for FY 2014-15 in MYT order July 2012	Petitioners submission	Now Approved	Reference
A	Power Purchase cost (incl.	3467.04	4013	3,701.39	

Sr. No.	Particulars	Approved for FY 2014-15 in MYT order July 2012	Petitioners submission	Now Approved	Reference
	Transmission charges)				
B	O&M Expenses	388.39	457	381.90	
C	Other expenses/Statutory levies	0	26	0.79	
D	Depreciation	176.46	90	75.99	
E	Advance against depreciation (AAD)	0	5	0.00	
F	Return on Capital Employed (RoCE)	232.16	289	203.59	
G	Income Tax	14.85	37	17.68	
H	Sub-total	4278.9	4917	4381.34	Sum(A-G)
I	Less: Non-tariff income	78.95	81	110.46	
J	Less: Penalty due to non compliance of directive of cash collection more than Rs. 4000/-			8.30	
K	Aggregate Revenue Requirement	4199.95	4836	4262.58	H-I-J

Table 174: ARR approved for FY 2015-16 (Rs. Crore)

Sr. No.	Particulars	Approved for FY 2015-16 in order Sept. 2015	Petitioners submission	Now Approved	Reference
A	Power Purchase cost (incl. Transmission charges)	3177.07	3196	3,083.01	
B	O&M Expenses	402.65	483	401.89	
C	Other expenses/Statutory levies	0	22	1.00	
D	Depreciation	81.75	98	83.35	
E	Advance against depreciation (AAD)	0	20	0.00	
F	Return on Capital Employed (RoCE)	231.42	318	231.23	
G	Income Tax	24.6	40	5.64	
H	Sub-total	3917.49	4177	3806.13	Sum(A-G)
I	Less: Non-tariff income	168.58	88	115.57	
J	Less: Penalty due to non fulfilment of RPO upto FY 2015-16			15.79	
K	Less: Penalty due to non compliance of directive of cash collection more than Rs. 4000/-	0	0	0.001	
L	Aggregate Revenue Requirement	3748.91	4089	3674.77	H-I-J

REVENUE AVAILABLE TOWARDS ARR

3.597 The Commission has considered the total revenue available towards ARR for FY

2014-15 at Rs. 4,235.65 Crore including the impact of under achievement in AT&C loss reduction trajectory of Rs. 244.65 Crore.

3.598 The Commission has considered the total revenue available towards ARR for FY 2015-16 at Rs. 4,478.95 Crore including the impact of under achievement in AT&C loss reduction trajectory of Rs. 136.02 Crore.

REVENUE (GAP)/ SURPLUS

PETITIONER'S SUBMISSION

3.599 The revenue gap during FY 2014-15 is tabulated as under:

Table 175: Revenue (Gap) for FY 2014-15 (Rs. Crore)

Sr. No.	Particulars	TO dt. July 23, 2014	Submission
A	ARR for FY 2014-15	4148	4832
B	Revenue available towards ARR	4188	4090
C	Revenue (Gap)/ Surplus	40	(743)

3.600 The Petitioner has requested the Commission to consider the revenue gap shown in the above table.

COMMISSION'S ANALYSIS

3.601 The revenue (gap)/ surplus for FY 2014-15 as submitted by the Petitioner and trued up by the Commission is summarized below:

Table 176: Revenue (Gap)/Surplus for FY 2014-15 (Rs. Crore)

Sr. No.	Particulars	TO dtd. 23/07/2014	Petitioner's Submission	Now Approved
A	ARR for FY 2014-15 without Carrying Cost	3715.12	4832	4,262.58
B	Revenue available towards ARR	4187.58	4090	4235.65
C	Revenue (Gap) / Surplus for the period	472.46	(743)	-26.93

3.602 The revenue (gap)/ surplus for FY 2015-16 as submitted by the Petitioner and trued up by the Commission is summarized below:

Table 177: Revenue (Gap)/Surplus for FY 2015-16 (Rs. Crore)

Sr. No.	Particulars	TO dtd. 29/09/2015	Petitioner's Submission	Now Approved
A	ARR for FY 2015-16 without Carrying Cost	3748.91	4090	3,674.77
B	Revenue available towards ARR	4194.98	4077	4,478.95
C	Revenue (Gap) / Surplus for the period	446.07	(12)	804.18

A4: ANALYSIS OF AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2017-18

INTRODUCTION

4.1 As per Regulation 3 of Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017. The Commission shall notify Business Plan Regulations for each Control Period based on the Business Plan submitted by the Utility which shall be read as part of these Regulations.

4.2 As per Regulation 4 of Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017, the Business Plan Regulations shall contain the following parameters applicable for a Control Period:

(1) Rate of Return on Equity,

(2) Margin for rate of interest on Loan,

(3) Operation and Maintenance Expenses,

(4) Capital Investment Plan,

(5) Mechanism for sharing of incentive-disincentive mechanism,

(6) Allocation of overhead expenses incurred on account of Administrative Expenditure out of Operation and Maintenance Expenses for creation of Capital Asset,

(7) Generating Norms:

(a) Gross Station Heat Rate,

(b) Plant Availability Factor,

(c) Secondary Fuel oil consumption;

(d) Auxiliary consumption and

(e) Plant Load Factor;

(8) Transmission Norms:

(a) Annual Transmission system availability;

(b) Annual Voltage wise Availability;

(9) Distribution Norms:

(a) Distribution Loss Target;

(b) Collection Efficiency Target;

(c) Targets for Solar and Non Solar RPO;

(d) Contingency limit for Sale through Deviation Settlement Mechanism (Unscheduled Interchange) transactions

(e) The ratio of various ARR components for segregation of ARR into Retail Supply and Wheeling Business.

4.3 The Petitioner has filed the Petition for determination of Aggregate Revenue Requirement (ARR) for FY 2017-18. The Commission has analysed the Petition submitted by the Petitioner for ARR for FY 2017-18 as required under the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017.

4.4 In the process of ARR determination, the Commission held several prudence check sessions to validate the information submitted by the Petitioner and wherever required sought clarification on various issues. The Commission has considered all information submitted by the Petitioner as part of Tariff Petition, audited accounts for past years, response to queries raised during discussions and also during the Public Hearing for determination of ARR and Tariff for FY 2017-18.

4.5 This chapter contains detailed analysis of the Petition submitted by the Petitioner and the various parameters approved by the Commission for determination of ARR for FY 2017-18.

Energy Sales
Petitioner's Submission

4.6 The Petitioner has submitted the projected sales for FY 2017-18 vide its letter dated 23/03/2017 for forecasting the expected sales for each year since FY 2017-18 onwards, the growth trend in actual sales up to FY 2015-16 has been analysed. Further, since the numbers for FY 2016-17 are available, the figures for FY 2016-17 (actual up to December, 2016 plus projected for Q4 based on actual sales during Q4 of FY 2015-16) has been considered as the base i.e. the chosen growth rate is applied over the sales for FY 2016-17 to derive the sales for FY 2017-18 onwards.

4.7 The category specific methodology adopted for projection of sales has been elaborated as follows:

(a) 5 year CAGR has been considered for projecting sales for Domestic category.

(b) 2 year CAGR for Non- Domestic Category of DJB.

(c) The sales for Industrial, Agriculture, Mushroom cultivation and DVB Staff categories have been considered to be stagnant due to decline in consumption in these categories.

(d) For Public Lighting Category, a 20% reduction in FY 2016-17 and 40% reduction in FY 2017-18 over FY 2015-16 has been considered on account of immense reduction in consumption due to replacement of Halogen Street lights with energy efficient LED Lights.

(e) For DMRC the Petitioner has considered an increase of 25% in FY 2016-17 and FY 2017-18 due to expected to increase in consumption with the advent of new metro lines under Phase III of DMRC in the Petitioner's licensed area.

(f) In case of DJB Category (LT & HT Sales) 2 year CAGR has been considered.

(g) For Advertisement and Hoardings category 5 year CAGR is not of Non Domestic category has been considered in view of similar nature of consumption.

(h) Sale of power under own consumption has been considered the same as per actual in FY 2015-16.

4.8 The category-wise bifurcation of actual energy sales of CAGR for the period FY 2007-08- FY 2014-15 is as follows below:

Table 178: Actual Sales from FY 2007-08 to FY 2014-15 (MU)

Sr. No.	Category	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
A	**Domestic**	**1,784**	**1,988**	**2,261**	**2,492**	**2,558**	**2,675**	**2,804**	**3,004**
i	Domestic –Other than A (ii)	1,769	1,974	2,248	2,479	2,545	2,661	2,789	2,987
ii	Single Deliver Point on 11 KV CGHS	15	14	13	13	13	14	15	17
B	**Non Domestic**	**1,077**	**1,293**	**1,281**	**1,367**	**1,421**	**1,540**	**1,614**	**1,639**
i	Non Domestic Lower Tension	753	927	984	1,071	1,102	1,198	1,256	1,276

Sr. No.	Category	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
	(NDLT)								
ii	Non Domestic High Tension (NDHT)	324	366	296	296	319	341	358	362
C	**Industrial**	**434**	**449**	**455**	**443**	**434**	**337**	**288**	**282**
i	Small Industrial Power (SIP)	384	404	410	399	391	297	250	247
Ii	Industrial Power on 11kV SPD for Group of SIP Consumers	-	-	-	-	-	0	-	
iii	Large Industrial Power (LIP)	50	45	45	43	43	39	37	35
D	**Agriculture**	1	0	0	0	0	0	0	0
E	**Mushroom Cultivation**	0	0	0	0	0	0	0	0
F	**Public Lighting**	76	85	92	102	106	105	103	**101**
i	Metered	76	85	92	102	106	105	39	64
ii	Unmetered							64	37
G	**Delhi Jal Board (DJB)**	-	-	95	119	121	131	140	**141**
i	DJB-Supply at LT						7	10	10
ii	DJB (Supply at 11 kV and above)			95	119	121	124	129	130
H	**Delhi International Airport Limited (DIAL)**								0
I	**Railway Traction**								0
J	**DMRC**	50	65	81	92	125	127	173	161
K	**Advertisement and Hoardings**						0	1	1
L	Temporary	-		0	1	0	1	38	39
M	Others	97	84	65	92	79	87	54	37
i	Enforcement	76	63	41	61	46	35	29	21
ii	Self Consumption	21	21	24	30	33	52	24	16
	Total	**3,518**	**3,965**	**4,330**	**4,707**	**4,844**	**5,002**	**5,215**	5405

Table 179: Category-wise CAGR for Various Years (%)

Sr.No	Category	CAGR					
		6 year	5 year	4 year	3 year	2 year	1 year
1	DOMESTIC	5.94%	5.11%	5.75%	6.12%	6.60%	6.18%
2	NON-DOMESTIC	4.91%	4.55%	4.70%	3.51%	2.86%	4.20%
3	INDUSTRIAL	-7.54%	-8.49%	-10.05%	-5.51%	-0.61%	0.61%

Sr.No	Category	CAGR					
		6 year	5 year	4 year	3 year	2 year	1 year
4	PUBLIC LIGHTING	3.62%	2.30%	1.97%	2.89%	5.01%	12.87%
5	AGRICULTURE	-8.69%	-12.66%	-8.39%	5.21%	7.18%	21.89%
6	MUSHROOM	5.27%	7.35%	8.95%	0.93%	-13.59%	2.48%
7	RAILWAY TRACTION	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
8	DMRC	12.44%	12.26%	7.06%	8.83%	-2.80%	1.66%
9	OTHERS						
i	*DIAL*	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ii	*11 KV (Worship Hospitals)*	4.72%	3.22%	2.81%	1.89%	6.32%	-0.29%
iii	*DJB*	6.23%	2.90%	3.07%	3.32%	2.80%	4.92%
iv	*DJB (LT)*				16.00%	2.08%	4.08%
v	*Enforcement*						
vi	*DVB staff*	-0.66%	-1.75%	-2.64%	-2.21%	-4.29%	-9.87%
vii	*ADVERTISEMENT/ HOARDINGS*	0.00%	0.00%	0.00%	18.10%	-4.31%	30.48%
viii	*TEMPORARY*	133.37%	134.33%	214.02%	328.41%	4.68%	6.39%
ix	*OWN CONSUMPTION*	-10.23%	-15.96%	-21.48%	-37.79%	-27.64%	-22.71%
10	**TOTAL**	**4.54%**	**3.73%**	**3.94%**	**4.16%**	**4.11%**	**4.58%**

4.9 The Petitioner has projected the number of consumers, sales and connected load during FY 2017-18 as follows:

Table 180: Projected number of consumers, connected load and sales for FY 2017-18

Sr. No	Category	FY 2017-18		
		No. of Consumers	Connected Load (MW)	Sales (MU)
A	**Domestic**	**1,223,996**	**3,994**	**3,508**
i	Domestic -other than A (ii)	1,223,978	3,980	3,487
ii	Single Delivery Point on 11 KV CGHS	18	14	21
B	**Non Domestic**	**383,878**	**1,774**	**1,807**
i	Non Domestic Low Tension (NDLT)	0	1,530	1,401
ii	Non Domestic High Tension (NDHT)	0	244	406
C	**Industrial**	**8,038**	**190**	**284**
i	Small Industrial Power (SIP)	0	170	243
ii	Industrial Power on 11kV SPD for SIP Group			
iii	Large Industrial Power (LIP)	0	21	41
D	**Agriculture**	52	0	0
E	**Mushroom Cultivation**	4	0	0
F	**Public Lighting**	**4,873**	**50**	**55**
i	Metered	0	0	48

Sr. No	Category	FY 2017-18		
		No. of Consumers	Connected Load (MW)	Sales (MU)
ii	Unmetered	0	0	7
G	**Delhi Jal Board (DJB)**	**847**	**99**	**156**
i	DJB-Supply at LT	769	11	11
ii	DJB (Supply at 11 KV and above)	79	87	145
H	**DMRC**	1	47	256
I	**Advertisement and Hoardings**	364	1	1
J	**Temporary Supply**	0	0	0
K	Others	**0**	**0**	**13**
i	Enforcement	0	0	0
ii	Self Consumption	0	0	13
L	**Total**	**1,622,054**	**6,155**	**6,079**

COMMISSION'S ANALYSIS

4.10 The Petitioner has submitted the category wise energy sales and CAGR from FY 2007-08 to FY 2014-15 in their tariff petition which were as per audited form 2.1a. The Petitioner has also submitted audited form 2.1a for FY 2016-17 vide their e-mail dated 04/08/2017.

4.11 The Commission has approved sales for FY 2017-18 considering trued up sales for the period FY 2010-11 to FY 2015-16. The base year for projection of sales of FY 2017-18 has been considered as actual sales of FY 2016-17 except for DMRC, DJB and Others. The category wise sales from FY 2010-11 to FY 2015-16 are indicated in the table as follows:

Table 181: Actual Sales from FY 2010-11 to FY 2015-16

Sr. No	Category	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
1	Domestic	2404	2466	2581	2714	2904.24	3083.62
2	Non-Domestic	1367	1421	1540	1614	1638.84	1707.69
3	Industrial	443	434	337	288	282.45	284.18
4	Agriculture	0	0	0	0	0.20	0.24
5	Mushroom	0	0	0	0	0.02	0.02
6	Public Lighting	91	100	92	104	101.11	114.12
7	DJB	119	121	131	140	140.54	147.37
8	DMRC	92	125	127	173	161.09	163.75
9	Adv. & Hoardings	0	0	0	1	0.50	0.65
10	Others	90	127	164	158	175.86	174.65

Sr. No	Category	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
	Total	**4605**	**4794**	**4972**	**5191**	**5404.85**	5676.29

4.12 The category-wise CAGR of 1 year to 7 years (FY 2008-09 to FY 2015-16) are shown in the Table as follows:

Table 182: Various Years CAGR (FY 2008-09 to FY 2015-16) (%)

Sr. No	Category	CAGR for 7 Years	CAGR for 6 Years	CAGR for 5 Years	CAGR for 4 Years	CAGR for 3 years	CAGR for 2 years	CAGR for 1 year
1	Domestic	7.03	5.75%	5.11%	5.75%	6.11%	6.60%	6.18%
2	Non-Domestic	4.05%	5.20%	4.55%	4.70%	3.51%	2.86%	4.20%
3	Industrial	-6.33%	-7.48%	-8.50%	-10.04%	-5.51%	-0.67%	0.61%
4	Agriculture	0	0	0	0	3.26%	10.05%	21.89%
5	Mushroom	0	0	0	0	0	0	2.48%
6	Public Lighting	4.30%	3.66%	4.71%	3.40%	7.49%	5.01%	12.87%
7	DJB	0	7.59%	4.37%	5.05%	4.05%	2.74%	4.86%
8	DMRC	14.11%	12.45%	12.22%	6.98%	8.83%	-2.79%	1.66%
9	Adv. & Hoardings	0	0	0	0	17.83%	-3.31%	30.48%
10	Others	1.72%	9.40%	14.23%	8.26%	2.09%	5.07%	-0.69%

ESTIMATED SALES FOR FY 2017-18

4.13 The Commission has adopted an Adjusted Trend Analysis method for forecasting for demand in FY 2017-18 which assumes the underlying factors driving the demand for electricity to follow the same trend as in the past. Hence, the forecast is also based on the assumption that the past consumption trend will continue in the future.

4.14 The trend based approach has to be adjusted based on judgment of the characteristics of the specific consumer groups/categories.

4.15 The strength of the method, when used with balanced judgment, lies in its ability to reflect recent changes and therefore, probably best suited as a basis for short-term projection as used for the revenue projection in the context of ARR determination. The category-wise sales forecast for FY 2017-18 is as discussed below:

DOMESTIC CONSUMERS

4.16 The consumption of energy under Domestic category constitutes about 54% of total sales in FY 2015-16. The Petitioner has projected sales of 3508 MU for FY 2017-18 at a growth rate of (5 years CAGR) 5.11%. The growth rate for this category ranges from 5.11% to 7.03% from FY 2008-09 to FY 2015-16. The sales for FY 2016-17 has also been estimated based on the growth rate considered for projection of FY 2017-18. Thus, the Commission considers a growth rate of 5.75% (4 Year CAGR of FY 2011-12 to FY 2015-16) for projecting the sales of 3448 MU for FY 2017-18 as it is considered to be realistic for Domestic consumers category.

NON-DOMESTIC CONSUMERS

4.17 The consumption of energy by Non-Domestic category constitutes about 30% of total sales in FY 2015-16. The Petitioner has projected sales of 1807 MU for FY 2017-18 at a growth rate of 2.86% (2 Year CAGR). The Commission considers the growth rate of 3.51% based on 3 year CAGR as it is considered reasonable in view of the trend during the last eight years. Therefore, the Commission approves the sales of 1830 MU for FY 2017-18 for Non-Domestic consumer category by escalating the sales for FY 2015-16.

INDUSTRIAL CONSUMERS

4.18 The consumption of energy by Industrial consumer's category constitutes 5% of total sales in FY 2015-16. The Petitioner has projected the sales as 284 MU for FY 2017-18. The Commission has observed that there is declining growth rate since last seven years in this category and stagnant sales in last one year up to FY 2015-16. The decline during recent years has been due to relocation of some of the industries from Petitioner's area to other areas of Delhi . Thus, the Commission has also considered 2 year CAGR of -0.67% for projection of sales in this category and approves the sales of 280 MU for FY 2017-18.

PUBLIC LIGHTING

4.19 The consumption in Public Lighting category constitutes about 2% of the total sales during FY 2015-16. The Petitioner has projected the sales of 55 MU for FY 2017-18 based on the decline trend in sales under this category due to replacement of Halogen Street Lights with energy efficient LED lights. It is observed that consumption of this category is now on declining trend due to replacement of Halogen Street Lights with energy efficient LED lights. Therefore, the Commission has also considered negative growth rate of 2% and approves the sale at 110 MU for FY 2017-18.

AGRICULTURE & MUSHROOM CULTIVATION

4.20 The power consumption for these two categories has been almost 'Nil' during the last 7 years. The Petitioner has projected zero consumption for FY 2017-18. The Commission considers the sales for FY 2017-18 based on 2 year CAGR i.e., 10.05% growth rate of 0.31 MU during FY 2017-18

DELHI METRO RAIL CORPORATION (DMRC)

4.21 The consumption of energy by DMRC constitutes about 3% of total sales by the Petitioner during FY 2015-16. The Petitioner has projected energy sales of 256 MU for FY 2017-18 at a growth rate of 25% in view of the proposed metro lines in Petitioners licensed area.

4.22 The Commission had sought from DMRC about its projected quantum of purchase in the Petitioner's area of supply vide its letter dated 23/12/2016 and 25/04/2017. DMRC vide its letter no. DMRC/DE/DERC/Tariff/17 dated 08/05/2017 has intimated the projected purchase of 143.13 MU during FY 2017-18. Thus the Commission has considered the quantum of sale at 143.13 MU as projected by DMRC for FY 2017-18.

DELHI JAL BOARD (DJB)

4.23 The consumption of energy by DJB constitutes 3% of total sales in FY 2015-16. The Petitioner has projected the sales at 156 MU during FY 2017-18 at a growth rate of 2.80% (2 year CAGR).

4.24 The Commission vide its letter dated 23/12/2016 sought from DJB about its projected quantum of purchase in the Petitioner's area of supply. DJB vide its letter NO.DJB/Fin/DD-I/Power/2016-17 has intimated the projected purchase of 146.59 MU during FY 2017-18. Thus, the Commission has considered the quantum of sale at 146.59 MU as projected by DJB for FY 2017-18.

OTHER CATEGORIES

4.25 Other categories consist of places of worship, hospitals (domestic category), DVB staff, Enforcement, Own Consumption, Temporary Connections and Advertisement & Hoardings. The nature of sales in other categories may not follow the past CAGR trends in the future. Therefore, the Commission has considered the quantum of sales to such other categories at 175 MU at the same level of actual of FY 2015-16.

