

GOVERNMENT OF N.C.T. OF DELHI
DEPARTMENT OF POWER

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No. F. 11(27) | 2010 | power | 1192

Dated: 04th ^{May} ~~April~~, 2010.

The Secretary,
Delhi Electricity Regulatory Commission,
Viniyamak Bhawan,
Shivalik, Malviya Nagar,
New Delhi – 110 017.

Sir,

Through separate representations to the Government, the three distribution companies, i.e. BRPL, NDPL and BYPL have raised the issue of severe cash flow constraints affecting their ability to purchase power in 2010-11. A copy of this representation is enclosed. They have broadly drawn the attention of the Government on the following issues:

1. Ability to supply power contingent on Cost Reflective Tariff.
2. Precarious Financial Position of Discoms.
3. Accumulation of revenue gaps beyond sustainable levels.
4. Continuation of the practice of assuming higher surplus for tariff fixation.
5. Power purchase cost/quantum.
6. Continuous recourse to additional debt to finance operations, and
7. Critical need to additional financing.

The issues raised by the Discoms are very serious and needs to be examined thoroughly so that the sustainable model of tariff setting as prescribed under section 61 and 62 of the Electricity Act is not jeopardised. Further, the national Tariff Policy at clause No.5.3(h)-4 has prescribed that uncontrollable costs should be recovered speedily to ensure that the future consumers are not burdened with the past costs. It is felt that non-true-up of the account of the year 2009-2010 where quantum of uncontrollable costs were very high, would mean that future consumers would be burdened with the interest cost of the year 2009-2010 which goes against the above quoted clause of National Tariff Policy.

(Contd...2.)

As the issues raised by the Distribution Companies as well as the issue of burdening future consumers with past liabilities are issues which are very serious in nature, the Government in exercise of its power under section 86 (2) (iv) directs the DERC to give statutory advise and clarification to the Government on the issue raised by the Distribution companies in the enclosed representations as well as on the issues covered under clause 5.3(h)-4 of the National Tariff Policy. The Government further directs under section 108 of the Electricity Act, 2003 that the Delhi Electricity Regulatory Commission will not issue the tariff order till the statutory advice given by the Commission as asked for, is thoroughly examined by the Government and the Government gives a go ahead for passing of tariff orders.

Encl: As above.

Yours faithfully,



(S. M. Ali)
Joint Secy. (Power)