4.26 On the basis of above analysis, the Commission approves the energy sales for the Petitioner for FY 2017-18 as indicated in the Table as follows:

Table 183: Approved Sales for FY 2017-18 by the Commission (MU)

Category	Petitioner's Submission	Approved by Commission
Domestic	3508	3448.22
Non-Domestic	1807	1829.79
Industry	284	280.41
Public Lighting	55	109.60
Agriculture and Mushroom	0	0.31
DMRC	256	143.13
DJB	156	146.59
Others*	14	176.12
Total	**6080**	**6134.17**

* Places of Worship, Hospitals (domestic category), DVB Staff, Enforcement, Own Consumption, Temporary Connections and Advertisement & Hoardings.

REVENUE ESTIMATED FOR FY 2017-18 AT EXISTING TARIFF

PETITIONER'S SUBMISSION

4.27 The Petitioner has estimated the total revenue for FY 2017-18 as Rs. 4269 Crore at existing tariffs for energy sales of 6079 MU.

COMMISSION'S ANALYSIS

4.28 As per the two-part tariff principle followed in the NCT of Delhi, the tariff for each category consists of fixed/demand charges as well as energy charges. The fixed/ demand charges are specified for different categories as a fixed amount per month or as a fixed amount per kW of sanctioned load per month. The energy charges, on the other hand, are always usage-based and are specified per unit of electricity consumed.

4.29 For Domestic consumers with sanctioned load less than 5 kW, the revenue from fixed charges is calculated by multiplying the corresponding fixed charge with the number of consumers in that particular tariff slab. For Domestic consumers with sanctioned load exceeding 5 kW, the revenue from fixed charges is calculated by multiplying the specified fixed charge with the sanctioned load (in kW) of the category. For calculation of revenue from energy charges, the actual usage is multiplied by the applicable tariff category slab.

4.30 For Non-Domestic, Industrial, Railway Traction, DMRC and DJB categories, billing is done either on kW or kVA basis, as specified in the approved tariff schedule for FY 2015-16. Since projections for FY 2017-18 are done only on kW basis for sanctioned load and on kWh basis for energy sales, wherever the tariff is specified in kVA/kVAh terms, the relevant kW/kWh projection is divided by the Power Factor in order to obtain the corresponding kVA/kVAh projection. Thereafter, revenue from demand charges is calculated by multiplying the demand charge of each tariff slab with the sanctioned load of that slab, while revenue from energy charges is calculated by multiplying the energy charges specified for each tariff slab with the energy consumption projected for that slab.

4.31 The Power Factor considered by the Commission for different categories is shown below:

Table 184: Power Factor considered by the Commission

Sr. No.	Consumer slab	Power Factor
1	**Non Domestic Low Tension (NDLT)**	
A	Up to 10 kW	0.89
B	10-100 kW	0.93
C	Above 100 kW	0.93
2	**Non Domestic High Tension (NDHT)**	0.95
3	**Small Industrial Power (SIP)**	
A	10-100 kW	0.91
B	Above 100 kW	0.93
4	**Large Industrial Power (LIP)**	0.97
5	**Railway Traction**	0.94
6	**DMRC**	1.00
7	**DJB**	0.88

4.32 Based on the Petitioner's data of Sanctioned Load, Number of Consumers, Sales provided in Form 2.1 (a) for FY 2016-17, the Commission has estimated the total revenue of Rs. 4483.19 Crore to be billed in FY 2017-18. The category-wise break up of revenue estimated by the Commission on sale of 6134.18 MU for FY 2017-18 is indicated in the table as follows:

Table 185: Revenue estimated for FY 2017-18 (Rs. Crore)

Category	Fixed Charges	Energy Charges	Total Revenue
Domestic	115.65	1756.30	1871.96
Non-Domestic	237.28	1670.58	1907.87
Industrial	21.82	239.64	261.46
Agriculture	0.01	0.08	0.09
Mushroom	0.00	0.01	0.01
Public Lighting	0.00	80.01	80.01
DJB	13.44	120.82	134.25
DMRC	7.40	87.31	94.70
Others	3.55	151.82	155.37
Total Revenue	**399.15**	**4106.57**	**4505.72**
Revenue at 99.5% Collection Efficiency			**4483.19**

DISTRIBUTION LOSS

PETITIONER'S SUBMISSION

4.33 The Petitioner has sought for revision of AT&C loss trajectory from FY 2015-16. The Petitioner has considered the following AT&C loss during FY 2017-18.

Table 186 : AT&C Loss for FY 2017-18

Sr. No.	Particulars	FY 2017-18
A	T&D Losses	14.27%
B	Collection Efficiency	99.50%
C	AT&C Loss	14.70%

COMMISSION'S ANALYSIS

4.34 The Commission has fixed the targets for Distribution Loss in its Business Plan Regulations, 2017 as 13% for FY 2017-18, which has been considered for computation of energy requirement for FY 2017-18 of the Petitioner.

ENERGY REQUIREMENT

PETITIONER'S SUBMISSION

4.35 The Petitioner has estimated energy requirement estimated for FY 2017-18 based on the sales estimated and proposed distribution loss level as follows:

Table 187: Energy Requirement proposed by the petitioner for FY 2017-18

Sr. No	Particulars	Unit	FY 2017-18
A	Energy sales	MU	6,079

Sr. No	Particulars	Unit	FY 2017-18
B	Distribution Loss	%	14.27%
C	Energy Requirement	MU	7093
D	Distribution Loss	MU	1,014

COMMISSION'S ANALYSIS

4.36 The Commission has computed the energy requirement at the Distribution Periphery of the Petitioner for FY 2017-18, considering the sales approved for FY 2017-18 and distribution loss of 13%. The approved energy requirement for FY 2017-18 is summarized in the table as follows:

Table 188: Energy requirement approved by the Commission for FY 2017-18

Sr. No.	Particulars	Unit	Approved Energy requirement	Remarks
A	Energy sales	MU	6134.18	
B	Distribution loss	%	13%	
C	Energy requirement	MU	7050.78	(A/(1-B))
D	Distribution Loss	MU	916.60	(C-A)

POWER PURCHASE

PETITIONER'S SUBMISSION

4.37 Power purchase cost is the single largest component of the ARR of a distribution company. It is pertinent to estimate the power purchase cost with utmost care based on the optimum method of procuring power from the generating stations.

ALLOCATION OF POWER FROM CENTRAL AND STATE GENERATING STATIONS

PETITIONER'S SUBMISSION

4.38 The Petitioner has submitted that it has considered the allocation of various plants done by the Commission in their recent Tariff Order dated 29.09.2015 in projecting the power availability for FY 2017-18.

4.39 The firm share, unallocated share and total share, Plant Load Factor, Energy Availability, and DISCOM share from CSGS and SGS to Delhi is summarized in the table as follows:

Table 189: Energy requirement for FY 2017-18

Sr. No.	Stations	Installed Capacity	Firm & un-allocated share of Delhi		Share Allocation to Petitioner		Plant Load Factor*	Petitioner's share FY 2017-18
		(MW)	(%)	(MW)	(%)	(MW)	(%)	(MU)
A	**NTPC**							
1	Anta Gas Power Project	419	10.50%	44	2.67%	11	85%	0
2	Auraiya Gas Power Station	663	10.86%	72	2.76%	18	85%	0
3	Badarpur Thermal Power Station	420	100.00%	420	16.10%	114	80%	437
4	Dadri Gas Power Station	830	10.96%	91	2.78%	23	85%	0
5	Feroze Gandhi Unchahar TPS 1	840	5.71%	643	1.45%	12	85%	45
6	Feroze Gandhi Unchahar TPS 2	420	11.19%	47	2.84%	12	85%	90
7	Feroze Gandhi Unchahar TPS 3	210	13.81%	29	3.51%	7	85%	56
8	Farakka Stps	1600	1.39%	22	0.35%	6	85%	38
9	Kahalgaon Thermal Power Station 1	840	6.07%	51	1.54%	13	85%	88
10	National Capital Thermal Power	630	90.00%	567	8.54%	72	55%	239
11	Rihand Thermal Power Station 1	1000	10.00%	100	2.54%	25	85%	167
12	Rihand Thermal Power Station 2	1000	12.60%	126	3.20%	32	85%	231
13	Singrauli STPS	2000	7.50%	150	3.72%	74	85%	511
14	Kahalgaon Thermal Power Station 2	1500	10.49%	157	2.66%	40	85%	275
15	Dadri TPS-II	980	75.00%	735	19.05%	187	55%	830
16	Rihand Thermal Power Station 3	1000	10.80%	108	3.35%	34	85%	222
	Sub Total	14352		3362		680		3229
I B.	NHPC Ltd.							0
1	Bairasiul	180	11.00%	20	2.79%	5	90%	19
2	Salal	690	11.62%	80	2.95%	20	60%	79
3	Chamera I	540	7.90%	43	2.01%	11	90%	29
4	Tanakpur	120	12.81%	15	3.25%	4	55%	13
5	Uri	480	11.04%	53	2.80%	13	70%	63
6	Dhauliganga	280	13.21%	37	3.36%	9	90%	33
7	Chamera - II	300	13.33%	40	3.39%	10	90%	44
8	Dulhasti	390	12.83%	50	3.26%	13	90%	54
9	Chamera - III	231	12.73%	29	3.23%	7	85%	31
10	Uri II	240	13.45%	32	3.42%	8	55%	33
11	Parbati-III	520	12.73%	66	3.23%	17	68%	20
12	NHPC Regulation Credit							
	Sub Total	**3971**		**466**		**118**		**419**
I C.	NPCI Ltd.							
1	Nuclear Power Corp. of	440	10.68%	47	2.71%	12	85%	67

Sr. No.	Stations	Installed Capacity	Firm & un-allocated share of Delhi		Share Allocation to Petitioner		Plant Load Factor*	Petitioner's share FY 2017-18
		(MW)	(%)	(MW)	(%)	(MW)	(%)	(MU)
	India Ltd. Narora							
2	Nuclear Power Corp. of India Ltd. Kota UNIT - 5&6 RAPP	440	12.69%	56	3.22%	14	85%	103
	Sub Total	880		103		26		170
I D.	SJVN Ltd.							
1	Satluj Jal Vidyut Nigam Ltd.- Nathpa Jhakri	1500	9.47%	142	2.41%	36	90%	138
2	SJVNL Regulation credit							
	Sub Total	**1500**		**142**		**36**		**138**
I F.	Solar Rooftop	0.3			0.00%	-	19%	1
I G.	Damodar Valley Corporation							
1	Mejia Units 6	250	40.00%	100	10.16%	25	85%	174
2	CTPS 7 & 8	500	60.00%	300	15.24%	76	85%	523
3	MTPS 7	500	22.23%	111	22.23%	111	85%	763
	Sub Total	**1250**		**511**		**213**		**1461**
I H.	Power stations in Delhi							
1	Indraprastha Power Generation Co.Ltd. RPH	135	100.00%	135	0.00%	-	0%	0
2	Indraprastha Power Generation Co.Ltd. GT	270	100.00%	281	8.60%	23	85%	234
3	Pragati Power Corp.Ltd. Pragati I	330	100.00%	330	17.61%	58	85%	328
4	Pragati Power Corp.Ltd. Pragati III (Bawana)	1371			18.00%	247	85%	432
	Sub Total	**2106**		**746**		**328**		**994**
I I.	Aravali Power Corporation Ltd - Jhajjar	1500	46.20%	693	5.28%	79	55%	235
I J.	Sasan	3960	11.25%	446	6.50%	257	85%	1768
I K	SECI	700	8.57%	60		20	19%	36
	EDWPCL	10	49.00%	5	49.00%	5	90%	33
I L.	New Stations							
1	NHPC Kishanganga	330				8		14
2	NHPC Parbati II	800				17		0
3	NHPC Subansiri Lower HEP	2000				29		0
4	THDC Tehri Pump Storage	1000				152		0
5	NEEPCO Kemeng HEP	600				9		33
	Sub Total	**4730**				**215**		**48**
	TOTAL QUANTUM FROM FIRM SOURCES	**34959**				**1977**		**8531**

COMMISSION'S ANALYSIS

4.36 Power purchase cost is the single largest component of ARR of a distribution company. It is pertinent to estimate the power purchase cost with utmost care based on the optimum method of procuring power from the generating stations.

ALLOCATION OF POWER FROM CENTRAL AND STATE GENERATING STATIONS

4.37 Delhi has a firm allocated share in Central Sector Generating Stations (CSGS), State Generating Stations (SGS) and other stations. The Commission has considered allocation of firm power as per the allocation specified in Intra-State ABT Based Energy Account in the month of May, 2017 dated 07/06/2017 issued by Delhi SLDC.

4.38 The distribution of unallocated quota from the various plants varies from time to time and is based on power requirement and power shortage in different States. Therefore, the Commission has not considered any power from the unallocated quota for FY 2017-18.

4.39 The Commission has examined the quantum of power purchase proposed by the Petitioner from various generating stations. The Commission convened a meeting with SLDC and DISCOMs on 07/07/2017 to discuss the availability of power as submitted by SLDC and as projected by the Petitioner in its petition. In the meeting, the Commission has directed SLDC to reconcile the availability of energy from those energy stations where the projection of Petitioner was different from that of SLDC.

4.40 SLDC had submitted the reconciled availability for FY 2017-18 vide its Email dated 21/07/2017. The Commission has projected the availability of power from various stations as reconciled by the Petitioner with SLDC.

4.41 The Commission in its Tariff Order dated 29/09/2015 observed that the validity of PPA from Anta, Auriya and Dadri Gas based Plants had expired on 31/03/2012. However, the Petitioner renewed PPA of their Plants without getting approval from the Commission which was a violation of the license condition. Accordingly, the Commission disallowed the power from these stations for FY 2012-13, FY 2013-14, FY 2014-15 and FY 2015-16. However, Hon'ble APTEL has examined in Appeal No. 186/15 and IA No. 318/2015, Appeal No. 196/2015 and IA No. 335/2015, the methodology adopted by the Commission in its Tariff Order 29/09/2015 regarding disallowance of power purchase cost from these stations and has up-held the methodology followed by the Commission.

4.42 In view of the above, the Commission has not considered the availability of power from Anta, Auraiya and Dadri gas based stations for FY 2017-18 also.

Re-allocation of Power among Delhi Distribution Licensees

4.43 The Commission has analysed the power availability from various generating stations to Delhi vis-a-vis Sales projection of all Delhi DISCOMs and it was observed that there is deficit in power availability of NDMC during FY 2017-18. NDMC had projected to purchase 183.25 MU under Short Term purchase to meet the demand in its area during September'17 to March '18.

4.44 Further, TPDDL had requested for re-allocation of power from various generating stations to the Commission. A meeting was held on 29/11/2016 in the office of the Commission on the proposal for reallocation of share among Delhi DISCOMs for Dadri - 1, Dadri – 2 & APCPL.

4.45 The Commission has specified in its Regulation 121 (4) of Tariff Regulations, 2017 regarding re-allocation of power as follows:

" 4) The gap between average Power Purchase Cost of the power portfolio allocated and average revenue due to different consumer mix of all the distribution licensee:

Provided that the Commission may adjust the gap in power purchase cost by reassigning the allocation of power amongst the distribution licensees out of the overall power portfolio allocated to the National Capital Territory of Delhi by Ministry of Power, Government of India."

4.46 Accordingly, the Commission has decided to reassign the allocation of power amongst the Distribution Licensees out of the overall power portfolio allocated to the National Capital Territory of Delhi as follows:

Sr. No.	Generating Station	From DISCOM	To DISCOM	Remarks
1	ARAVALI POWER CORPORATION LTD.	BRPL	TPDDL	100% from Sept'17 onwards
2	NCPP – DADRI	TPDDL	BRPL	100% from Sept'17 onwards
3	DADRI EXTENSION	TPDDL	BRPL	100% from Sept'17 onwards
4	SALAL	TPDDL	BRPL	100% from Sept'17 onwards
5	RIHAND-III	TPDDL	BRPL	50% from Sept'17 onwards
6	RIHAND-III	TPDDL	BYPL	50% from Sept'17 onwards

Sr. No.	Generating Station	From DISCOM	To DISCOM	Remarks
7	GTPS	BRPL	NDMC	80% from Sept'17 to March'18
8	SASAN UMPP	TPDDL	BRPL	90% from Sept'17 to March'18

4.47 Based on the foregoing analysis, the availability of power to the Petitioner from Central, State and Other Generating Stations as approved by the Commission is given in the Table as follows:

Table 190: Energy available to Petitioner from Central and State Generating Stations and other Generating Stations approved for FY 2017-18

Source	Plant Capacity (MW)	Delhi's Share %	Delhi's Share (MW)	Projected Energy to be Scheduled by Delhi (MU)	Energy to be scheduled by BYPL (MU)
Central Generating Stations					
NTPC					
BTPS	705	100	705	1398.84	274.47
FARAKKA	1600	1.39	22	111.38	37.19
KAHALGAON STAGE-I	840	6.07	51	318.68	87.88
NCPP – DADRI	840	90	756	3067.31	246.38
RIHAND-I	1000	10	100	677.49	186.11
RIHAND-II	1000	12.6	126	822.75	220.54
RIHAND-III	1000	13.191	132	915.92	340.24
SINGRAULI	2000	7.5	150	1044.57	538.32
UNCHAHAR-I	420	5.71	24	124.32	42.55
UNCHAHAR-II	420	11.19	47	258.06	85.15
UNCHAHAR-III	210	13.81	29	173.64	52.08
KAHALGAON STAGE-II	1500	10.49	157	960.59	282.30
DADRI EXTENSION	980	74.516	730	3805.69	1009.62
APCPL	1500	46.2	693	2841.33	50.00
NTPC Total				**16,520.58**	**3452.84**
NHPC Total				**2033.45**	**0.00**
Others					
Mejia Unit-6			170	691.63	189.57
Mejia Unit-7			119	789.32	789.32
DVC Chandrapur (7&8)			230	2034.80	555.18
TALA	1009.8	2.94	30	102.42	18.63
Sasan	3960	11.25	446	3179.74	1784.65
Haryana CLP Jhajjar				364.12	0.00
MPL DVC				2046.60	0.00
TEHRI HEP	1000	6.3	63	188.70	0.00
SJVNL	1500	9.47	142	498.53	0.00
KOTESHWAR	400	9.86	39	114.70	0.00
Others Total				**10,010.57**	**3337.34**
NUCLEAR					
RAPS – 5 & 6	440	12.69	56	338.38	97.98

Source	Plant Capacity (MW)	Delhi's Share %	Delhi's Share (MW)	Projected Energy to be Scheduled by Delhi (MU)	Energy to be scheduled by BYPL (MU)
NPCIL – NAPS	440	10.68	47	323.03	82.89
Nuclear Total				661.41	180.86
State Generating Stations					
GAS TURBINE	270	100	270	632.54	42.90
Pragati-I	330	100	330	1554.14	299.59
PRAGATI-III, BAWANA	1371.2	80	1097	1560.91	326.13
SOLAR (SECI)				122.10	39.77
MSW Bawana				112.28	19.78
East Delhi MSW				5.35	5.35
Own Solar				4.12	1.98
SGS Total				**4102.69**	**735.50**
TOTAL PURCHASE FROM LONG TERM				**33,328.33**	**7706.54**

POWER PURCHASE COST

4.48 The following methodology has been adopted by the Commission for estimation of Power Purchase Cost for FY 2017-18:

(a) The Commission has considered Fixed Charges for generating stations as approved by Central Electricity Regulatory Commission (CERC) for various generating stations of NTPC, NHPC, THDC and DVC for FY 2017-18 as per Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014.

(b) The generating stations whose fixed charges were to be determined by CERC and as yet are not available for FY 2017-18, the Commission has considered the fixed charge per unit for those generating stations as approved in the Tariff Order dated 29/09/2015.

(c) The Energy charge Rate of Generating Stations other than State Generating Stations has been considered based weighted average of actual Energy charge Rate of respective Generating Stations for 1st quarter of FY 2017-18.

(d) The cost of power purchase from Solar Energy Corporation of India (SECI) and own solar of the Petitioner has been considered at Rs. 5.50 per unit based on the allocation letter.

(e) The Energy Charge Rate and Fixed Charges of State Generating Stations including East Delhi MSW has been considered as approved by the Commission in the respective Tariff Orders for FY 2017-18.

(f) The fixed and energy charges for the re-allocated generating stations has been computed on the basis of 5 months and 7 months as the cost pertaining to the period of five months has already been borne as per the earlier allocation and cost pertaining to the period of seven months shall be borne as per the revised allocation of power.

4.47 The total Power Purchase Cost approved by the Commission is summarized in the table as follows:

Table 191: Approved Power Purchase Cost for various generating stations for FY 2017-18

Sr. No.	Particulars	Energy (MU)	Fixed Cost (Rs. Cr.)	V.C/unit (Rs./kWh)	Variable Cost (Rs. Cr.)	Total Charges (Rs. Cr.)	Avg. Rate (Rs./kWh)
A	**NTPC**						
1	BTPS	274.47	35.35	3.78	103.84	139.19	5.07
2	FARAKKA	37.19	3.33	2.86	10.63	13.95	3.75
3	KAHALGAON – I	87.88	8.99	2.62	22.99	31.98	3.64
4	NCPP - DADRI	246.38	39.44	3.18	78.26	117.70	4.78
5	RIHAND - I	186.11	14.42	1.30	24.23	38.65	2.08
6	RIHAND - II	220.54	18.98	1.30	28.66	47.64	2.16
7	RIHAND - III	340.24	46.50	1.31	44.62	91.12	2.68
8	SINGRAULI	538.32	32.11	1.41	75.68	107.79	2.00
9	UNCHAHAR - I	42.55	3.93	2.97	12.65	16.58	3.90
10	UNCHAHAR - II	85.15	7.08	2.97	25.31	32.39	3.80
11	UNCHAHAR - III	52.08	6.27	2.96	15.40	21.67	4.16
12	KAHALGAON - II	282.3	30.79	2.52	71.16	101.95	3.61
13	DADRI EXTENSION	1009.62	177.08	2.97	299.54	476.62	4.72
14	ARAVALI	50	91.56	3.09	15.46	107.01	21.40
	Sub-Total NTPC	3452.84	515.83		828.42	1334.25	3.89
B	**NCPP**						
1	RAPS – 5 & 6	97.98	0	3.54	34.65	34.65	3.54
2	NPCIL – NAPS	82.89	0	2.58	21.41	21.41	2.58
	Sub-Total NUCLEAR	180.87	0		56.06	56.06	3.09
C	**Other Stations**						
1	Mejia unit - 6	189.57	35.26	2.29	43.36	78.62	4.15
2	Mejia Units - 7	789.32	158.65	2.08	164.18	322.83	4.09
3	DVC Chandrapur (Ext. 7 & 8)	555.18	91.6	1.93	107.37	198.98	3.58
4	Tala HEP	18.63	0.01	2.02	3.76	3.77	2.03
5	Sasan UMPP	1784.65	0	1.15	205.17	205.17	1.15

Sr. No.	Particulars	Energy (MU)	Fixed Cost (Rs. Cr.)	V.C/unit (Rs./kWh)	Variable Cost (Rs. Cr.)	Total Charges (Rs. Cr.)	Avg. Rate (Rs./kWh)
	Sub-Total Others	3337.35	285.53		523.83	809.36	2.42
D	**State Generating Stations and Renewable Energy Plants**						
1	Gas Turbine	42.9	10.93	2.66	11.41	22.34	5.21
2	Pragati – I	299.59	27.92	2.79	83.50	111.41	3.72
3	Pragati – III, BAWANA	326.13	161.44	2.28	74.46	235.90	7.23
4	SOLAR (SECI)	39.77	0	5.50	21.87	21.87	5.50
5	MSW Bawana	19.78	0	7.03	13.90	13.90	7.03
6	East Delhi MCW	5.35	0	3.20	1.71	1.71	3.20
7	Own Solar	1.98	0	5.50	1.09	1.09	5.50
	Sub-Total SGS	735.5	200.28	2.78	207.95	408.23	5.55
	Grand Total	**7706.54**	**1001.65**		**1616.26**	**2617.91**	**3.40**

Cost of power from other sources (Short Term Sources)

PETITIONER'S SUBMISSION

4.48 The Petitioner has proposed to purchase 483 MU of power from other sources under short term power purchase at Rs 3.70 per unit at total cost of Rs. 179 Crore.

COMMISSION'S ANALYSIS

4.49 The Commission has not considered any power purchase cost from short term sources due to following reasons:

(i) As indicated in Energy Balance table of the Commission, there is a surplus power available with the Petitioner.

(ii) The Commission has already directed the Petitioner to enter into banking arrangement during the off peak hours which should be scheduled during the peak hours to meet the demand.

RENEWABLE POWER PURCHASE OBLIGATION (RPO)

PETITIONER'S SUBMISSION

4.50 The Petitioner has submitted that as per DERC RPO Regulations 2012, petitioner is obligated to procure 9% of total consumption by means of renewable energy sources. Out of this 9%, 0.35% is to be procured through solar energy sources and the remaining through non solar energy sources. The RPO Target trajectory assumed by the Petitioner for FY 2017-18 for Non-Solar and Solar is 9.00% and 1.00% respectively.

SOLAR

4.51 The Petitioner has submitted that as per DERC RPO Regulations, 2012, the Petitioner is required to purchase 1.00% of total energy sales through solar energy sources during FY 2017-18. In the absence of adequate availability of solar energy, the Petitioner is compelled to purchase Renewable Energy certificates and proposes to acquire them at the Floor price. The cost for meeting RPO target through solar energy is tabulated as under:

Table 192: Cost of REC Purchase Projected Petitioner for meeting Solar RPO during FY 2017-18

Sr.No.	Particulars	UoM	FY 2017-18
A	Energy sales	MU	6079
B	RPO target - Solar	%	1.00%
C	RPO target - Solar	MU	61
D	Availability from SECI & rooftop	MU	37
E	Required to be met through RECs	MU	24
F	Past unmet brought forward	MU	8
	Total	MU	24
G	REC rates	Rs./kWh	3.5

NON-SOLAR

4.52 As regards non-solar RPO target during FY 2017-18, the Petitioner is required to purchase 9.00% of total energy sales through non-solar energy sources during FY 2017-18 .The Petitioner has showed its inabilities to fulfill the RPO targets. Therefore, in the absence of sufficient sources available to meet the RPO obligation, the Petitioner is compelled to purchase Renewable Energy certificates and proposes to acquire them at the Floor price. The cost of REC Purchase for meeting non-solar RPO during the FY 2017-18 is tabulated below:

Table 193: Cost of REC Purchase for meeting Non-Solar RPO during FY 2017-18

Sr.No.	Particulars	UoM	FY 2017-18
A	Energy sales	MU	6079
B	RPO target - Non-Solar	%	9.00%
C	RPO target - Non-Solar	MU	547
D	Availability from EDWPCL	MU	33
E	Required to be met through RECs	MU	514
F	Past unmet brought forward*	MU	201

Sr.No.	Particulars	UoM	FY 2017-18
G	Total	MU	716
	REC rates**	Rs./kWh	1.5
H	Cost for REC purchase	Rs. Crore	107

COMMISSION'S ANALYSIS

4.53 The Commission has notified the Business Plan Regulations, 2017 for three years i.e. FY 2017-18, FY 2018-19 and FY 2019-20. In the said regulations, the Commission has specified RPO targets for the petitioner indicated in the table as follows:

Table 194: Targets for Renewable Purchase Obligation

Sr.No.	Particulars	FY 2017-18
1	Solar Target (Minimum)	4.75%
2	Total	14.25%

4.54 As per the above said Business Plan Regulations, 2017 of the Commission, the Distribution companies have to purchase 14.25% of total Energy Sales approved by the Commission during FY 2017-18 from renewable energy sources including 4.75% from the solar sources.

4.55 The Commission has approved the total energy sales of 6134.18 MU for FY 2017-18 for the Petitioner. Based on the sales approved, the Petitioner has to purchase a minimum of 874.12 MU from renewable energy sources for FY 2017-18 indicated in the table as follows:

Table 195: Renewable Energy to be Procured

Power Source	Approved Energy Sales (MU)	% of Total approved energy sales in Regulations	Renewable Energy to be Procured
Solar	6134.18	4.75%	291.37
Non-solar		9.50%	582.75
Total		14.25%	**874.12**

4.56 The Commission has noted that the Petitioner has reconciled its purchase from various renewable energy sources with SLDC which has been submitted by SLDC to the Commission vide its letter dated 21/07/2017.The total requirement for RPO compliance is more than the quantum of power available to the petitioner from various Renewable Energy sources.

4.57 The Commission, therefore, considers the balance of Renewable Energy procurement for RPO compliance through purchase of Renewable Energy Certificates during FY 2017-18.

4.58 CERC has fixed Floor Price and Forbearance Price for Solar and Non Solar RECs vide its Order dated 30/03/2017 indicated in the Table as follows:

Table 196: Fixed Floor Price and Forbearance Price for Solar and Non-solar

Sr. No.	Particulars	Floor Price	Forbearance Price
1	Non-Solar	Rs. 1000/MWh	Rs. 3000/MWh
2	Solar	Rs. 1000/MWh	Rs. 2400/MWh

4.59 Further, Hon'ble Supreme Court of India has stayed the above mentioned Order of CERC vide its Order dated 08/05/2017 in Civil Appeal No. 6083/2017 and 6334/2017. Subsequently, Hon'ble Supreme Court of India in its Order dated 14/07/2017 has vacated the stay on trading of Non-Solar RECs at the Floor price prevalent earlier subject to pending Appeal No. 105/2017 before the Hon'ble APTEL. However, the obligated entities/Power Exchanges shall deposit the difference between Floor price prevalent earlier and Floor price as determined by CERC in its Order dtd. 30/03/2017 with the CERC. There is no vacation of stay on trading of Solar REC.

4.60 In view of above, the Commission has considered the Floor Price of Non-Solar REC as approved earlier by CERC i.e., Rs. 1500/MWh on provisional basis subject to the outcome of Appeal No. 105/2017 filed before the Hon'ble APTEL. Further, due to stay on Solar REC trading, the Commission has considered the rate of Solar Energy for the purpose of RPO compliance based on the rate of SECI (Rs. 5.50/kWh).

4.61 It may be mentioned that the Forbearance price approved by CERC for Solar REC is Rs. 2400/MWh in its Order dtd. 30/03/2017 which is presently stayed by Hon'ble Supreme Court of India. Since, the Petitioner when procures power from Solar Energy sources to meet its RPO then it will have to back down the Generating stations which has highest variable cost i.e., APCPL. Accordingly, the Commission has allowed the rate of Solar Energy to the Petitioner at Rs. 5.50/kWh i.e., around Rs. 2.40/kWh over and above the variable cost of APCPL which is Rs. 3.09/kWh

4.62 Accordingly, the Power Purchase Cost allowed by the Commission towards RPO compliance is indicated in the table as follows:

Table 197: Approved Cost of power purchases for RPO

Sr. No.	Sources of Renewable Energy	Quantity to be Purchased (MU)	Average Rate (Rs/kWh)	Total Cost (Rs. Crore)
Solar				
1	Own Solar	1.98	5.50	1.09
2	Solar (SECI)	39.77	5.50	21.87
3	Balance Solar RECs to be purchased	249.63	2.40	59.91
	Sub Total	**291.37**		**82.87**
Non Solar				
4	MSW Bawana	19.78	7.03	13.90
5	East Delhi MSW	5.35	3.20	1.71
6	Balance Non-solar RECs to be purchased	562.97	1.50	83.64
7	**Sub Total**	**582.75**		**99.26**
8	**Total RPO**	**874.12**		**182.13**

TRANSMISSION LOSS AND CHARGES

PETITIONER'S SUBMISSION

4.63 The Intra-state and Inter-state Transmission losses and charges projected by the Petitioner are summarized below:

Table 198: Transmission loss, charges projected by Petitioner for FY 2017-18

Sr.No.	Particulars	FY 2017-18	Remarks
A	**Transmission losses (MU)**		
i	Inter-State Transmission	222	
ii	Intra-State Transmission	58	
iii	**Total Transmission losses (MU)**	**280**	
B	**Transmission Charges (Rs. Crore)**		
i	Inter-State Transmission*	313	Pension fund should be separated from Power purchase cost by providing separate surcharge
ii	Intra-State Transmission (including SLDC)	242	
iii	Contribution towards pension fund		
iv	**Total Transmission Charges (Rs. Crore)**	**554**	

COMMISSION'S ANALYSIS

TRANSMISSION LOSS

4.64 The Commission has considered the Intra-state Transmission losses as 0.98% for FY 2016-17 as per the data available at SLDC website of Input Energy (30659.71 MU) and Output Energy (30359.58 MU) .

4.65 The Commission has considered the weighted average Inter-State Transmission loss in the Northern Region, Eastern Region and Western Region at 2.27% for FY 2017-18 based on the available actual Point of Connection (PoC) losses during November, 2016 at website of National Load Despatch Centre.

TRANSMISSION CHARGES

4.66 The Commission has considered the Transmission charges for Interstate Transmission Licensee as projected by the Petitioner for FY 2017-18 in the Petition amounting to Rs. 313 Crore.

4.67 The Intra-State Transmission charges has been considered based on DTL Order for FY 2017-18 in which the approved ARR for FY 2017-18 is Rs. 1083.59 Crore.

4.68 The Commission has considered the ratio of energy available to the petitioner based on the energy projected by Delhi SLDC for FY 20117-18 for Computation of share of intra-state Transmission Charges for 2017-18.

4.69 The Commission has considered SLDC charges of Rs. 2.57 Crores for the Petitioner for FY 2017-18 as that approved by the Commission in its tariff order dated 29/09/2015 because SLDC has not filed any ARR for FY 2017-18.

4.70 Secretary, Pension Trust has requested the Commission to allow Rs. 694 Crore in FY 2017-18 for funding of Pension of erstwhile DVB Employees/Pensioners which has also been recommended by GoNCTD vide it's letter dated 26/07/2017. Further, the Commission had allowed Rs. 573 Cr. in ARR of the Distribution Licensees for FY 2015-16 which continued till date.

4.71 The Commission has now decided to introduce additional surcharge of 3.70% for recovery of Pension Trust funding from September 2017 onwards. Accordingly, the Commission has considered the prorated amount of Rs. 62.31 Cr. towards Pension Trust funding from April 2017 to August 2017 in the ARR of the Petitioner. The mechanism of recovery and payment to Pension Trust is dealt up in Chapter 6 of this tariff Order.

4.72 In view of the above, the Inter-State and Intra-State Transmission Losses and Transmission Charges as approved by the Commission for FY 2017-18 are indicated in the table as follows:

Table 199: Transmission loss, charges approved for FY 2017-18

Sr. No.	Particulars	Approved
A	**Transmission losses (MU)**	

Sr. No.	Particulars	Approved
1	Inter-State Transmission	152.01
2	Intra-State Transmission (DTL)	69.78
	Total Transmission Losses (MU)	221.79
B	**Transmission Charges (Rs Crore)**	
1	Inter-State Transmission	313.00
2	Intra-State Transmission (DTL)	246.68
3	SLDC Charges	2.57
4	Contribution towards Pension fund	62.31
C	**Total Transmission Charges (Rs. Crore)**	**624.56**

NORMATIVE REBATE (Rebate on Power Purchase and Transmission Charges)

PETITIONER'S SUBMISSION

4.73 The Petitioner has not proposed any rebate on power purchase cost from generating stations and Transmission Charges during FY 2015-16 due to the adverse financial position on account of huge RA and non-cost reflective tariff and consequent inability of the Petitioner to pay the power bills within the rebate dates due to the suppliers.

COMMISSION'S ANALYSIS

4.74 With reference to the Rebate on power purchase and Transmission charges, DERC Tariff Regulations, 2017 states as follows:

> *"119. Distribution Licensee shall be allowed to recover the net cost of power purchase from long term sources whose PPAs are approved by the Commission, assuming maximum normative rebate available from each source, for supply to consumers."*

Accordingly, the Commission has considered Power Purchase Rebate @ 2% of Gross Power Purchase Cost and Transmission Rebate @ 2% of the total Transmission and SLDC charges for projection of normative rebate on the power purchase cost for FY 2017-18.

Energy Balance

PETITIONER'S SUBMISSION

4.75 The energy balance submitted by the Petitioner for FY 2017-18 is summarized in the table as follows:

Table 200: Energy Balance Projected by the Petitioner for FY 2017-18

Sr. No.	Particulars	FY 2017-18 Quantity (MU)
1	**Power Purchase @Ex bus-FIRM**	8531
2	Inter-State Losses	222
3	**Power Available at Delhi Periphery**	8310
4	Intra-state Loss & Charges (Including SLDC charges)	58
5	Power Available to DISCOM	8251
6	Banking Import	307
7	Shortfall to be met at Discom Periphery	176
8	**Total Available**	8734
9	Sales	6079
10	Distribution Loss	1014
11	**Energy Requirement at Distribution Periphery**	7093
12	Sale of Surplus power	1319
13	Sale of Power through banking	322
14	**Total Sale of Surplus**	1641

COMMISSION'S ANALYSIS

4.76 Based on the energy sales, distribution loss, Intra-state and Inter-state transmission losses approved by the Commission indicated in the above paragraphs, the energy requirement as approved by the Commission is summarized in the table as follows:

Table 201: Energy Balance approved by the Commission for FY 2017-18

Sr. No.	Particulars	Unit	FY 2017-18
	Energy Availability		
1	Total energy available (Excluding BTPS, SGS & RE Plants)	MU	**6696.57**
2	Inter-State Transmission Losses	%	**2.27%**
		MU	**152.01**
3	Energy available from BTPS, SGS & RE Plants	MU	**1009.97**
4	Energy available at State Transmission Periphery (1-2+3)	MU	**7554.53**
	Energy Requirement		
5	Energy sales	MU	**6134.18**
6	Distribution Loss	%	**13.00%**
		MU	**916.60**
7	**Energy requirement at distribution periphery**	MU	**7050.78**
8	Intra-State transmission loss	%	**0.98%**
		MU	**69.78**
9	**Energy Requirement at State Transmission Periphery**	MU	**7120.56**
10	**Surplus Energy (4-9)**	MU	**433.97**

Sale of surplus power

PETITIONER'S SUBMISSION

4.77 The Petitioner has proposed the sale of estimated surplus power of 1641 MU at Rs.2.6/unit rate indicated in the table as follows:

Table 202: Projected Sale of surplus power for FY 2017-18

Particulars	Surplus Energy (MU)	Average Sale Price (Rs. / kWh)	Total Cost (Rs. Crore)
Sale of Surplus Power	1641	2.60	426.66

COMMISSION'S ANALYSIS

4.79 The Petitioner has Long term Power Purchase Agreement (PPA) from Central Generating Stations based on allocation made by the Ministry of Power, Government of India.

4.80 The rate of surplus power realized by the DISCOMs varies during last five (5) years indicated in the table as follows:

Table 203: Quantum of surplus energy sold and unit price realised from FY 2011-12 to FY 2015-16

Sr. No.	Year	BRPL		BYPL		TPDDL		Wt. Avg. Rate (Rs./kWh)
		Energy Sold (MU)	Price Realised (Rs./kWh)	Energy Sold (MU)	Price Realised (Rs./kWh)	Energy Sold (MU)	Price Realised (Rs./kWh)	
1	FY 2011-12	2393	3.23	1708	3.19	1680	2.94	3.13
2	FY 2012-13	1867	3.31	2634	3.12	2535	2.91	3.09
3	FY 2013-14	2123	2.80	1572	2.31	2721	3.08	2.80
4	FY 2014-15	1057	3.22	1051	3.41	1605	3.20	3.27
5	FY 2015-16	957	3.15	1093	3.21	1965	3.39	3.28

4.81 It is observed from the above table that there is no definite trend (upward or downward) in the rate of sale of surplus power realized by the DISCOMs.

4.82 The Commission observed during the true up of FY 2014-15 and FY 2015-16 that there was scope for better management of the process for short term sale of the surplus power so as to significantly protect the interest of the consumers. The Commission is of the view that Petitioner should endeavor to maximize revenue from sale of surplus power and enter into more banking, intrastate and bilateral transactions. Therefore, the Commission has considered the rate of sale of surplus power at Rs. 3.00 /kWh for FY 2017-18.

4.83 Accordingly, the Commission approves the total sale of Surplus Power of 433.97 MU at Rs. 3.00/kWh as indicated in the table below:

Table 204: Approved Sale of Surplus Power for FY 2017-18

Particulars	Surplus Energy (MU)	Avg. Sale Price (Rs /kWh)	Total Cost (Rs. Crore)
Sale of Surplus Power	433.97	3.00	130.19

4.84 Further, the Commission directs the Petitioner to follow best possible practices as indicated in this Tariff Order so as to optimize its Power Purchase Cost from Long Term and Short Term sources.

Total Power Purchase Cost

4.85 Based on the analysis above, the Total Power Purchase Cost for FY 2017-18, approved by the Commission is summarized as follows:

Table 205 Total Power Purchase Cost approved for FY 2017-18

Sr. No.	Particulars	Quantity (MU)	Amount (Rs. Crore)	Avg. Rate (Rs./kWh)
1	Power Purchase from CSGS except BTPS, SGS and RE Plants	6696.57	2070.49	3.09
2	PGCIL Losses & Charges	152.01	313.00	
3	Power Purchase from SGS including BTPS excluding RE Plants	943.10	508.84	5.40
4	Renewable Energy Plants	66.88	38.58	5.77
5	Cost towards renewable energy certificates		143.55	
6	**Power Available at Delhi Periphery (cost excluding RECs)**00	**7554.53**	**2930.91**	**3.88**
7	DTL Loss & Charges including Pension trust, SLDC charges	69.78	311.56	
8	Less: Power Purchase Rebate@ 2%		52.36	
9	Less: Rebate on Transmission Charges @ 2%		12.44	
10	**Power Available to DISCOM**	**7484.75**	**3177.67**	**4.25**
11	Sales	6134.18		
12	Distribution Loss	916.60		
13	**Net power purchase cost including transmission charges and REC**	**7050.78**	**3191.04**	**4.53**
14	**Net Surplus power**	**433.97**	**130.19**	**3.00**

Power Purchase Cost Adjustment Charges (PPAC)

4.86 As per Regulation 135 of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017, the Commission has to specify the detailed formula for PPAC in the Tariff Order for the relevant year.

4.87 Further, as per Regulation 134 of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 only Price of Fuel from long term sources of Generation, Variation in Fixed Cost on account of Regulatory Orders from long term sources of Generation and Variation in Transmission Charges shall be allowed to be recovered in PPAC. The relevant regulation is as follows:

> *" 134. The Distribution Licensee shall be allowed to recover the incremental Power Procurement Cost on quarterly basis, over and above the Power Procurement Cost approved in the Tariff Order of the relevant year, incurred due to the following:*
> *(a) Variation in Price of Fuel from long term sources of Generation;*
> *(b) Variation in Fixed Cost on account of Regulatory Orders from long term sources of Generation;*
> *(c) Variation in Transmission Charges. "*

4.88 Accordingly, the Commission has specified the PPAC formula for FY 2017-18 by considering the base Power Purchase Cost from various generating stations over which any increase has to be taken for the purpose of PPAC during FY 2017-18 indicated as follows:

Power Purchase Adjustment (PPA) formula

$$\text{PPA for nth Qtr. (\%)} = \frac{(A-B)*C + (D-E)}{\{Z * (1-\frac{\text{Distribution Losses in \%}}{100})\} * ABR}$$

Where,

A = Total units procured in (n-1)th Qtr (in kWh) from power stations having long term PPAs – (To be taken from the bills of the GENCOs issued to distribution licensees)

B = Proportionate bulk sale of power from Power stations having long term PPAs in (n-1)th Qtr (in kWh)

= Total bulk sale in (n-1)th Qtr (in kWH) * A

Gross Power Purchase including short term power in (n-1)th Qtr (in kWh)

Total bulk sale and gross power purchase in (n-1)th Qtr to be taken from provisional accounts to be issued by SLDC by the 10th of each month.

C = Actual average Power Purchase Cost (PPC) from power stations having long term PPAs in (n-1)th Qtr (Rs./ kWh) – Projected average Power Purchase Cost (PPC) from power stations having long term PPAs (Rs./ kWh) (from tariff order)

D = Actual Transmission Charges paid in the (n-1)th Qtr

E = Base Cost of Transmission Charges for (n-1)th Qtr= (Approved Transmission Charges/4)

Z = {Actual Power purchased from Central Generating Stations having long term PPA in (n-1)th Qtr (in kWh)*(1 – INTERSTATE TRANSMISSION LICENSEE losses in % / 100) + Power from Delhi GENCOs including BTPS (in kWh)}*(1 – Intra state losses in % / 100) – B] in kWh

ABR = Average Billing Rate for the year (to be taken from the Tariff Order) Distribution Losses (in %) = Target Distribution Losses (from Tariff Order)

INTER STATE TRANSMISSION LICENSEE Losses = 100* Approved INTER STATE TRANSMISSION LICENSEE losses in Tariff Order (kWh) / Approved long term power purchase from central generating stations having long term PPA in the Tariff Order

(kWh)

(in %) DTL Losses (in %) = 100 * Approved DTL Losses (from the Tariff Order) Power available at Delhi periphery (from energy balance table tariff order)

4.89 The Commission has specified the methodology for recovery of PPAC in its Business Plan Regulations, 2017 as follows:

" The mechanism for recovery of Power Purchase Cost Adjustment Charges (PPAC) in terms of the Regulation 134 of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 from FY 2017-18 to FY 2019-20 of the Distribution Licensees shall be as follows:

(1) The Commission shall specify the detailed formula for computation of PPAC in the Tariff Order for the relevant year.

(2) The Distribution Licensee shall compute the PPAC for any quarter as per the specified formula for the relevant year:

Provided that a quarter refers to one-fourth of a year i.e., January, February and March (Q1); April, May and June (Q2); July, August and September (Q3); and October, November and December (Q4).

(3) The PPAC computation of any quarter shall be equally spread and adjusted over subsequent quarter only:

Provided that the Commission may allow to carry forward PPAC to more than one quarter in order to avoid the tariff shock for consumers in terms of Regulation 136 of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017.

(4) The treatment of PPAC computation as per the specified formula shall be as follows:

(a)in case PPAC does not exceed 5% for any quarter, the Distribution Licensee may levy PPAC at 90% of computed PPAC with prior intimation to the Commission without going through the regulatory proceedings.

(b) in case PPAC exceeds 5% for any quarter, the Distribution Licensee may levy PPAC of 4.50% without going through the regulatory proceedings and shall file an application for prior approval of the Commission for the differential PPAC claim (Actual PPAC % – 4.50%).

(5) The Distribution Licensee shall upload the computation of PPAC on its website before the same is levied to the consumers' electricity bills.

(6) Revenue billed on account of PPAC by the Distribution Licensee, without going

through the regulatory proceedings, shall be trued up along-with the Power Purchase Cost of the relevant year and no Carrying Cost shall be allowed due to under-recovery of revenue for the same year.

(7) Revenue billed on account of PPAC by the Distribution Licensee, without going through the regulatory proceedings, shall be trued up along-with the Power Purchase Cost of the relevant year and Carrying Cost shall be recovered at 1.20 times of interest rate on the excess revenue recovered for the same year."

4.90 PPAC on quarterly basis shall be charged as per the following:

(a) The PPAC will be charged to all categories of consumers.

(b) The weighted average base cost as approved in this Tariff Rs shall be Rs. 3.40 /kWh.

(c) The Distribution licensee shall submit to the Commission the details in respect of changes in power purchase cost of plants having long term PPAs, as listed above for $(n-1)^{th}$ quarter. Further, Auditor's Certificate indicating plant-wise details of fixed charges, variable charges, other charges and units purchased from each plant having long term PPAs, as listed above, for $(n-1)^{th}$ quarter and actual transmission charges for $(n-1)^{th}$ quarter shall be furnished along with the proposal of PPAC surcharge submitted for the Commission's approval. Further, similar information in respect of current bills shall also be furnished in the Auditor's certificate.

(d) The percentage of PPAC will be rounded off to two decimal places.

(e) The percentage increase on account of PPAC will be applied as a surcharge on the total energy and fixed charges (excluding short term arrears, LPSC, Electricity Duty etc.) billed to a consumer of the utility. Further, PPAC surcharge shall not be levied on the 8% surcharge and also the 8% surcharge towards recovery of past accumulated deficit shall not to be levied on PPAC.

(f) The bill format shall clearly identify the PPAC percentage and amount of PPAC billed as separate entries.

(g) This PPAC formula shall remain applicable till it is reviewed, revised or otherwise amended.

Operation and Maintenance (O&M) Expenses

PETITIONER'S SUBMISSION

4.91 The Petitioner has projected the O&M Expenses for the FY 2017-18 as tabulated below:

Table 206: O&M Expenses submitted by Petitioner for FY 2017-18

Sr.No.	O&M Expenses (Rs. Cr.)	FY 17-18
A	Employee Expenses	320
B	A&G Expenses	179
C	R&M Expenses	149
D	**Net O&M Expenses**	**648**

COMMISSION'S ANALYSIS

4.92 The Commission has notified Business Plan Regulations, 2017 wherein norms for Operation and Maintenance Expenses in terms of Regulation 4(3) has been determined for FY 2017-18.

4.93 On the basis of network and financial details submitted by the Petitioner, the Commission has determined O&M Expenses for FY 2017-18 indicated as follows:

Table 207: O&M Expenses approved by the Commission for FY 2017-18

Particulars	Capacity as on 31.03.2018	O&M Expenses Per Unit (Rs.)		O&M Expenses FY 2017-18 (Rs. Crore)
66 kV Line (kms)	212.00	Rs. Lakh/Ckt. Km	4.42	9.37
33 kV Line (kms)	357.00	Rs. Lakh/Ckt. Km	4.42	15.78
11 kV Line (kms)	2577.00	Rs. Lakh/Ckt. Km	1.86	47.85
LT Lines system (kms.)	5020.00	Rs. Lakh/Ckt. Km	8.29	416.18
66/11 kV Grid sub-station (MVA)*	1674.00	Rs. Lakh/MVA	1.05	17.50
33/11 kV Grid sub-station (MVA)*	1910.00	Rs. Lakh/MVA	1.05	19.57
11/0.4 kV DT (MVA)	3257.00	Rs. Lakh/MVA	2.30	74.79
Total				601.44

4.94 Impact of any Statutory Pay revision on employee's cost as may be applicable on case to case basis shall be considered separately, based on actual payment made by the Petitioner and prudence check at the time of true up of ARR as specified in the Business Plan Regulations, 2017.

Capital Expenditure and Capitalization

PETITIONER'S SUBMISSION

4.95 The Petitioner has proposed Capital expenditure and Capitalization for FY 2017-18 indicated in the table as follows::

Table 208: Capital Expenditure and Capitalization projected for FY 2017-18 (Rs. Crore)

Sl. No	Particulars	FY 2017-18
A	Capital Expenditure	340
B	Capitalization	331

COMMISSION'S ANALYSIS

4.96 The Commission has considered capital investment for FY 2017-18 as per the approved tentative capital investment plan in the Business Plan Regulations, 2017 for the Petitioner for FY 2017-18 indicated in the table as follows:

Table 209: Capital expenditure and Capitalization approved for FY 2017-18 (Rs. Crore)

Particulars	Petitioner's submission	Approved for FY 2017-18
Capitalisation	331	384

CONSUMER CONTRIBUTION

PETITIONER'S SUBMISSION

4.97 Consumer contribution capitalized has been computed by applying the ratio of consumer contribution addition during FY 2014-15 to the total capitalization during the year on capitalization for FY2016-17 to FY2020-21 has been calculated. Accordingly the average balance of consumer contribution during FY 2016-17. The petitioner has submitted that Rs. 36 Crore will be capitalized towards consumer contribution for FY 2017-18 as follows:

Table 210: Consumer contribution for FY 2016-17 to FY 2020-21 (Rs. Crore)

Sr. No.	Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
1	Opening Balance	185	200	217	235	253
2	Addition during the year	30	35	36	36	36
3	Closing Balance	215	235	253	271	289
4	Average Consumer Contribution	200	217	235	253	271

COMMISSION'S ANALYSIS

4.98 The Commission has projected the capitalization of consumer contribution during FY 2017-18 as per the projection of the Petitioner. Accordingly, the consumer contribution used for means of finance is as follows:

Table 211: Consumer Contribution Capitalized Approved by the Commission (Rs Cr)

Particulars	FY 2016-17	FY 2017-18
Opening balance of Consumer Contribution already capitalised	185.00	296.35
Consumer Contribution Capitalized out of Consumer Contribution received during MYT Period	30.00	35.00
Closing Consumer Contribution and Grants	215.00	331.35
Average Consumer Contribution and Grants	200.00	313.85

DEPRECIATION

PETITIONER'S SUBMISSION

4.99 The Petitioner has projected the Depreciation at Rs.126 Crore for FY 2017-18 indicated in the table as follows:

Table 212: Depreciation projected by the Petitioner for FY 2017-18 (Rs. Crore)

Sr. No.	Particulars	FY 2017-18
1	Opening GFA (Net off Consumer Contribution and Grants)	2935
2	Additions (Net off Consumer Contribution and Grants)	297
3	Closing GFA (Net off Consumer Contribution and Grants)	3232
4	Average GFA (Net off Consumer Contribution and Grants)	3083
5	Depreciation rate	4.10%
6	**Depreciation**	**126**

COMMISSION'S ANALYSIS

4.100 The Commission has provisionally approved the closing GFA of Rs. 2565.48 Crore for FY 2015-16 in the truing up process for FY 2015-16. The Commission has considered capitalisation for FY 2016-17 at Rs. 283.00 Crore as projected by the Petitioner for the purpose of computation of depreciation of FY 2017-18. Further rate of depreciation has been considered as per the depreciation rate computed by the Petitioner for FY 2017-18 based on the depreciation schedule approved by the Commission. Based on GFA, Consumers contributions and rate of depreciation, the Commission has approved the depreciation for FY 2017-18 on provisional basis as follows:

Table 213: Depreciation approved for FY 2017-18 (Rs. Crore)

Particulars	Petitioner's Submission	Commission Approved

Particulars	Petitioner's Submission	Commission Approved
Opening GFA	2935.00	2848.48
Net Additions to Asset during the year	297.00	384.00
Closing GFA	3342.38	3242.48
Average GFA	3083.00	3040.48
Less: Average Consumer Contribution	200.00	313.85
Average GFA net of CC	2883.00	2726.63
Average rate of depreciation	4.10%	3.79%
Depreciation	118.20	103.34
Accumulated Depreciation		986.69

WORKING CAPITAL

PETITIONERS' SUBMISSION

4.101 The Petitioner has submitted that for calculation of Working capital, Receivables for two months of revenue (Net ARR), Power purchase costs including Transmission charges for one month, Operation and maintenance expenses for one month has been considered. Existing equity of Rs. 42 Cr. in working capital. Working capital interest rate has been considered as equivalent to latest SBI prime lending rate (SPLR at 14.05%)

4.102 The Petitioner has calculated the working capital for FY 2017-18 as given in the Table below:

Table 214: Working capital projected by the Petitioner for FY 2017-18 (Rs. Crore)

Sr. No.	Particulars	FY 17-18
1	Receivables for two months of revenue	815
2	Power purchase costs including Transmission charges for one month	311
3	Operation and maintenance expenses for one month.	54
4	Existing Equity in WC	42
5	Total WC requirement	516
6	Interest Rate – SBI Prime Lending Rate	14.05%
7	**Total Interest required for WC**	**73**

COMMISSION'S ANALYSIS

4.103 The Commission has considered the ARR for FY 2016-17 at the same level as approved for FY 2015-16 because tariff approved for FY 2015-16 was also applicable for FY 2016-17. Therefore, working capital for FY 2016-17 has also been considered as determined for FY 2015-16. Thus, change in working capital for FY 2017-18 has been considered as change in working capital requirement with respect to working capital approved for FY 2015-16. The Commission has computed the working capital requirement for the Petitioner as per Regulation 84 (4) Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017. The relevant extract of the Regulation is as follows:

"84. The Commission shall calculate the Working Capital requirement for:

(4) Distribution Licensee as follows:

(i) Working capital for wheeling business of electricity shall consist of ARR for two months of Wheeling Charges.

(ii) Working Capital for Retail Supply business of electricity shall consist of:

(a) ARR for two months for retail supply business of electricity;

(b) Less: Net Power Purchase costs for one month;

(c) Less: Transmission charges for one month: "

4.104 Accordingly working capital requirement computed for FY 2017-18 is as follows:

Table 215: Working Capital considered for FY 2017-18 (Rs. Crore)

Sr.No.	Particulars	Petitioner's Submission	Commission Approved
A	Annual Revenue	4890.00	4162.40
B	Receivables equivalent to 2 months average billing	815.00	693.73
C	Power Purchase expenses	3732.00	3191.036
D	power purchase expenses for 1 Month	311.00	265.92
E	Total Working Capital	504.00	427.81
F	Opening Working Capital	481.00	489.57
G	Change in WC (E-F)	23.00	61.76

REGULATED RATE BASE (RRB), WEIGHTED AVERAGE COST OF CAPITAL (WACC) AND RETURN ON CAPITAL EMPLOYED (ROCE)

PETITIONERS' SUBMISSION

4.105 The petitioner has submitted that the average loan balance and interest charges computed based on the assumption of 70% funding of the capitalization (net of consumer contribution) will be through debt.

4.106 The petitioner has computed the latest actual rate of interest of 14.39% at which it has procured loans from the market as tabulated below:

Table 216: Loan Balance and Interest Charges on Capital Loans (Rs.Crore)

Sr. No.	Particulars	FY 17-18
1	Opening Normative Loan balance	1192
2	Additions of loans	208
3	Less: Repayments(Depreciation)	126
4	Closing Normative Loan Balance	1274
5	Average Normative Loan	1233
6	Rate of interest (%)	14.39%
7	**Interest on Loan**	**177**

EQUITY BASE AND RETURN ON EQUITY

4.107 The Petitioner has submitted that it has considered 30% of funding of capitalization net of consumer contribution through equity. The Base rate for return on equity has been considered as post tax rate of 16% and pre-tax rate of 20.24% (grossed up with MAT rate as 20.96% as per latest Income Tax act)

4.108 The Petitioner has projected the Equity base and Return on equity for FY 2017-18 as tabulated below:

Table 217: Equity Base and Return on equity projected by Petitioner for FY 2017-18(Rs.Crore)

Sr. No.	Particulars	FY 17-18
1	Opening Equity	1026
2	Additions	89
3	Closing Equity	1115
4	Average Equity	1070
5	Base Rate of RoE	16%
6	MAT Rate	20.96%
7	Rate of RoE (Pre-Tax) grossed up with MAT rate	20.24%
8	**Return on equity (Pre-Tax)**	***217***
9	Less: Income Tax	45
10	***Return on Equity (Post Tax)***	***171***

COMMISSION'S ANALYSIS

4.109 The Commission has approved Rate of Return on Equity computed at base rate of 14% on post tax basis for Wheeling Business and base rate of 2% on post tax basis for the retail business of the Petitioner in its Business Plan Regulations, 2017. The rate of interest has been considered at 14% based on the Regulation 77 of DERC Tariff Regulations 2017 that Provided that in no case the rate of interest on loan shall exceed approved rate of return on equity. Further, for the purpose of WACC computation the Commission has computed the equity funding required for net fixed asset as per the provisionally approved GFA, accumulated depreciation, accumulated consumer contribution and impact of de-capitalisation. Balance funding requirement of RRBi has been considered as debt funded. Accordingly, Weighted Average Cost of Capital (WACC) has been computed by considering the equity and debt requirement for FY 2017-18 by the Commission as follows:

Table 218: Weighted Average Cost of Capital (WACC) approved for FY 2017-18

Sr. No.	Particulars	Petitioner's Submission	Commission Approved
A	Equity	548.97	587.87
B	Debt	1762.03	1711.88
C	Return on equity	16.00%	16.00%
D	Income Tax Rate	33.99%	33.99%
E	Grossed up Return on Equity	24.24%	24.24%
F	Rate of Interest	14.00%	14.00%
G	Weighted average cost of Capital	16.43%	16.62%

4.110 The Commission has computed the opening RRB, RRB for the year and closing balance of the RRB as per the formula specified in Tariff Regulations, 2017 as follows:

Table 219: RRB approved for FY 2017-18 (Rs. Crore)

Sr. No.	Particulars	Petitioners submission	Commission Approved	Remarks
A	Opening GFA	2935.00	2848.48	
B	Opening Accumulated Depreciation	1194.00	803.03	
C	Opening Consumer Contribution	200.00	296.35	
D	Opening Working Capital	488.00	489.57	
E	Opening RRB	2029.00	2238.68	(A-B-C+D)
F	Investment during the year	88.89	122.83	(G-H-I)/2
G	Net Capitalisation	331.00	384.00	
H	Depreciation	118.22	103.34	
I	Consumer Contribution	35.00	35.00	
J	Change in Working Capital	23.00	(61.76)	
K	Regulated Rate Base - Closing	2229.78	2422.58	(E+G-H-I+J
L	RRB (i)	2140.89	2299.75	(E+F+J)

4.111 The Commission has approved RoCE based on RRB (i) and WACC computed as follows:

Table 220: Return on Capital Employed approved by the Commission

Sr. No.	Particulars	Petitioners Submission	Now Approved	Remarks
A	WACC	16.43%	16.62%	

Sr. No.	Particulars	Petitioners Submission	Now Approved	Remarks
B	RRB (i)	2140.89	2299.75	
C	RoCE	351.80	382.16	A*B

Non-Tariff Income

PETITIONERS' SUBMISSION

4.112 The Petitioner has submitted that Non-Tariff Income during FY 2017-18 has been considered equivalent to the actual for FY 2014-15 i.e. Rs. 86 Crore.

COMMISSION'S ANALYSIS

4.113 The Commission has considered the Non-Tariff Income approved for true up of FY 2015-16 for projecting Non Tariff Income of the Petitioner for FY 2017-18 of Rs.115.57 Crore.

COMPUTATION OF CARRYING cost

PETITIONERS' SUBMISSION

4.114 The Petitioner has submitted that as per the Hon'ble ATE in Judgment dated July 30, 2010 (Appeal 153 of 2009) ruling carrying cost ought to be allowed in debt equity ratio of 70:30 with SBI PLR as rate of interest and 16% as return on equity which is worked out to 15.13% for FY 2015-16.

4.115 The Petitioner has calculated the carrying cost for FY 2016-17 as detailed in the following table.

Table 221: Carrying cost on revenue gap projected by the Petitioner for FY 2016-17 (Rs. Crore)

Sl . No	Particulars	Submission
A	Opening Gap for FY 2014-15	-8906
B	Revenue Requirement for FY 2013-14	4832
C	Revenue during FY 2014-15	4090
D	(Gap)/ Surplus for FY 2014-15	-743
E	Surcharge for FY 2014-15	181
F	Net (Gap)/ Surplus for FY 2014-15	-562
G	Rate of carrying cost for the year	15.13%
H	Carrying cost	-1403
I	Closing balance of (Gap)/ Surplus at the end of the year FY 2014-15	-10870
a	Revenue (Gap)/ Surplus for FY 2015-16	-76
b	Rate of carrying cost for FY 2014-15	14.80%
c	Carrying cost	-1614

Sl . No	Particulars	Submission
d	Recovery through 8% surcharge	308
e	Closing balance of (Gap)/ Surplus at the end of the year FY 2014-15	-12253
J	Revenue Requirement for FY 2016-17	4715
K	Rate of carrying cost for the year	14.80%
L	Total revenue requirement including 8% surcharge and carrying cost for FY 2015-16	6528
M	**Carrying cost**	**1813**

COMMISSION'S ANALYSIS

4.116 The Commission has approved Return on Equity in terms of Regulation 2(16) of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 for computation of weighted average rate of interest for funding of Regulatory Asset/accumulated Revenue Gap through debt and equity shall be considered at 14.00% on pre-tax basis in its Business Plan Regulations, 2017. The rate of interest has been considered at 14% based on the Regulation 77 of DERC Tariff Regulations 2017 that Provided that in no case the rate of interest on loan shall exceed approved rate of return on equity.

4.117 Accordingly, the Commission has computed Carrying Cost as follows:

Table 222: Carrying Cost on Revenue Gap for FY 2017-18 (Rs. Crore)

Sr. No.	Particulars	Approved
A	Rate of Return on Equity	14.00%
B	Rate of Interest on Loan	14.00%
C	Rate of Carrying Cost	14.00%
D	Opening Revenue Gap	2327.00
E	Surcharge @ 8%	358.65
F	Carrying Cost	278.24

AGGREGATE REVENUE REQUIREMENT

PETITIONERS' SUBMISSION

4.118 The Petitioner has submitted the Aggregate Revenue Requirement during FY 2017-18 as tabulated below:

Table 223: Aggregate Revenue Requirement for FY 2017-18 (Rs. crore)

Sr. No.	Particulars	FY 17-18
1	Power purchase expenses (a)	3737
2	O&M (b)	648
3	Interest & Finance charges (c)	177

Sr. No.	Particulars	FY 17-18
4	Depreciation (d)	126
5	Interest on working capital (e)	73
6	**Gross expenditure (F=a+b+c+d+e)**	**4761**
7	Return on Equity (G)	217
8	**Net Expenditure (H=F+G)**	4978
9	Less: Non- Tariff Income	86
10	**Net ARR (I)**	4892
11	**Revenue at existing Tariff**	**4391**
12	Collection Efficiency (CE)	99.5%
13	**Revenue at existing tariff grossed up with CE (J)**	**4369**
14	**Surplus/(Gap) (J-I)**	**(523)**

COMMISSION'S ANALYSIS

4.119 The ARR based on various component as approved by the Commission for FY 2017-18 is summarised as follows:

Table 224: Approved ARR for Wheeling and Retail Business for FY 2017-18 (Rs. Crore)

Particulars	Petitioner's Submission	Commission Approved
Power Purchase Cost including Transmission Charges	3737.00	3191.04
O&M Expenses	648.00	601.44
Depreciation	126.00	103.34
Return on Capital Employed (RoCE)	467.00	382.16
Less: Non-Tariff income	86.00	115.57
Aggregate Revenue Requirement	**6897.38**	**4162.41**
Add: Carrying Cost	2005.38	278.24
Aggregate Revenue Requirement with Carrying Cost	8902.76	4440.64
Revenue at Existing Tariff		**4483.19**
Surplus for the year	**-2528.38**	**42.55**

ALLOCATION OF ARR INTO WHEELING AND RETAIL SUPPLY

4.120 Based on the allocation of different expenses in accordance with the methodology followed in the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017 and Business Plan Regulations, 2017, the approved ARR for Wheeling and Retail Supply business of the Petitioner is indicated in the table as follows:

Table 225: Approved ARR for Wheeling Business for FY 2017-18 (Rs. Crore)

Particulars	FY 2017-18
O&M Expenses	372.89
Depreciation	83.70
Return on Capital Employed (RoCE)	275.15

Less: Non-tariff income	17.34
Aggregate Revenue Requirement	714.42

Table 226: Approved ARR for Retail Business for FY 2017-18 (Rs. Crore)

Particulars	FY 2017-18
Cost of Power Procurement	3191.04
Operation and Maintenance expenses	228.55
Return on Capital Employed	107.00
Depreciation	19.63
Carrying Cost on Revenue Gap/Regulatory asset	278.24
Less: Non-Tariff Income	98.23
Aggregate Revenue Requirement	**3,726.22**

A5: TARIFF DESIGN

COMPONENTS OF TARIFF DESIGN

5.1 The Commission has considered the following components for designing tariff of the Distribution Licensees.

a. Consolidated Sector Revenue (Gap)/Surplus.

b. Cost of service

c. Cross-subsidization in tariff structure

Consolidated Revenue (Gap)/Surplus for the Sector

Revenue (Gap)/Surplus till FY 2015-16

5.2 The Commission has approved the Revenue (Gap)/Surplus for the Petitioner for FY 2014-15 & FY 2015-16 as discussed in detail in Chapter A3 of this Order. The Revenue (Gap)/Surplus upto FY 2015-16 is summarised in the table as follows:

Table 227: Revenue (Gap)/Surplus of BYPL till FY 2015-16 (Rs. Crore)

Sr. No.	Particulars	Approved in Tariff Order dated Sep 29, 2015 upto FY 2013-14	FY 2014-15	FY 2015-16	Remarks
A	Opening level of (Gap) / Surplus	(2,831.92)	(3,051.19)	(3,090.56)	
B	Revenue Requirement for the year	3,999.39	**4,262.58**	**3,674.77**	
C	Revenue realised	3,800.63	4,235.66	4,478.95	
D	(Gap) / Surplus for the year	(198.76)	(26.93)	804.18	c-b
E	8% Surcharge for the year	280.00	306.09	332.68	
F	Net (Gap)/Surplus	81.24	279.16	1,136.86	d+e
G	Rate of Carrying Cost	10.77%	10.94%	10.96%	
H	Amount of carrying cost	(300.53)	(318.54)	(276.32)	((a*g)+(f*g)/2)
I	Additional Impact of past period True up	-	-	(431.92)	
J	Closing Balance of (Gap)/Surplus	(3,051.19)	(3,090.56)	(2,661.95)	a+f+h+i

5.3 The summary of Revenue (Gap)/Surplus approved for BRPL and TPDDL till FY 2015-16 is summarised in the table as follows:

Table 228: Revenue (Gap)/Surplus of BRPL till FY 2015-16 (Rs. Crore)

Sr. No.	Particulars	Approved in Tariff Order dated Sept 29, 2015 upto FY 2013-14	FY 2014-15	FY 2015-16	Remarks

Sr. No.	Particulars	Approved in Tariff Order dated Sept 29, 2015 upto FY 2013-14	FY 2014-15	FY 2015-16	Remarks
A	Opening level of (Gap) / Surplus	(5,384.23)	(5,105.28)	(5,121.56)	
B	Revenue Requirement for the year	6,572.94	7,653.40	7,064.30	
C	Revenue realised	6,877.19	7,598.77	8,147.22	
D	(Gap) / Surplus for the year	304.25	(54.63)	1,082.92	c-b
E	8% Surcharge for the year	507.45	579.57	619.16	
F	Net (Gap)/Surplus	811.70	524.94	1,702.08	d+e
G	Rate of Carrying Cost	10.80%	11.18%	11.23%	
H	Amount of carrying cost	(537.54)	(541.21)	(479.50)	((a*g)+(f*g)/2)
I	Additional Impact of past period True up	4.79*	-	(333.70)	
J	Net Closing Balance of (Gap)/Surplus	(5,105.28)	(5,121.56)	(4,232.68)	

*penalty due to GIS mapping

Table 229: Revenue (Gap)/Surplus of TPDDL till FY 2015-16 (Rs. Crore)

Sr. No.	Particulars	Approved in Tariff Order dated September 29, 2015 upto FY 2013-14	FY 2014-15	FY 2015-16	Remarks
a	Opening level of (Gap) / Surplus	(3,375.83)	**(3,351.48)**	**(3,194.01)**	
b	Revenue Requirement for the year	4,976.41	**5,601.83**	**5,377.54**	
c	Revenue realised	4,987.37	**5,680.52**	6,063.70	
d	(Gap) / Surplus for the year	10.96	**78.69**	**686.16**	c-b
e	8% Surcharge for the year	390.70	**445.90**	**472.89**	
f	Net (Gap)/Surplus	401.66	524.59	1159.05	d+e
g	Rate of Carrying Cost	11.88%	**11.88%**	**12.08%**	
h	Amount of carrying cost	(377.32)	**(367.12)**	**(315.83)**	((a*g)+(f*g)/2)
	Additional Impact of past period True up	-	-	(103.31)	
i	Closing Balance of (Gap)/Surplus	(3,351.48)	**(3,194.01)**	**(2,454.10)**	a+f+h

5.4 The Revenue Gap upto FY 2015-16 as determined by the Commission is indicated as follows:

Table 230: Revenue (Gap)/Surplus of the three DISCOMS till FY 2015-16 (Rs. Crore)

Particulars	Up to FY 2015-16
BYPL	(2,661.95)
BRPL	(4,232.68)
TPDDL	(2,454.10)
Total	**(9,348.73)**

5.5 It can be seen from the above that the accumulated Revenue Gap till FY 2015-16 for all the three DISCOMs is Rs. 9,348.73 Crore.

Revenue (Gap)/Surplus for FY 2017-18 at Existing & Revised Tariffs for BYPL

5.6 The summary of net revenue (gap)/surplus approved for BYPL at Existing Tariff for the current year, FY 2017-18 is as follows:

Table 231: Revenue (Gap)/Surplus of BYPL at Existing Tariffs for FY 2017-18 (Rs. Crore)

Particulars	FY 2017-18
Revenue requirement for the year (including Carrying Cost)	4441.51
Revenue at existing tariff	4483.19
Revenue (Gap)/Surplus for the year	**41.68**

5.7 The summary of net revenue (gap)/surplus for BRPL and TPDDL at Existing Tariff for the current year, FY 2017-18 is as follows:

Table 232: Revenue (Gap)/Surplus of BRPL at Existing Tariffs for FY 2017-18 (Rs. Crore)

Particulars	FY 2017-18
Revenue requirement for the year (including Carrying Cost)	8,414.41
Revenue at Existing tariff @ 99.50% Collection Efficiency	8374.33
Revenue (Gap)/Surplus for the year	**(40.08)**

Table 233: Revenue (Gap)/Surplus of TPDDL at Existing Tariffs for FY 2017-18 (Rs. Crore)

Particulars	FY 2017-18
Revenue requirement for the year (including Carrying Cost)	6,449.51
Revenue at existing tariff	6590.85
Revenue (Gap)/Surplus for the year	141.34

Table 234: Revenue (Gap)/Surplus of all the three DISCOMs at Existing Tariff for FY 2017-18 (Rs. Crore)

Particulars	FY 2017-18
BYPL	41.68
BRPL	(40.08)
TPDDL	141.34
Total	**142.94**

5.8 The Commission has rationalized fixed charges based on under recovery of revenue through fixed charges in the ARR of the Distribution licensees as per the earlier tariff schedule.

5.9 The summary of revenue billed at revised tariffs (Apr'17-Aug'17 Revenue at Existing Tariff & Sept'17-Mar'18 Revenue at Revised Tariff), excluding 8% Surcharge, for FY 2017-18 is shown as follows:

Table 235: Revenue at Revised Tariffs for FY 2017-18 (Rs. Crore)

Sr. No.	Category	Fixed Charges	Energy Charges	Total Charges
1	Domestic	136.23	1,756.30	1,892.53
2	Non-Domestic	253.57	1,670.58	1,924.16
3	Industrial	25.80	239.64	265.44
4	Agriculture	0.01	0.08	0.09
5	Mushroom	0.00	0.01	0.01
6	Public Lighting	-	80.01	80.01
7	DJB	13.90	120.82	134.72
8	DMRC	7.69	87.31	95.00
9	Others	3.55	151.81	155.37
10	**Total**	**440.76**	**4,106.57**	**4,547.32**
11	**Revenue @ 99.50% Collection Efficiency**			**4524.58**

5.10 The revenue for FY 2017-18 projected by Commission at Revised tariff with Collection efficiency of 99.50% is Rs. 4524.58 Crore (excluding 8% surcharge) which will result Surplus of Rs. 83.88 Cr.

5.11 The Commission has also decided to continue with the existing surcharge at 8% over the revised tariff for liquidating the regulatory assets in line with proposed road map and this 8% Surcharge is estimated to result in an additional inflow of Rs. 363.79 Crore.

COST OF SERVICE MODEL

5.12 While determining the revenue requirement, various sectors of services, viz. generation, transmission and the distribution costs contribute to the total cost of service. The relative burden of constituent consumer categories is assessed and on the basis of the cost imposed on the system, it is decided as to how much share is due to which category of consumers. Although, it shall be equitable to have the embedded cost in designing the tariff for different consumer categories, it calls for a detailed database of allocated costs. Such allocations in the determination of embedded cost are done on the basis of following factors:

(a) Voltage of supply;

(b) Power factor;

(c) Load factor;

(d) Time of use of electricity;

(e) Quantity of electricity consumed,

(f) Distribution Loss

(g) Collection Efficiency etc.

5.13 The approach adopted by the Commission for determining the cost of supply for different voltage levels has been described in the following paragraphs.

5.14 The approved ARR of the Wheeling and Retail Supply business is allocated to different voltage levels and the same has been considered along with the energy sales to the respective voltage level to arrive at the per unit Wheeling charge and Retail Supply Charge for that voltage level (detailed methodology discussed ahead).

Allocation of Wheeling ARR

5.15 The Commission has considered the gross energy sales (MU) approved for the DISCOM for the year and has allocated the same to different voltage levels in the proportion of energy sales (MU) to these voltages to total sales in that year as submitted by the respective DISCOMs. Both BYPL and BRPL have not indicated any energy sales above 66 kV level in their distribution areas and therefore, no energy sales has been considered above 66 kV level while computing the cost of supply. The voltage wise energy sales approved for FY 2017-18 is as shown in the following table:

Table 236: Approved Energy Sales for FY 2017-18 (MU)

Particulars	BRPL	BYPL	TPDDL
Sales above 66 kV level	0.00	0.00	90.89
Sales at 33/66 kV level	633.15	270.95	103.98
Sales at 11 kV level	1043.72	638.52	885.71
Sales at LT level	9774.12	5224.71	7376.86
Total	**11450.99**	**6134.18**	**8457.44**

5.16 The Commission has, thereafter, grossed up the energy sales (MU) at the specific voltage level with the respective distribution losses (%) at that level to arrive at the Energy Input (MU) for that level. The Commission has considered the distribution losses at various voltage levels as projected by the Distribution Licensees in their Business Plan. Keeping the overall distribution losses same as approved by the Commission and considering the losses at 33/66 kV and at 11 kV as projected, the LT voltage level losses are derived. The summary of the voltage wise distribution losses considered by the Commission are as follows.

Table 237: Distribution Loss for FY 2017-18 (%)

Particulars	BRPL	BYPL	TPDDL
Loss above 66 kV level	0.00%	0.00%	0.00%
Loss at 33/66 kV level	1.23%	0.84%	0.79%
Loss at 11 kV level	2.95%	1.94%	2.94%
Loss at LT level	8.35%	12.20%	5.60%

5.17 The Commission would like to reiterate that the voltage wise distribution losses considered above are estimates and may not reflect the actual picture. The Commission, in this regard directed the three DISCOMs (BRPL, BYPL and TPDDL) earlier to carry out energy audit so that the actual data of distribution losses at different voltage levels could be used to calculate the cost of supply. A study made to assess the technical losses and commercial losses segregated voltage wise is yet to be submitted by the Petitioner. The summary of Energy Input (MU) for the respective voltage levels are shown as follows:

Table 238: Approved Energy Input for FY 2017-18 (MU)

Particulars	BRPL	BYPL	TPDDL
Input for 66 kV level	0	0	90.89
Input for 33/66 kV level	641.04	273.24	104.81
Input for 11 kV level	1088.84	656.67	919.81
Input for LT level	11125.63	6119.83	8115.29
Total	**12856.17**	**7050.78**	**9231.00**

5.18 The Wheeling ARR for the year has been apportioned in proportion of the energy input at different voltage levels. The wheeling cost allocated to different voltage levels is tabulated as follows:

Table 239: Wheeling cost allocated to different voltages for FY 2017-18 (Rs. Crore)

Particulars	BRPL	BYPL	TPDDL
Above 66 kV level	0	0	7.35
At 33/66 kV level	50.59	27.69	8.47
At 11 kV level	85.93	66.54	74.36
At LT level	878.05	620.09	656.03

Particulars	BRPL	BYPL	TPDDL
Total	**1014.62**	**714.42**	**746.23**

5.19 Based on the energy sales at the respective voltage levels the Commission has determined Wheeling Charge per unit for different voltages for FY 2017-18 as follows:

Table 240: Wheeling Charges for FY 2017-18 (Rs./Unit)

Particulars	BRPL	BYPL	TPDDL
Above 66 kV level	0	0	0.81
At 33/66 kV level	0.80	1.02	0.81
At 11 kV level	0.82	1.04	0.84
At LT level	0.90	1.19	0.89
Average	**0.89**	**1.16**	**0.88**

Allocation of Retail Supply ARR

5.20 The Commission has allocated the Retail Supply ARR in the ratio of energy input determined above for different voltage levels. The Commission has thereafter, determined the Retail Supply charge for a particular voltage level by considering energy sales at that voltage level. The summary of Retail supply ARR Allocation to different voltage levels for FY 2017-18 is given as follows:

Table 241: Retail Supply cost Allocated to different voltages for FY 2017-18 (Rs. Crore)

Particulars	BRPL	BYPL	TPDDL
Above 66 kV level	0.00	0.00	56.16
At 33/66 kV level	368.97	144.44	64.76
At 11 kV level	626.71	347.12	568.29
At LT level	6403.72	3234.98	5013.95
Total	**7399.78**	**3727.09**	**5703.28**

5.21 Based on the energy sales at the respective voltage levels, the Commission has determined retail supply charges per unit for different voltages for FY 2017-18 as follows:

Table 242: Retail Supply Charges at different voltages for FY 2017-18 (Rs/Unit)

Particulars	BRPL	BYPL	TPDDL
Above 66 kV level	0.00	0.00	6.18
At 33/66 kV level	5.83	5.33	6.23
At 11 kV level	6.00	5.44	6.42
At LT level	6.55	6.19	6.80
Average	**6.46**	**6.08**	**6.74**

5.22 The cost of supply determined by the Commission for the different voltage levels is shown as follows:

Table 243: Cost of Supply for BYPL (Rs. /Unit)

Particulars	Wheeling	Retail Supply	Total
Above 66 kV level	0.00	0.00	0.00
At 33/66 kV level	1.02	5.33	6.35
At 11 kV level	1.04	5.44	6.48
At LT level	1.19	6.19	7.38
Average	1.16	6.08	7.24

Table 244: Cost of Supply for BRPL (Rs./Unit)

Particulars	Wheeling	Retail Supply	Total
Above 66 kV level	0.00	0.00	0.00
At 33/66 kV level	0.80	5.83	6.63
At 11 kV level	0.82	6.00	6.83
At LT level	0.90	6.55	7.45
Average	**0.89**	**6.46**	**7.35**

Table 245: Cost of Supply for TPDDL (Rs. /Unit)

Particulars	Wheeling	Retail Supply	Total
Above 66 kV level	0.81	6.18	6.99
At 33/66 kV level	0.81	6.23	7.04
At 11 kV level	0.84	6.42	7.26
At LT level	0.89	6.80	7.69
Average	**0.88**	**6.74**	**7.63**

CROSS-SUBSIDISATION IN TARIFF STRUCTURE

5.23 The Electricity Act, 2003 provides for reduction of cross subsidies by moving the category wise tariffs towards cost of supply. The Commission also recognizes the need for reduction of cross subsidy. However, it is equally incumbent on the Commission to keep in mind the historical perspective for the need to continue with cross-subsidy for some more time.

5.24 Regarding Cross subsidy, Clause 8.3 of the National Tariff Policy 2016 states as follows:

"8.3 Tariff design: Linkage of tariffs to cost of service

It has been widely recognised that rational and economic pricing of electricity can be one of the major tools for energy conservation and sustainable use of ground water resources.

In terms of the Section 61(g) of the Act, the Appropriate Commission shall be guided by the objective that the tariff progressively reflects the efficient and prudent cost of supply of electricity. The State Governments can give subsidy to *the extent they consider appropriate as per the provisions of section 65 of the Act. Direct subsidy is a better way to support the poorer categories of consumers than the mechanism of cross subsidizing the tariff across the board. Subsidies should be targeted effectively and in transparent manner. As a substitute of cross subsidies, the State Government has the option of raising resources through mechanism of electricity duty and giving direct subsidies to only needy consumers. This is a better way of targeting subsidies effectively.*

Accordingly, the following principles would be adopted:

1. Consumers below poverty line who consume below a specified level, as prescribed in the National Electricity Policy may receive a special support through cross subsidy. Tariffs for such designated group of consumers will be at least 50% of the average cost of supply.

2. For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the Appropriate Commission would notify a roadmap such that tariffs are brought within ±20% of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy.

3. While fixing tariff for agricultural use, the imperatives of the need of using ground water resources in a sustainable manner would also need to be kept in mind in addition to the average cost of supply. Tariff for agricultural use may be set at different levels for different parts of a state depending on the condition of the ground water table to prevent excessive depletion of ground water. Section 62 (3) of the Act provides that geographical position of any area could be one of the criteria for tariff differentiation. A higher level of subsidy could be considered to support poorer farmers of the region where adverse ground water table condition requires larger quantity of electricity for irrigation purposes subject to suitable restrictions to ensure maintenance of ground water levels and sustainable ground water usage.

4. Extent of subsidy for different categories of consumers can be decided by the State Government keeping in view various relevant aspects. But provision of free electricity is not desirable as it encourages wasteful consumption of electricity.

Besides in most cases, lowering of water table in turn creating avoidable problem of water shortage for irrigation and drinking water for later generations. It is also likely to lead to rapid rise in demand of electricity putting severe strain on the distribution network thus adversely affecting the quality of supply of power. Therefore, it is necessary that reasonable level of user charges is levied. The subsidized rates of electricity should be permitted only up to a pre-identified level of consumption beyond which tariffs reflecting efficient cost of service should be charged from consumers. If the State Government wants to reimburse even part of this cost of electricity to poor category of consumers the amount can be paid in cash or any other suitable way. Use of prepaid meters can also facilitate this transfer of subsidy to such consumers.

5. Metering of supply to agricultural/rural consumers can be achieved in a consumer friendly way and in effective manner by management of local distribution in rural areas through commercial arrangement with franchisees with involvement of panchayat institutions, user associations, cooperative societies etc. Use of smart meters may be encouraged as a cost effective option for metering in cases of "limited use consumers" who are eligible for subsidized electricity.

5.25 In line with the above provision of the National Tariff Policy states that any consumer desirous of getting subsidized tariff shall approach the State Government and if the request for subsidy is found justified, the State Government may give subsidy to that class of consumers so that these consumers get electricity at concessional tariff.

5.26 At present, there are number of consumer classes e.g. some slabs of domestic consumers, Agriculture and Mushroom Cultivation, Government Schools/Colleges, Hospitals, etc. which are being cross subsidized by other consumers.

5.27 The Commission is of the view that ideally the electricity tariff for all categories of consumers should be fixed on cost to serve basis. However, in view of the high level of prevailing regulatory assets and the liquidation plan submitted before the Hon'ble Supreme Court, the Commission has continued with a policy of subsidizing some of the consumers below the cost of supply.

5.28 The Commission has computed category wise revenue based on latest available data of Sales Mix, Consumers and Sanctioned Load provided by the Petitioner. The Ratio of ABR to Average Cost of Supply and category-wise tariff hike approved for FY 2017-18 is indicated in the table as follows:

Table 246: Major Category-wise ABR v/s ACOS approved for FY 2017-18

Sr. No.	Category	ABR At Existing Tariff	ABR at Revised Tariff	ACoS	ABR at Revised Tariff to ACoS (%)
1	Domestic	5.43	5.49	7.24	76%
2	Non-Domestic	10.43	10.52	7.24	145%
3	Industrial	9.32	9.47	7.24	131%
4	Agriculture	2.98	2.98	7.24	41%
5	Public Lighting	7.30	7.30	7.24	101%
6	DMRC	6.62	6.64	7.24	92%
7	DJB	9.16	9.19	7.24	127%

TARIFF STRUCTURE

Domestic Tariff

5.29 Domestic Tariff is applicable for power consumption of residential consumers, hostels of recognized/aided educational institutions and staircase lighting in residential flats, compound lighting, lifts and water pumps or drinking water supply and fire-fighting equipment, etc. bonafide domestic use in farm houses, etc. as per the revised tariff schedule.

5.30 All the Cattle/ Dairy Farms and Dhobi Ghat across Delhi with a total consumption of not more than 400 units in a month. However, in case the consumption in a month exceeds 400 units, the total consumption including the first 400 units shall be charged non- domestic rates as applicable to the consumers falling under the Non Domestic category.

5.31 The Commission in its Tariff Order dated June 26, 2003 introduced two part tariff for domestic consumers, i.e., fixed charges and energy charges and abolished minimum charges and meter rent. The fixed charge in two-part tariff represents the fixed component of charges, which is independent of consumption level and depends on the fixed cost incurred by the Utility in supplying electricity.

5.32 The Commission has considered the views expressed by the stakeholders and after considering various options, the Commission has changed the existing methodology of levying fixed charges as per slab upto 5kW from Rs./month basis to Rs/kW/month basis.

Domestic single delivery point for Group Housing Societies (GHS)

5.33 In this Tariff Order, the Tariff for Group Housing Societies (GHS) for supply at 11kV has been rationalized as follows:

a) Energy charges for GHS has been retained at Rs.6.00/kWh as per last tariff schedule.

b) Individual Consumers availing the supply at single delivery point through Group Housing Society may claim the benefit of subsidy, applicable if any, as per the Order of GoNCTD. Group Housing Society shall submit the details of eligible consumers with consumption details and lodge claims for subsidy on behalf of individual members from DISCOMs

c) The definition of GHS has been broadened to cover all the GHS including residential complex developed by a developer as follows:

"Group Housing Society(GHS) shall mean a residential complex owned/managed by a Group Housing Society registered with Registrar, Cooperative Societies, Delhi / registered under Societies Act, 1860 and for sake of brevity the definition shall include residential complex developed by a Developer and approved by appropriate authority "

d) The Single Point Delivery Supplier (GHS) shall charge the Domestic tariff as per slab rate of Tariff Schedule 1.1 to its Individual Members. Any Deficit/Surplus due to sum total of the billing to the Individual Members as per slab rate of Tariff Schedule 1.1 and the billing as per the Tariff Schedule 1.2 including the operational expenses of the Single Point Delivery Supplier shall be passed on to the members of the Group Housing Societies on pro rata basis of consumption.

Non-Domestic Tariff

5.34 Non-domestic category of consumers comprises two sub-categories viz., Supply on low Tension and Supply on High Tension (11 kV and above).

Non-Domestic Low Tension (NDLT)

5.35 This category covers LT Non-Domestic consumers having contract demand or sanctioned load (whichever is applicable) up to 140 kW/150 kVA.

5.36 For the consumers with sanctioned load up to 10 kW in this category, the Commission had specified the kWh based tariff only. The Commission has decided to continue with the existing practice.

5.37 For Non-domestic consumers having contract demand or sanctioned load more than 10 kW (11 kVA) and up to 140 kW (150 kVA), the Commission has specified kVAh based energy charges.

5.38 The Commission believes that with gradual movement towards voltage linked tariff, irrespective of load of the consumer, the tariff for consumption at higher voltages will be lower than that for lower voltages, which will encourage consumers to opt for HT connections particularly for loads higher than 140 kW.

5.39 For existing consumers having sanctioned load/contract demand, whichever is applicable, in kW, the actual power factor of the consumer in the relevant billing cycle shall be considered for converting kW to kVA for computing the fixed charges. For new consumers, the sanctioned load/contract demand shall be in terms of kVA only.

Non-Domestic High Tension (NDHT)

5.40 Non-domestic consumers with contract demand or sanctioned load more than 100 kW/108 kVA can also avail supply at 11 kV or above.

5.41 Non domestic consumers availing supply on 33 kV/66 kV or 220 kV will be entitled for rebate of 2.5% and 4% respectively on the applicable energy charges on 11 kV tariff.

5.42 For existing consumers having sanctioned load/contract demand, whichever is applicable, in kW, the actual power factor of the consumer in the relevant billing cycle shall be considered for converting kW to kVA for computing the fixed charges. For new consumers, the sanctioned load/contract demand shall be in terms of kVA only.

Industrial Tariff

5.43 Industrial category of consumers consists of two sub-categories, viz., Small Industrial Power (SIP) and Large Industrial Power (LIP).

Small Industrial Power (SIP)

5.44 This category covers industrial consumers having contract demand or sanctioned load, whichever is applicable, up to 200kW/215kVA.

5.45 For the consumers with sanctioned load up to 10 kW in this category, the Commission had specified the kWh based tariff only. The Commission has decided to continue with the existing practice.

5.46 For Small Industrial Power (SIP less than 200 kW/215 kVA) category, the slab between 10 kW (11 kVA) up to 140 kW (150 kVA), the Commission has specified the kVAh based tariff.

5.47 For existing consumers of 10 kW and above having sanctioned load/contract demand, whichever is applicable, in kW, the actual power factor of the consumer in the relevant billing cycle shall be considered for converting kW to kVA for computing the fixed charges. For new consumers, the sanctioned load/contract demand shall be in terms of kVA only.

Large Industrial Power (LIP)

5.48 Industrial consumers with contract demand or sanctioned load more than 108 kVA shall avail supply on 11 kV.

5.49 The Commission believes that with gradual movement towards voltage linked tariff, irrespective of load of the consumer, the tariff for consumption at higher voltages will be lower than that for lower voltages, which will discourage consumers to opt for LT connections particularly for loads higher than 100 kW.

5.50 For supply at 33/66 kV, consumers will get a rebate of 2.5% on the energy charges applicable for supply at 11 kV and a rebate of 4% for supply at 220 kV.

5.51 For existing consumers having sanctioned load/contract demand, whichever is applicable, in kW, the actual power factor of the consumer in the relevant billing cycle shall be considered for converting kW to kVA for computing the fixed charges. For new consumers, the sanctioned load/contract demand shall be in terms of kVA only.

Agriculture

5.52 Agriculture connections are available for tube wells for irrigation, threshers and kutty cutting in conjunction with pumping load for irrigation purpose for loads up to 20 kW and lighting load for bonafide use in “kothra”.

Mushroom Cultivation

5.53 This category is applicable to the consumers who are engaged in mushroom cultivation/processing.

Public Lighting

5.54 Tariff for this category is applicable to all street light consumers including MCD, DDA, PWD/CPWD, CGHS, Slums, DSIIDC and certain civilian pockets of MES. The share of MCD, however is dominating as most of the street lights in the city are owned by the MCD.

5.55 The Commission has decided that tariff for public lighting which is metered will be lower than tariff for public lighting which is unmetered. Therefore, the Commission has prescribed different tariff for metered and unmetered public lighting.

5.56 The maintenance charges and other conditions of maintenance of street lights, as approved in the Commission's Order dated September 22, 2009, will continue till such time it is amended. These maintenance charges are exclusive of applicable taxes and duties.

Railway Traction

5.57 This category is applicable to Indian Railways for traction purposes for loads more than 100 kW/108 kVA.

Delhi Metro Rail Corporation (DMRC)

5.58 This category is available to DMRC to run its operations (other than construction projects). The commercial load at DMRC stations shall be metered and billed separately as per the relevant tariff category.

Delhi Jal Board (DJB)

5.59 In the Tariff Order dated July 13, 2012, the Commission has added DJB supply under LT also in this category.

5.60 For the purpose of conversion of kW to kVA, the actual power factor of the relevant billing cycle shall be considered for the computation of fixed charges.

Delhi International Airport Limited (DIAL)

5.61 The Commission has continued the prevailing practice to give DIAL a tariff which shall be higher than that of DJB as it is providing essential services to all consumers including the lowest strata of the society but lesser than that of Non Domestic HT consumers. The commercial load at DIAL premises shall be metered and billed separately as per the relevant tariff category.

Advertisement and Hoardings

5.62 The Commission, in its Tariff Order dated July 31, 2013 had created a separate category to cover the consumption for the advertisements and Hoardings. This category will be applicable for supply of electricity for lighting external advertisements, external hoardings and displays at departments stores, malls, multiplexes, theatres, clubs, hotels, bus shelters, Railway/Metro Stations, Airport and shall be separately metered and charged at the tariff applicable for "Advertisements and Hoardings" category, except such displays which are for the purpose of indicating/displaying the name and other details of the shop, commercial premises itself. Such use of electricity shall be covered under the prevailing tariff for such shops or commercial premises.

Temporary Supply

5.63 The Commission does not propose any major change in the existing tariff methodology for temporary supply as mentioned in the Tariff Schedule. The 10 days restriction for availing temporary supply for religious functions under clause 12.3 of the other terms and conditions of the Tariff Schedule has been withdrawn.

CHARGING OF E-RICKSHAW/ E-VEHICLE

5.64 The Commission has introduced a new Tariff Category for charging of batteries of E-Rickshaw / E-Vehicle at Charging Stations. However, the tariff for charging of batteries of E-Rickshaw / E-Vehicle at premises other than at Charging Stations shall be the same as applicable for the relevant category of connection at such premises from which the E-Rickshaw / E-Vehicle is being charged.

Time of Day (ToD) Tariff

5.65 It is observed that the cost of power purchase during peak hours is quite high. Time of Day (ToD) tariff is an important Demand Side management (DSM) measure to flatten the load curve and avoid such high cost peaking power purchases. Accordingly, the Commission had introduced Time of Day (ToD) tariff wherein peak hour consumption is charged at higher rates which reflect the higher cost of power purchase during peak hours. At the same time, a rebate is being offered on consumption during off-peak hours. This is also meant to incentivize consumers to shift a portion of their loads from peak time to off-peak time, thereby improving the system load factor and flatten the load curve. The ToD tariff is aimed at optimizing the cost of power purchase, which constitutes over 80% of the tariff charged from the consumers. It also assumes importance in the context of propagating and implementing DSM and achieving energy efficiency. This is important in Delhi situation where wide variations in load especially in summer causes problem of shortages during Peak hours and surplus during Off peak hours.

5.66 Introduction of higher peak hour tariff would initially generate additional revenue which would compensate for the reduction in revenue on account of lower tariff during off-peak hours.

5.67 In the long run, this would provide signals to the consumers to reduce load during peak hours and, wherever possible, shift this consumption to off-peak hours. Any loss of revenue to the utility on account of shifting of load from peak to off-peak hours in the long run would by and large get compensated by way of reduction of off-peak surplus to the extent of increase in off-peak demand.

5.68 The ToD Tariff would thus have immediate as well as long term benefits for both, consumers as well as the utility and contribute towards controlling the rise in power purchase costs.

5.69 The Commission in its MYT Order for second Control Period dated July 13, 2012 had decided to introduce ToD Tariff on a pilot basis for large industrial and non domestic consumers (300 kW and above). This was targeted to the consumer segment which has capacity to bear a higher burden for peak hour consumption and also at least partly (if not fully) offset the impact of this increase through higher off-peak consumption at lower rates. The Commission as a progressive step in this direction and to further encourage demand shift from peak hours to off-peak hours has decided to lower the applicability limit for ToD Tariff.

5.70 In the Tariff order dated July 31, 2013, the Time of Day (ToD) Tariff# - ToD Tariff was made applicable on all consumers (other than domestic) whose sanctioned load/MDI (whichever is higher) is 100kW / 108 kVA and above.

5.71 In the Tariff order dated July 23, 2014, the Time of Day (ToD) Tariff# - ToD Tariff was made applicable on all consumers (other than domestic) whose sanctioned load/MDI (whichever is higher) is 50kW / 54 kVA and above. Also Optional TOD tariff was made available for all consumers (other than domestic) whose sanctioned load/MDI (whichever is higher) was between 25kW/27kVA to 50kW/54kVA.

5.72 In this Tariff Order, the Commission has decided to retain existing Time of Day (ToD)

Tariff as follows:

a. TOD tariff shall be applicable on all consumers (other than Domestic) whose sanctioned load/MDI (whichever is higher) is 25kW/27kVA and above.
b. Option of TOD tariff shall also be available for all consumers (other than Domestic) whose sanctioned load/MDI (whichever is higher) is 11kW/12kVA to 25kW/27kVA. If the consumer who has opted for TOD of sanctioned load between 11kW/12kVA to 25kW/27kVA, the charges for up-gradation of meters , if any, shall be borne by respective consumers.
c. The Commission has decided to retain the Rebate during the Off Peak hours and Peak hours Surcharge at 20%. Optional ToD Consumers will have the option to move back to non-ToD regime only once within one Financial Year.
d. For other than Peak and Off-Peak hours normal Energy Charges shall be applicable.

Months	Peak Hours	Surcharge on Energy Charges	Off-Peak Hours	Rebate on Energy Charges
May-September	1300-1700 hrs and 2100-2400 hrs	20%	0300-0900 hrs	20%

The additional impact due to ToD tariff on the bill received by the management of commercial complexes may be recovered by the Single Point Delivery (SPD) manager by spreading this component of tariff on pro-rata basis on the users of the complex.

TARIFF SCHEDULE

Sr. No.	CATEGORY	FIXED CHARGES	ENERGY CHARGES				
1	**DOMESTIC**						
1.1	**INDIVIDUAL CONNECTIONS**		**0-200 Units**	**201-400 Units**	**401-800 Units**	**801-1200 Units**	**>1200 Units**
A	Upto 2 kW	20 Rs./kW/month	4.00 Rs./kWh	5.95 Rs./kWh	7.30 Rs./kWh	8.10 Rs./kWh	8.75 Rs./kWh
B	> 2kW and ≤ 5 kW	35 Rs./kW/month					
C	> 5kW and ≤ 15 kW	45 Rs./kW/month					
D	>15kW and ≤ 25 kW	60 Rs./kW/month					
E	> 25kW	100 Rs./kW/month					
1.2	**Single Delivery Point Supply at 11kV for GHS**	40 Rs./kW/month	6.00 Rs./kWh				
2	**NON-DOMESTIC**						
2.1	**NON- DOMESTIC LOW TENSION (NDLT)**						
A	Up to 10 kW	115 Rs./kW/month	8.80 Rs./kWh				
B	>10 kW/11kVA & ≤ 140 kW/150 kVA	130 Rs./kVA/month	8.50 Rs./kVAh				
C	>140 kW / 150 kVA (400 volts) (No Supply on LT for load > 200kW/215 kVA)	160 Rs./kVA/month	9.95 Rs./kVAh				
2.2	**NON-DOMESTIC HIGH TENSION (NDHT)**						
A	For supply at 11 kV and above (for load > 100kW/108 kVA)	130 Rs./kVA/month	8.40 Rs./kVAh				
3	**INDUSTRIAL**						
3.1	**Small Industrial Power (SIP) [less than 200kW/215 kVA]**						
A	Up to 10 kW	100 Rs./kW/month	8.45 Rs./kWh				
B	>10 kW/11kVA & ≤ 140 kW/150 kVA	125 Rs./kVA/month	7.90 Rs./kVAh				
C	>140 kW / 150 kVA (400 volts) (No Supply on LT for load > 200kW/215 kVA)	160 Rs./kVA/month	9.50 Rs./kVAh				
3.2	**Industrial Power on 11 kV Single Point Delivery for Group of SIP Consumers.**	110 Rs./kVA/month	7.10 Rs./kVAh				
3.3	**Large Industrial Power (LIP) (Supply at 11 kV and above)**	130 Rs./kVA/month	7.40 Rs./kVAh				
4	**AGRICULTURE**	20 Rs./kW/month	2.75 Rs./kWh				

Sr. No.	CATEGORY	FIXED CHARGES	ENERGY CHARGES
6	**PUBLIC LIGHTING**		
6.1	**Metered**		
	Street Lighting, Signals and Blinkers.	-	7.30 Rs./kWh
6.2	**Unmetered**		
	Street Lighting Signals and Blinkers.	-	7.80 Rs./kWh
7	**DELHI JAL BOARD (DJB)**		
7.1	**Supply at LT**		
A	Up to 10 kW	100 Rs./kW/month	8.00 Rs./kWh
B	>10 kW/11kVA & <= 140 kW/150 kVA	115 Rs./kVA/month	7.80 Rs./kVAh
C	>140 kW / 150 kVA (400 volts) (No Supply on LT for load > 200kW/215 kVA)	160 Rs./kVA/month	9.30 Rs./kVAh
7.2	**Supply at 11 kV and above**	130 Rs./kVA/month	7.20 Rs./kVAh
8	**DELHI INTERNATIONAL AIRPORT LIMITED (DIAL)**	160 Rs./kVA/month	7.90 Rs./kVAh
9	**RAILWAY TRACTION**	160 Rs./kVA/month	6.80 Rs./kVAh
10	**DELHI METRO RAIL CORPORATION (DMRC)**	130 Rs./kVA/month	6.10 Rs./kVAh
11	**ADVERTISEMENTS AND HOARDINGS**	600 Rs./month/hoarding	11.20 Rs./kVAh
12	**TEMPORARY SUPPLY**		
12.1	Domestic Connections including Group Housing Societies	Same rate as that of relevant category	Same as that of relevant category without any temporary surcharge
12.2	For threshers during the threshing season	Electricity Tax of MCD : Rs. 270 per connection per month	Flat rate of Rs. 5,400 per month
12.3	All other connections including construction projects	Same rate as that of the relevant category	1.30 times of the relevant category of tariff
13	**Charging Stations for E-Rickshaw/ E-Vehicle on Single Delivery Point**		
13.1	**Supply at LT**	-	5.50 Rs./kWh
13.2	**Supply at HT**	-	5.00 Rs./kVAh

Notes:

1. For all categories other than Domestic, Fixed Charges are to be levied based on billing demand per kW/kVA or part thereof. Where the Maximum Demand (MD), as defined in *DERC (Supply Code and Performance Standards) Regulations, 2017*, reading exceeds sanctioned load/contract demand, a surcharge of 30% shall be levied on the fixed charges corresponding to excess load in kW/kVA for such billing cycle only. Wherever, sanctioned load/contract demand is in kW/HP, the kVA shall be calculated on basis of actual power factor of the consumer, for the relevant billing cycle.
2. **Time of Day (TOD) Tariff**
    a. TOD tariff shall be applicable on all consumers (other than Domestic) whose sanctioned load/MDI (whichever is higher) is 25kW/27kVA and above as shown in the table below.
    b. Option of TOD tariff shall also be available for all consumers (other than Domestic) whose sanctioned load/MDI (whichever is higher) is 11kW/12kVA to 25kW/27kVA. If the consumer who has opted for TOD of sanctioned load between 11kW/12kVA to 25kW/27kVA, the charges for up-gradation of meters , if any, shall be borne by respective consumers.
    c. The Commission has decided to retain the Rebate during the Off Peak hours and Peak hours Surcharge at 20%. Optional ToD Consumers will have the option to move back to non-ToD regime only once within one Financial Year.
    d. For other than Peak and Off-Peak hours normal Energy Charges shall be applicable.

Months	Peak Hours	Surcharge on Energy Charges	Off-Peak Hours	Rebate on Energy Charges
May-September	1300-1700 hrs and 2100-2400 hrs	20%	0300-0900 hrs	20%

3. Additional rebate of 2.5% on the Energy Charges for supply at 33/66 kV and 4% for supply at 220 kV shall be admissible.

4. Maintenance Charges on street lights, wherever maintained by DISCOMs, shall be payable @ Rs. 84/light point/month and material cost at the rate of Rs. 19/light point/month as per the Commission's Order dated 22 September 2009 in addition to the specified tariff. These charges are exclusive of applicable taxes and duties.

5. The valid Factory Licence shall be mandatory for applicability of Tariff under Industrial category:
   Provided that in case where the Factory Licence has expired and its renewal application is pending with the concerned authority, the DISCOMs shall bill such consumers as per Tariff applicable under Non Domestic category;
   Provided further that on renewal of the Factory Licence, the DISCOMs shall adjust the

bills of such consumers as per applicable Tariff under Industrial category from the effective date of renewal of such Licence.

6. The above tariff rates shall be subject to following additional surcharges to be applied only on the basic Fixed Charges and Energy Charges excluding all other charges e.g., LPSC, Arrears., Electricity Tax/Duty, PPAC, load violation surcharge, etc.:
    i. 8% towards recovery of past accumulated deficit to the consumers, and,
    ii. 3.70% towards recovery of Pension Trust Charges of erstwhile DVB Employees /Pensioners as recommended by GoNCTD.

7. The Distribution Licensee shall levy PPAC after considering relevant ToD Rebate/Surcharge on energy charges available to the consumers.

8. For prepaid consumers, the additional rebate of 1% shall be applicable on the basic Energy Charges, Fixed Charges and all other charges on the tariff applicable.

9. The Single Point Delivery Supplier (Group Housing Societies) shall charge the Domestic tariff as per slab rate of 1.1 to its Individual Members availing supply for Domestic purpose and Non Domestic Tariff for other than domestic purpose. Any Deficit/Surplus due to sum total of the billing to the Individual Members as per slab rate of tariff schedule 1.1 and the billing as per the tariff schedule 1.2 including the operational expenses of the Single Point Delivery Supplier shall be passed on to the members of the Group Housing Societies on pro rata basis of consumption.

10. Individual Domestic Consumers availing the supply at single delivery point through Group Housing Society, shall claim the benefit of subsidy, applicable if any, as per the Order of GoNCTD. Group Housing Society shall submit the details of eligible consumers with consumption details and lodge claim of subsidy on behalf of individual members from DISCOMs.

11. The Single Point Delivery Supplier availing supply at NDHT shall charge the NDHT tariff to its LT consumers and in addition shall be entitled to charge an extra upto 5% of the bill amount at NDHT tariff to cover losses and all it's expenses.

12. The Commercial Consumers of DMRC and DIAL who have sanctioned load above 215 kVA but served at LT (415 Volts) such consumers shall be charged the tariff applicable to Non-domestic LT (NDLT) category greater than 140kW/150kVA (415 Volts).

13. The rates stipulated in the Schedule are exclusive of electricity duty and other taxes and charges, as levied from time to time by the Government or any other competent authority, which are payable extra.

14. In the event of the electricity bill rendered by the Distribution licensee, not being paid in full within the due date specified on the bill, a surcharge @ 1.5% per month shall be levied. The LPSC shall be charged for the number of days of delay in receiving payment from the consumer by the Distribution Licensee, until the payment is made in full without prejudice to the right of the licensee to disconnect the supply after due date, in the event of non-payment in accordance with Section 56 of Electricity Act, 2003. This will also apply to temporary connections and enforcement cases, where payment of final bill amount after adjustment of amount as per directions of the Court and deposit, is not made by due date.

15. No payment shall be accepted by the Petitioner from its consumers at its own collection centres/mobile vans in cash towards electricity bill exceeding Rs. 4,000/- except from blind consumers, for court settlement cases & payment deposited by the consumers at designated scheduled commercial bank branches upto Rs. 50,000/-. Violation of this provision shall attract penalty to the level of 10% of total Cash collection exceeding the limit.

16. Wherever the Fixed or Energy Charges are specified in Rs. per kVAh, for the purpose of billing, the kVAh as read from the meter in the relevant billing cycle shall be used.

Other Terms and Conditions

1. DOMESTIC CATEGORY

1.1 Domestic Lighting, Fan and Power (Single Delivery Point and Separate Delivery Points/Meters)

Available to following:

a. Residential Consumers

b. Hostels of recognized/ aided institutions which are being funded more than 90% by Municipal Corporation of Delhi or Government of the NCT of Delhi or any other Government/local bodies [local bodies include NDMC and MCDs (North, South & East)].

c. Staircase lighting in residential flats separately metered.

d. Compound lighting, lifts and water pumps etc., for drinking water supply and fire-fighting equipment in residential complexes, if separately metered.

e. In group housing societies etc. for bonafide use of lighting/fan and power, subject to the provision that the supply is at single delivery point for combined lighting/fan & power.

f. Dispensary/Hospitals/Public Libraries/School/College/ Working Women's Hostel/ Orphanage/ Charitable homes run and funded by more than 90% by Municipal Corporation of Delhi or Government of the NCT of Delhi or any other Government/local bodies.

g. Small Health Centre's approved by the Department of Health, Government of NCT of Delhi for providing Charitable Services only.

h. Recognized Centre's for welfare of blind, deaf and dumb, spastic children, physically handicapped persons, mentally retarded persons, as approved by the Government of NCT of Delhi and other Government.

i. Public parks except temporary use for any other purpose.

j. Bed and Breakfast Establishments (Residential Premises) registered u/s 3 of the National Capital Territory of Delhi (Incredible India) Bed and Breakfast Establishments (Registration & Regulations) Act, 2007.

k. Paying Guests/Students' Hostel registered under any scheme approved by GoNCTD.

l. Places of worship.

m. Cheshire homes/orphanage.

n. Shelter Homes (including Night Shelters) approved by Delhi Urban Shelter Improvement Board, GoNCTD.

o. Electric crematoriums.

p. Gaushala Registered under GoNCTD.

q. Professionals i.e. individuals engaged in those activities involving services based on professional skills, viz Doctor, Lawyer, Architect, Chartered Accountant, Company Secretary, Cost & Works Accountant, Engineer, Town Planner, Media Professional and Documentary Film Maker may utilize the domestic connection at their residence for carrying out their professional work in the nature of consultancy without attracting non-domestic tariff for the electricity consumed, provided that the area used for professional activity does not exceed the area permitted to be used for such activity in residential area under the Master Plan for Delhi, 2021 (MPD-2021), which as per MPD-2021 is permissible on any one floor only but restricted to less than 50% of the permissible or sanctioned FAR whichever is less on that plot or dwelling unit.

r. Available, for loads up to 21 kW, to farm houses for bonafide domestic self use.

s. The consumers running small commercial establishments from their households having sanctioned load upto 5kW shall be charged domestic tariff.

t. Cattle Farms / Dairy Farms / Dhobi Ghat with a total consumption of not more than 400 units/month.

1.2 Domestic Connection on 11 kV single delivery point

Same as 1.1 - For GHS flats and for individuals having sanctioned load above 100 kW/108kVA

Group Housing Society (GHS) shall mean a residential complex owned/managed by a Group Housing Society registered with Registrar, Cooperative Societies, Delhi / registered under Societies Act, 1860 and for sake of brevity the definition shall include residential complex developed by a Developer and approved by appropriate authority.

2. NON-DOMESTIC

2.1 **Non-Domestic (Low Tension) – NDLT**

Available to all consumers having load (other than the industrial load) up to 200 kW/215 kVA for lighting, fan & heating/cooling power appliances in all non-domestic establishments as defined below:

a. Hostels/Schools/Colleges/Paying Guests

b. Auditoriums, Lawyer Chambers in Court Complexes, Hospitals, nursing homes/diagnostic Centres other than those run by Municipal Corporation of Delhi or the Government of NCT of Delhi (other than those covered under domestic category).

c. Railway's (other than traction), Hotels and restaurants

d. Cinemas

e. Banks/Petrol pumps

f. All other establishments, i.e., shops, chemists, tailors, washing, dyeing etc. which do not come under the Factories Act.

g. Fisheries, piggeries, poultry farms, floriculture, horticulture, plant nursery

h. Farm houses being used for commercial activity

i. DMRC for its commercial activities other than traction.
j. DIAL for commercial activities other than aviation activities.
k. Ice-cream parlours
l. Any other category of consumers not specified/covered in any other category in this Schedule

2.2 **Non-Domestic High Tension (NDHT)**: Non-Domestic Power at 11 kV or above at Single Delivery Point for Commercial Complexes

a. Available to consumers having load (other than industrial load) above 100 kW/108 kVA for Non- Domestic establishments including pumping loads of DDA/MCD and supply to Delhi Metro Rail Corporation (DMRC) Ltd. for their on-going construction projects etc and for commercial purposes other than traction.
b. Available to commercial complexes having load more than 100kW/108kVA for group of consumers for non-domestic use.

3. INDUSTRIAL

3.1 **Small Industrial Power (SIP)**: Available to Industrial consumers with load up to 200kW/210kVA including lighting, heating and cooling load.

3.2 **Industrial Power (SIP) at 11 kV or above** : On single delivery point for group of SIP consumers provided load of any individual consumer does not exceed 100 kW/108kVA.

3.3 **Large Industrial Power (LIP) for Supply at 11 kV or above**: Available as primary power to large industrial consumers having load above 100 kW/108kVA including lighting load.

4. AGRICULTURE: Available for load up to 20 kW for tube wells for irrigation, threshing, and kutti-cutting in conjunction with pumping load for irrigation purposes and lighting load for bonafide use in Kothra.

5. MUSHROOM CULTIVATION: Available for mushroom growing/cultivation up to 140 kW/150 kVA.

6. PUBLIC LIGHTING: Street lighting, Signals & Blinkers

a. All street lighting consumers including MCD, DDA, PWD/CPWD, Slums depts./ DSIIDC /MES / GHS etc.
b. Traffic signals and blinkers of Traffic Police

7. DELHI JAL BOARD: Available to DJB for pumping load & Water Treatment Plants.

8. DELHI INTERNATIONAL AIRPORT LIMITED: Available to DIAL for aviation activities.

9. RAILWAY TRACTION (other than DMRC): Available for railway traction for sanctioned load above 100 kW/108 kVA.

10. DELHI METRO RAIL CORPORATION : Available to Delhi Metro Rail Corporation (DMRC) for traction load

11. Advertisement/ Hoardings

Electricity for lighting external advertisements, external hoardings and displays at departmental stores, malls, multiplexes, theatres, clubs, hotels, bus shelters, Railway/Metro Stations, airport which shall be separately metered and charged at the tariff applicable for "Advertisements and Hoardings‟ category, except such displays which are for the purpose of indicating/displaying the name and other details of the shop, commercial premises itself. Such use of electricity shall be covered under the prevailing tariff for such shops or commercial premises.

12. TEMPORARY SUPPLY

a. Available as temporary connection under the respective category
b. Domestic tariff without temporary surcharge shall be applicable for Religious functions of traditional and established characters like Ramlila, Dussehra, Diwali, Holi, Dandiya, Janmashtami, Nirankari Sant Samagam, Gurupurb, Durga Puja, Eid, Christmas celebrations, Easter, Pageants and cultural activities like NCC camps, scouts & guides camps etc.

13. CHARGING OF E-RICKSHAW/ E-VEHICLE

a. **Charging Stations for E-Rickshaw/ E-Vehicle on Single Delivery Point**: Available to charging stations as per the provisions of DERC SOP Regulations, 2017.
b. Tariff applicable for charging of batteries of E-Rickshaw / E-Vehicle at premises other than at Charging Stations meant for the purpose shall be the same as applicable for the relevant category of connection at such premises from which the E-Rickshaw / E-Vehicle is being charged.

INTERPRETATION/CLARIFICATION

In case of doubt or anomaly, if any, in the applicability of tariff or in any other respect, the matter will be referred to the Commission and Commissions decision thereon shall be final and binding.

A6: Directives

6.1. The Commission directs the Petitioner to make timely payment of bills to all the generating companies and transmission utilities. No Late Payment Surcharge shall be allowed as a pass through in the ARR on account of delayed payments.

6.2. A total amount of Rs. 160 Cr. has to be paid to the Pension Trust in FY 2017-18 by the Petitioner. The Petitioner shall submit reconciliation of payment which has already been made to Pension Trust during FY 2017-18 and the balance amount to be paid within one month of the issuance of this Tariff Order. Based on the reconciliation statement the Petitioner is directed to pay the balance amount out of (Rs. 160 Cr. – already paid during FY 2017-18) in 7 (seven) equal monthly instalments to pension trust. Any under / over recovery on account of payment to the Pension Trust shall be trued up by the Commission at the time of True Up of ARR of FY 2017-18.

6.3. The Petitioner shall directly deposit the amount as per the aforesaid directive (6.2) in the following bank account, of Pension trust:

1	A/C No.	10021675545
2	MICR No.	110002103
3	Bank	State Bank of India
4	IFSC Code	SBIN0004281
5	Name	DVB-ETBF-2002
6	Branch	Rajghat Power House, New Delhi - 110002

6.4. If the Petitioner purchases any expensive power to meet the demand during any time zone for which cheaper power has been regulated due to non-payment of dues, in such an eventuality, the cost of such expensive power purchases shall be restricted to the variable cost of regulated cheaper power to that extent at the time of true up.

6.5. In case the power is regulated by DTL/Interstate Transmission Licensee due to non-payment of their dues, in such case the transmission charges borne by the Petitioner shall also not be allowed.

6.6. The Commission directs the Petitioner to ensure availability of power supply for meeting the demand. The Petitioner shall ensure that the electricity which could not be served due to any reason what-so-ever, shall not exceed 1% of the total energy supplied in units (kWh) in any particular month except in the case of force-majeure events which are beyond the control of the Petitioner.

6.7. It is directed that the Petitioner shall not accept payment from its consumers at its own collection centres/mobile vans in cash towards electricity bill exceeding Rs 4,000/- except from blind consumers and for court settlement cases or any other cases specifically permitted by the Commission. The limit for accepting payment through cash by the consumers at designated scheduled commercial bank branches shall be Rs. 50,000/-. Violation of this directive shall attract penalty to the level of 10% of total Cash collection exceeding these limits.

6.8. The Commission directs the Petitioner to restrict the adjustment in units billed on account of delay in meter reading, raising of long duration provisional bills etc. to a maximum of 1% of total units billed.

6.9. The Commission directs the Petitioner to survey the electricity connections of hoardings and display at malls and multiplexes and ensure the billing in the category of advertisements/hoarding category and to submit a compliance report within three months of the date of issuance of this order.

6.10. The Commission further directs the Petitioner :

a. To provide the information to the consumer through SMS on various items such as scheduled power outages, unscheduled power outages, Bill Amount, Due date and Maximum Demand during the month, etc. as directed by the Commission from time to time.
b. To maintain toll free number for registration of electricity grievances and to submit the quarterly report.
c. To conduct a safety audit and submit a compliance report within three months;
d. To carry out preventive maintenance as per schedule;
e. To submit the information in respect of Form 2.1 (a) as per revised format issued by the Commission to the utilities on monthly basis latest by 21st day of the following month;
f. To submit the annual energy audit report in respect of their network at HT level

and above.

g. To submit the Auditor's certificate in respect of Form 2.1(a) on quarterly basis within the next quarter;

h. To incorporate the following information in the annual audited financial statements:-

   i. Category-wise Revenue billed and Collected,
   ii. Category-wise breakup of 8% and 3.70% Surcharge billed and Collected,
   iii. Category-wise PPAC billed and collected,
   iv. Category- wise Electricity Duty billed and collected,
   v. Category-wise subsidy passed on to the consumers during the financial year, if any,
   vi. Category-wise details of the surcharge billed on account of ToD,
   vii. Category-wise details of the rebate given on account of ToD,
   viii. Street light incentive and material charges for street light maintenance,
   ix. Direct expenses of other business,
   x. Revenue billed on account of Own Consumption,
   xi. Revenue collected on account of enforcement/theft cases,

i. To submit annual auditor certificate in respect of power purchase details of the previous year by 30th July of the next financial year.

j. To submit the reconciliation statement in respect of power purchase cost/Transmission cost on a quarterly basis with respective Generation/ Transmission companies;

k. To strictly adhere to the guidelines on short-term power purchase/sale of power issued by the Commission from time to time and to take necessary steps to restrict the cost of power procured through short term contracts at Rs.5 per kWh. In case the cost of power proposed to be procured exceeds the above ceiling limit, this may be brought to the notice of the Commission within 24 hours detailing the reasons or exceptional circumstances under which this has been done. In the absence of proper justification towards short term power purchase at a rate higher than the above ceiling rate (of Rs.5 per kWh), the Commission reserves the right to restrict allowance of impact of such purchase on total short term power purchase not exceeding 10 Paisa /kWh during the financial year.

l. To raise the bills for their own consumption of all their installations including offices at zero tariff to the extent of the normative self consumption approved by the Commission and exceeding the normative limit of self consumption at Non-Domestic tariff for actual consumption recorded every month.

m. To submit the quarterly progress reports for the capital expenditure schemes being implemented within 15 days of the end of each quarter.

n. To submit the actual details of capitalization for each quarter for the year within one month of the end of the quarter for consideration of the Commission. All information regarding capitalization of assets shall be furnished in the formats prescribed by the Commission, along with the requisite statutory clearances/certificates of the appropriate authority/ Electrical Inspector, etc. as applicable.

6.11. Save and except the penalty as specifically provided in these directives, in all other cases, the punishment for non-compliance of directions of the Commission shall be dealt as per the Section 142 of the Electricity Act, 2003.

Annexure-1

ADMISSION ORDERS

DELHI ELECTRICITY REGULATORY COMMISSION

Viniyamak Bhawan, 'C' Block, Shivalik, Malviya Nagar, New Delhi- 110017.

F.11(1390)/DERC/2016-17/

Petition No. 21/2017

In the matter of: Petition for Truing up of expenses up to FY 2014-15; Review of FY 2015-16, and Multi Year ARR from FY 2016-17 to FY 2020-21 and Tariff for FY 2016-17

BSES Yamuna Power Limited,
Through its: **CEO**
Shakti Kiran Building,
Karkardooma,
Delhi-110 092 . **...Petitioner/Licensee**

Coram:

Sh. B. P. Singh, Member.

ORDER

(Date of Order 26.05.2017)

1. M/s. BSES Yamuna Power Ltd. (BYPL) has filed the instant Petition for Truing up of expenses up to FY 2014-15; Review of FY 2015-16, and Multi Year ARR from FY 2016-17 to FY 2020-21 and Tariff for FY 2016-17. The said Petition has been scrutinised and found generally in order as per the DERC Comprehensive (Conduct of Business) Regulations, 2001. Clarifications/additional information, if and when required would be sought from the Petitioner.

2. The Petition is admitted.

Sd/-
(B. P. Singh)
Member

DELHI ELECTRICITY REGULATORY COMMISSION

Viniyamak Bhawan, 'C' Block, Shivalik, Malviya Nagar, New Delhi- 110017.

F.11(1451)/DERC/16-17/

Petition No. 23/2017

In the matter of: Petition for Truing up of expenses for FY 2015-16.

BSES Yamuna Power Limited,
Through its: **CEO**
Shakti Kiran Building,
Karkardooma,
Delhi-110 092 . **...Petitioner/Licensee**

Coram:

Sh. B.P. Singh, Member

ORDER

(Date of Order 26.05.2017)

1. M/s. BSES Yamuna Power Ltd. (BYPL) has filed the instant Petition for approval of Truing up of expenses for FY 2015-16. The said Petition has been scrutinised and found generally in order as per the DERC Comprehensive (Conduct of Business) Regulations, 2001. Clarifications/additional information, if and when required would be sought from the Petitioner.

2. The Petition is admitted.

Sd/-
(B. P. Singh)
Member

Annexure -II

LIST OF RESPONSES RECEIVED FROM STAKEHOLDERS ON THE TRUE UP OF EXPENSES UP TO FY 2014-15 & FY 2015-16, AND ANNUAL REVENUE REQUIREMENT (ARR) AND TARIFF FOR FY 2017-18

S. No.	Name	Address	Company / Licensee	Date of Receipt	No. of Pages
1.	Sh. B.S. Vohra	East Delhi RWAs Joint FrontF-19/10, Krishna Nagar, Delhi 110 051 rwabhagidari@yahoo.in	DISCOMs	09.06.2017 12.06.2017 18.07.2017	02 04 07
2.	Sh. O.P. Gupta	Advopgupta95@rediffmail.com	BRPL	14.06.2017	02
3.	Sh. B.S. Sachdev President	45, North Avenue, New Delhi 110 001 grahakevraja@rediffmail.com , grahakevraja@gmail.com	DISCOMs	12.06.2017 29.06.2017	01 01
4.	Sh. A.K. Dutta	222, Pocket E, Mayur Vihar II, Delhi 91 Mmathur2001@yahoo.com	DISCOMs	15.06.2017 20.06.2017 20.06.2017 17.07.2017	01 02 02 12
5.	Sh. S.K. Juneja	sudershankumarjuneja@gmail.com	DISCOMs	20.06.2017	01
6.	Sh. Gulshan Desh	gulshanadesh@gmail.com	DISCOMs	20.06.2017	01
7.	Sh. Jagjeet Singh	coolmanjagga@gmail.com	DISCOMs	20.06.2017	01
8.	Smartjain.vikas	Smartjain.vikas@gmail.com	DISCOMs	18.06.2017	01
9.	Sh. Sumit Jaswanil	Sumitjava2008@gmail.com	DISCOMs	20.06.2017	01
10.	Sh. Sat Goel	satgoel1947@gmail.com	DISCOMs	20.06.2017 27.06.2017	01 02
11.	Sh. Saurabh Gandhi General Secretary	urdrwas@gmail.com	DISCOMs TPDDL BYPL	20.06.2017 18.07.2017 18.07.2017	03 05 14
12.	Sh. B.B. Tiwari	sarwasharpan@gmail.com	DISCOMs	21.06.2016 22.06.2017	02 02
13.	Sh. Pankaj Sharma	pankaj.sharma@iitb.ac.in	TPDDL	27.06.2017 27.06.2017	01 01

S. No.	Name	Address	Company / Licensee	Date of Receipt	No. of Pages
14.	Sh. Manmohan Verma	Rohini EWS Flats Residents Welfare Association,C-1/128, Sec.-5, Rohini, Delhi 110 085 mmverma.rwc@gmail.com	DISCOMs	27.06.2017 18.07.2017	02 05
15.	Sh. Ashok Bhasin	North Delhi Resident Welfare Federation 1618, Main Chandrawal Road, Delhi -17 Ashok.bhasin2015@gmail.com	DISCOMs	27.06.2017 28.06.2017 29.06.2017	02 04 01
16.	Sh. Anil Kumar Jha	Jan Chetna Sangam (Regd.) A-4, Gali No. 13, Mandawali Unchepar, Delhi 110 092	DISCOMs	27.06.2017	01
17.	Sh. Rajiv Kakria	E-230, Greater kailash, New Delhi 110 048	DISCOMs	27.06.2017	04
18.	Sh. Sudhir Aggarwal	C-3/2, Model Town III, Delhi 110 009	DISCOMs	22.06.2017 18.07.2017	02 12
19.	Sh. V.K. Malhotra General Secretary	DVB Engineers' Association D-3, Vikas Puri, New Delhi 110 018	BYPL BRPL TPDDL Utilities	27.06.2017 27.06.2017 27.06.2017 19.07.2017	24 24 24 4
20.	Sh. Anil Grover President	Resident's Welfare Society (Regd.) Pocket-C, Mayur Vihar Phase II, Delhi 91	DISCOMs	27.06.2017	01
21.	Sh. P.S. Tomar Secretary	Resident's Welfare Association C-7/89, Yamuna Vihar,Delhi	DISCOMs	27.06.2017	01
22.	Sh. Kailash Katyal Patron President	Senior Citizens Welfare Association 49-B Pocket-1, Mayur Vihar, Phase-1, Delhi 110 091	DISCOMs	27.06.2017	01
23.	Sh. Kulwant Singh President	Dilshad Colony Residents Welfare Association (Regd.) G-87, List Floor, Dilshad Colony, Delhi 110 095	DISCOMs	27.06.2017	01
24.	Sh. Sarvesh Kumar Verma	Resident Welfare Association A-2/219, New Kondli, Delhi 110 096	DISCOMs	27.06.2017	01

S. No.	Name	Address	Company / Licensee	Date of Receipt	No. of Pages
25.	Rohit Arora President	Resident's Welfare Association 12A, Gyan Park Chander Nagar, Near Krishna Nagar,Delhi 110051 gyanparkwelfaresociety@gmail.com	DISCOMs	27.06.2017	01
26.	Sh. S. Hassan Retired Officer Ministry of Defence	F-172, Dilshad Colony, Delhi 110095 shassanrwa@gmail.com	DISCOMs	29.06.2017	01
27.	Ms. Ritu Bhatia	Mahila Pragatisheel Association (Regd.) B-186, Vivek Vihar Phase-I, Delhi 110095	DISCOMs	28.06.2017	02
28.	Sh. D.M. Narang President	Joint RWAs, R-Block & Double Storey New Rajinder Nagar, New Delhi	DISCOMs	28.06.2017	03
29.	Sh. Kunwar Pratap Singh General Secretary	Bhajan Pura Jan Sahyog Sabha D-10, Dispensary Chowk, Bhajan Pura, Delhi 110053	DISCOMs	29.06.2017	01
30.	Sh. Umardin Gen. Secretary	The Consortium An Alliance of the Registered RWA's of the Walled City 1570, Ground Floor, Pataudi House, Darya Ganj, New Delhi 110002	DISCOMs	28.06.2017	01
31.	Sh. Haji Mohd. Rais President	Resident's Welfare Association 3199, Kucha Tara Chand, Darya Ganj, New Delhi 110002	DISCOMs	28.06.2017	01
32.	Sh. Farooq Engineer	Rehayeshi Welfare Anjuman Shivaji Road, Azad Market, Delhi 110006	DISCOMs	28.06.2017	01
33.	Sh. Sudhir Kalra Addl. Secretary	E-93, Greater Kailash-I New Delhi 110048 kalrasudhir@gmail.com	DISCOMs	28.06.2017	04
34.	Sh. Rajan Gupta	355, Udhyan, Narela, Delhi 110040	DISCOMs	27.06.2017	24

S. No.	Name	Address	Company / Licensee	Date of Receipt	No. of Pages
35.	Sh. Rajesh Agarwal	Shahdara Resident Welfare Association , 356, Farsh Bazar, Shahdara, Delhi 110032 shahdararwa@gmail.com	DISCOMs	29.06.2017	01
36.	Sh. Sanjeev Bhatnagar	Resident's Welfare Association New MIG Flats, Prasad Nagar, New Delhi 110005	DISCOMs	28.06.2017	01
37.	Sh. Naeem Bhartee Vice President	Nai Subah Welfare Society 3731, Chowk Shah Ganj, Ajmeri Gate, Delhi 110006	DISCOMs	28.06.2017	01
38.	Sh. Mohammad Shadab Qureshi President	Resident's Welfare Association 7642, Al-quresh Library, Near Badi Masjid, Qasab Pura, Delhi 110006	DISCOMs	28.06.2017	01
39.	Haveli Azam Khan Welfare Society	849, Gali Godowali, Haweli Azam Khan, Chitli Qubar, Jama Masjid, Delhi 110006	DISCOMs	28.06.2017	01
40.	Sh. Dayaram Dwivedi Vice President	Nidhi Fabrics, 262, Katra Pyarelal, Chandni Chowk New Delhi 110006	DISCOMs	29.06.2017	01
41.	Sh. Arvind Mehta	Joint RWAs, R-Block & Double Storey, New Rajinder Nagar, New Delhi	DISCOMs	30.06.2017	03
42.	Sh. Balkishan	Sudhar Smiti Durgapuri (Regd.) 1449/22, Gali No. 9, Durgapuri, Shahdra, Delhi 110093	DISCOMs	30.06.2017	02
43.	Sh. M.P. Singh President	Jan-Hit Residents Welfare Association, Pocket-I, 47a, Dilshad Garden, Delhi -95	DISCOMs	30.06.2017	01
44.	Sh. Kamal Kiran Seth Addl. Secretary General	Apex Chamber of Commerce & Industry of NCT of Delhi A-8, Naraina Industrial Area, Phase-II New Delhi 110028 delhichamber@airtelmail.in	DISCOMs	30.06.2017	04
45.	Sh Samson Frederick General Secretary	All India Minorities Fundamental Rights Protection Committee 2109/18, Turkman Gate, New Delhi 110092	DISCOMs	28.06.2017	1

S. No.	Name	Address	Company / Licensee	Date of Receipt	No. of Pages
46.	Sh. Shashi Goyal Sr. Manager-Regulatory Affairs	BSES Rajdhani Power Ltd. NSES BHawan, Nehru Place New Delhi 110019	IPGCL PPCL	29.06.2017	17
47.	Sh. Satya Narain Rohtagi Sr. Citizen	618F-2/2/1, Shankar Gali Vishwas Nagar, Delhi – 110032	DISCOMs	29.06.2017	02
48.	Sh. Shiv Kumar Sharma	Brijpuri Resident Welfare Association (Regd.), D-8/154, Brij Puri,Delhi 110094	DISCOMs	03.07.2017	01
49.	Sh. Chaman Singh Gen. Secretary	DDA Janta Flats Residents Welfare Association (Regd.), Pocket D-2, Mayur Vihar Phase III, Delhi 110096	DISCOMs	05.07.2017	01
50.	Sh. Sanjay Dhingra	Jama Masjid Citizen Welfare Society dr.sanjay.dhingra007@gmail.com	BYPL	11.07.2017	01
51.	Dr. Faheem Benoj Gen. Secretary	Jafrabad Resident Welfare Association (RWA), 1202, Street No. 39/4, Jafrabad, Delhi 110053 Jafrabadrwa2006@gmail.com	TPDDL	14.07.2017	03
52.	Sh. Jagadish Prasad	A-129, Pul Prahalad, New Delhi 110044	DISCOMs	17.07.2017	01
53.	Sh. V.S. Mahindra	H3/45, Vikaspuri, New Delhi 110018	DISCOMs	17.07.2017	02
54.	Sh. Rajeshwar Kapoor	A-35, Nizamuddin East, New Delhi	DISCOMs	17.07.2017	02
55.	Sh. J.N. Bagehi	F-1152, C.R. Park, New Delhi 110019	DISCOMs	17.07.2017	01
56.	Sh. J.B. Sahdev Area Representative	Qutab Enclave MIG Residents Welfare Association, Qutab Enclave, Phase-I New Delhi 110016	DISCOMs	17.07.2017	02
57.	Sh. Sushil	Sofia Education and Welfare Society 73, Street No. 9, Main Brijpur Road,	DISCOMs	17.07.2017	03

S. No.	Name	Address	Company / Licensee	Date of Receipt	No. of Pages
		Old Mustafabad, Delhi ngosofia@gmail.com			
58.	Sh. A.K. Jain	DDA Flats, Kalkaji, New Delhi 110019	DISCOMs	17.07.2017	01
59.	Sh. V.P. Garg	B-2/48/A, Keshav Puram New Delhi 110035	DISCOMs	17.07.2017	01
60.	Sh. P.S. Gupta	C-5A/209,Janakpuri,New Delhi	DISCOMs	17.07.2017	02
61.	Sh. S.K. Bhatia	3/102, Subhash Nagar,New Delhi 110027	DISCOMS	17.07.2017	01
62.	Sh. Anil Sharma	V.T. Enterprises, 1124-E-1/46, Molarband, Extn. Badarpur ,Delhi	DISCOMs	17.07.2017	01
63.	Sh. B.P. Agarwal	Delhi Bar Association Through its Secretary Sh. Jaiveer SinghChauhan, Tis Hazari Courts, Delhi 110054	TPDDL	17.07.2017 19.07.2017	08 08
64.	Ms. Asha Uniyal	B-20, Street Nagar,New Delhi 110092	DISCOMs	18.07.2017	06
65.	Sh. Manmohan Verma Chairman	Rohini EWS Flats Residents Welfare Association, C-1/128, Sector-5, Rohini, Delhi 110085 Urdrwas@gmail.com	DISCOMs	18.07.2017	11
66.	Sh. Ashok Sharma	House No. A-87, Gali #, Brahmpuri, New Delhi 110 053	DISCOMs	18.07.2017	05
67.	Sh. Sanjeev Tyagi	House No. A-96,Ashok Nagar, Gali # 4 Shahdara, New Delhi 110093	DISCOMs	18.07.2017	05
68.	Sh. Ishwar Dutt	V-1150, Vijay Park, Maujpur, New Delhi -53	DISCOMs	18.07.2017	05
69.	Sh. Deepak Kumar,	A Block, 387, Gokal Puri, Delhi-94	DISCOMs	18.07.2017	05
70.	Sh. Ram Udgar	House No. 27/103, Bajar Gali, Vishwas Nagar, Delhi 110003	DISCOMs	18.07.2017	05

S. No.	Name	Address	Company / Licensee	Date of Receipt	No. of Pages
71.	Sh. Sanjay Sharma	House No. 298,Gali No. 1, Chanderlok, Durgapuri Delhi 110032	DISCOMs	18.07.2017	05
72.	Sh. Umesh	House No. WS 33, Sudamapuri, Babarpur, Delhi 110032	DISCOMs	18.07.2017	05
73.	Sh. Karan	House No. 8/242,Khichdipur, Delhi-91	DISCOMs	18.07.2017	05
74.	Sh. Vimal	House No. 495, Jwala Nagar, Badi Ramleela Ground Shahdara, Delhi -32	DISCOMs	18.07.2017	05
75.	Sh. Dushyant Kumar	RWA Nagar Market, Harsh Vihar Hari Nagar, Part III, Welfare Society, Badarpur, New Delhi 110044	DISCOMs	18.07.2017	01
76.	Sh. K.K. Singh President	Shakti Vihar , A Block Rahaysi Welfare Association (Regd.) Office No. 15, Street No. 5/2 A Block, Shakti Vihar, Badarpur, New Delhi 110044	DISCOMs	18.07.2017	01
77.	Sh. S.P. Rana President	Woman Exploit Grievance Federation I-Block, H.O. 456/12B, Harnagar, Jaitpur, New Delhi 110044	DISCOMs	18.07.2017	03
78.	Nilothi Extention Kalyan Sangthan	C-2/2 Himgiri Enclave, Gali No. 6, Nilothi Extension Delhi-41	DISCOMs	18.07.2017	03
79.	Sh. Anil Chandi Gen. Secretary	Maharana Pratap Bagh, RWA, C-Block, C-8/1 Rana Pratap Bagh, Delhi 110007	DISCOMs	18.07.2017	17
80.	Sh. Tej. B. Khattar Vice President	Mother.decghs@gmail.com	DISCOMs	18.07.2017	05
81.	Sh. Vivek Aggarwal General Manager	Delhi Metro Rail Corporation Ltd. Metro Bhawan, Fire Brigade Lane, Barakhamba Road, New Delhi 110001	DISCOMs	18.07.2017	34
82.	Sh. G. S. Kohli	C-6/6468, Vasant Kunj ,New Delhi -70	DISCOMs	18.07.2017	2

S. No.	Name	Address	Company / Licensee	Date of Receipt	No. of Pages
83.	Sh. Ram Babu Gupta	Jan Nyaya Bhomi, 227, Nilgiri Apartment Alaknanda New Delhi -110019	DISCOMs	18.07.2017	05
84.	Sh. Gulshan Bawa	E-14/8 Vasant Vihar, New Delhi	DISCOMs	18.07.2017	01
85.	Sh. Vivek Goel	C-2/66 Janak Puri, Delhi	DISCOMs	18.07.2017	02
86.	Sh. D.N Gopal	C-2/167 Janakpuri, New Delhi	DISCOMs	18.07.2017	02
87.	Sh. S.C. Dua	R/o 21, Kailash Hills, New Delhi- 65	DISCOMs	18.07.2017	02
88.	Sh. N.G. Dagar President	RWA Gopal Nagar,D-Block Najafgarh New Delhi	DISCOMs	18.07.2017	01
89.	Sh. S.D Bhatt	Mahavir Enclave Residents Welfare Society ,H-2/109, Mahavir Enclave-I New Delhi 110045	DISCOMs	18.07.2017	01
90.	Sh. Yugul Kishore Dwivedi Chairman	RZ-935, St. No. 14/3, Sadh Nagar, Palam Colony, New Delhi 110045	DISCOMs	18.07.2017	01
91.	Sh. Satvir Singh	Shri Ganga Vihar Resident's Welfare Association,Village Dindar Pur, Najafgarh, New Delhi 110043	DISCOMs	18.07.2017	01
92.	Sh. Manoj Mautiyal	Shri Ganga Vihar Resident's Welfare Association, Village Dindar Pur, Najafgarh, New Delhi 110043	DISCOMs	18.07.2017	01
93.	Sh. Gurpreet Singh President	Residents welfare Association WZ-958, Shop No. 2, Gali No. 10, Guru Nanak Nagar, New Delhi 110018	DISCOMs	18.07.2017	01
94.	Sh. Muni Raj Chairman	Residents welfare Association WZ-958, Shop No. 2, Gali No. 10, Guru Nanak Nagar, New delhi 110018	DISCOMs	18.07.2017	01
95.	Ms. Sushma Sharma	sushmayanv@gmail.com	DISCOMs	20.07.2017	11

S. No.	Name	Address	Company / Licensee	Date of Receipt	No. of Pages
96.	Sh. Jitender Agarwal	bawanacri@gmail.com	DISCOMs	20.07.2017	03
97.	Smt. Huma Vice President	Jan Kalyan Mahila Samiti Community Centre DDA Flats Turkman Gate, Asaf Ali Road,Delhi 06	DISCOMs	20.07.2017	02
98.	Sh. A.K. Singh	Plot No. 669, Near Shahadr Metro, Sahadar, Delhi	BYPL	20.07.2017	01
99.	Sh. Yog Raj Goswami	Resident Welfare Association GH-1/231, Archna Apartments Paschim Vihar, New Delhi-63	DISCOMs	18.07.2017	01
100	Sh. B.D. Sharma	H. No. 69, Extn. -1 B, Nangloi New Delhi-110041	DISCOMs	18.07.2017	02
101	Sh. Ompal Singh Ahlawat President	Resident Welfare Association Kh. No. 826, VIII Chhattarpur, The.: Mehrauli, New Delhi	DISCOMs	18.07.2017	02
102	Sh. Krishan Kumar	Resident Welfare Society 455, Kakrola Housing Complex, Najafgarh Road, Near Metro Pillar No. 796,New Delhi 110059.	DISCOMs	18.07.2017	01
103	Sh. Veerpal Singh President	F-2 Block Residential Welfare Association, F-2/544A, Sangam Vihar, New Delhi 110062	DISCOMs	18.07.2017	01
104	Jyotish Kumar Sinha, HoD Regulatory	Tata Power Delhi Distribution Ltd. NDPL House, Hudson Lines Kingsway Camp Delhi 110009	IPGCL & PPCL DTL	18.07.2017 18.07.2017	13 12
105	Sh. Rajeev Chowdhury Head Regulatory Affairs	BSES Rajdhani Power Ltd. BSES Bhawan, Nehru Place, New Delhi 110019	DTL	18.07.2017	09
106	Sh. Sunil Kakkar Addl. Vice President	BSES Yamuna Power Ltd. 2nd Floor, B-Block, Shakti Kiran Building, Karkardooma, New Delhi 110092	IPGCL & PPCL DTL	18.07.2017 18.07.2017	08 06
107	Sh. Ved Kumar Arya	Samaj Sudhar Simiti Islam Colony, 895A/ Ward No. 06, Mahrauli, New Deli 110 030	DISCOMs	18.07.2017	01

S. No.	Name	Address	Company / Licensee	Date of Receipt	No. of Pages
108	Sh. Brij Mohan Mehta	Chamber No. 3, Lawyers Chamber Block Rohini Courts Complex, Delhi 110086	TPDDL	20.07.2017	02
109	Flt. Lt. I.D. Sharma, General Secretary	Arjun Nagar House Owners Welfare Association, 150, Arjun Nagar, New Delhi 110029	DISCOMs	21.07.2017 21.07.2017	01 01
110	Sh. Rajeev Goel Coordinator	Confederation of Relocated Industries Bawana, G-1, Sector-5 DSIIDC Bawana Industrial Complex, Bawana, Delhi -39. bawanacri@gmail.com	DISCOMs	21.07.2017	02
111	Sh. Satish Nabardar	H. No. 760, Panna Mojan, Bawan,Delhi 110039	DISCOMs	21.07.2017	01
112	Sh. Dharmendra Kumar	Federation of VIkas Nagar Residents Welfare Association (Regd.), F-126, Shiva Enclave (Shiv Mandir Road), Vikas Nagar, New Delhi – 59	DISCOMs	21.07.2017	01

Annexure -III

STAKEHOLDERS WHO HAVE ATTENDED THE HEARING FOR THE PETITION FILED BY DISCOMS FOR TRUE UP OF EXPENSES UP TO FY 2014-15 & FY 2015-16, AND ANNUAL REVENUE REQUIREMENT (ARR) AND TARIFF FOR FY 2017-18

S. No.	Name	Organization
1	Sh. Sharad Sharma	DMRC
2	Sh. Subodh Pandey	DMRC
3	Sh. Vivek Aggarwal	DMRC
4	Sh. Ved Parkash Arya	Consumer
5	Ms. Manuj Singhal	DMRC
6	Mr. Pawan Kumar	DMRC
7	Ms. Savita Swami	Consumer
8	Sh. G. S. Kohli	Consumer
9	Sh. Dr. S. P. Rana	Consumer
10	Sh. Shubham Kumar	DMRC
11	Sh. R. S. Jarout	DMRC
12	Sh. Vivek Bhandari	DMRC
13	Flt. Lt. I.D. Sharma	RWA
14	Sh. Om Pal Singh	RWA
15	Sh. S. R. Abrol	Consumer
16	Sh. K. K. Singh	RWA
17	Sh. Iqbal Ahmed	RWA
18	Sh. Farooq Engineer	Consumer
19	Sh. M. Shadab Qureshi	Consumer
20	Sh. Yograj Goswami	RWA
21	Sh. Sat Goel	RWA
22	Sh. Rajeev Kakaria	RWA
23	Sh. B. S. Vohra	RWA
24	Sh. Anil Kumar Khanna	RWA
25	Sh. Vinay Kumar	RWA
26	Sh. V.K. Malhotra	Pension Trust, DVB
27	Sh. R.K. Khurana	RWA
28	Sh. Anil Wadhera	RWA
29	Dr. Faheem BIG	RAW
30	Sh. Sohail Khan	Sophia NGO
31	Sh. Daya Ram Diwedi	Daily Passengers Association
32	Sh. Saurabh Gandhi	RWA
33	Sh. Dilip Chadha	RWA
34	Sh. Atul Gola	RWA
35	Sh. Tej B Khattar	Mother Dairy

S. No.	Name	Organization
36	Dr. M.K. Aggarwal	URD
37	Sh. Bal Krishan Gupta	RWA
38	Sh. Ram Pal Saini	RWA
39	Sh. Balbir Singh	RWA
40	Sh. M.C. Sharma	RWA
41	Sh. Damodar Keshyap	RWA
42	Kusum Sharma	Consumer
43	Sh. Rajeev Sharma	Consumer
44	Naeem Bharti	RWA
45	Satyaveer Singh	RWA
46	Sh. Manoj Nautiyal	RWA
47	Ms. Sushila Bansal	RWA
48	Sh. Manmohan Verma	RWA
49	Sh. P.S. Tomar	RWA
50	Sh. Jitender Aggarwal	CRI
51	Sh. Ashok Bhasin	NDRWF
52	Sh. Sanjay Gupta	CRI
53	Sh. Prem Kumar Sharma	NBCC
54	Sh. Lal Keshwar Shah	NBCC
55	Sh. Anil Kumar Jha	RWA
56	Sh. S.K. Sharma	RWA
57	Sh. Shabhonath Thakur	RWA
58	Sh. Shushil Kumar	RWA
59	Sh. Harish Kumar	RWA
60	Sh. Sanjay Gupta	IWA
61	Ms. Reena Kori	IDAM
62	Sh. P.K. Singhal	RWA
63	Sh. Shiv Kumar Sharma	NBCC
64	Sh. S.L. Gosain	RWA
65	Sh. Jitender Tyagi	URD
66	Sh. Jawed	URD
67	Smt. Sarla Rani	RWA
68	Ms. Arti	RWA
69	Sh. Sunil Kumar	RWA
70	Sh. Pramod Kapoor	RWA
71	Sh. Om Prakash Ahuja	RWA
72	Sh. Sandeep Bhatnagar	RWA
73	Sh. Surender Tomar	URD
74	Ms. Poonam Taneja	MMTC
75	Ms. Anita Guptrishi	MMTC
76	Ms. Radha Bhardwaj	RWA

S. No.	Name	Organization
77	Ms. Geeta Mahour	RWA
78	Sh. D.M. Narang	RWA
79	Sh. Arvind Mehta	RWA
80	Sh. Sukhveer Singh	RWA
81	Sh. Satish Nambardar	RWA
82	Sh. Sukhveer Singh	RWA
83	Sh. Sunny	RWA
84	Sh. Satveer Singh Fauji	RWA
85	Sh. Karanvir Singh	Delhi Pradesh
86	Sh. Rajan Gupta	Consumer
87	Sh. Balram	Consumer
88	Sh. Shiv Kumar Sharma	Consumer
89	Sh. Parvinder	Consumer
90	Dr. Ompal Singh Dhingan	RWA
91	Sh. Balvinder Singh Thappar	RWA
92	Ms. Jyoti Nanda	IERS
93	Ms. Priya Diwedi	IERS
94	Ms. Sushma Sharma	RWA
95	Sh. Vineet Goel	RWA
96	Sh. V. K. Sharma	RWA
97	Sh. Bhudev Sharma	RWA
98	Sh. Krishan Kumar	RWA
99	Sh. R. P. Sharma	RWA
100	Sh. S. C. Dua	Consumer
101	Sh. J. S. Marwah	Consumer
102	Sh. Subash Goel	Consumer
103	Sh. Basant Somani	Consumer
104	Sh. Ashish Garg	Consumer
105	Sh. A.K. Dutta	Consumer
106	Ms. Roshni	Consumer
107	Sh. H.R. Bhardwaj	DVB Pensioner
108	Sh. B. M. Mehta	Advocate