

## **Announcement of the Tariff schedules for the Distribution**

### **Utilities of Delhi for FY 2014-15**

The four Distribution Utilities (hereafter referred as DISCOMs) in Delhi, i.e., TPDDL, BRPL, BYPL and NDMC filed their Petitions for True-up of ARR for FY 2012-13 and determination of ARR & Tariff for FY 2014-15 in December 2013, January 2014 & February 2014 and these were admitted by the Commission on 5 March, 2014. These have been duly analysed by the Commission based on prudence check conducted to determine the actual performance for FY 2012-13.

In addition, ARR for FY 2014-15 has been estimated based on the trajectories already finalized for controllable parameters during the 2<sup>nd</sup> MYT Control Period (period from FY 2012-13 to FY 2014-15) and re-estimating the uncontrollable parameters viz., Power Purchase and Sales based on the Actual available for FY 2013-14.

The Commission had submitted to the Hon'ble APTEL, the proposal for liquidation of Revenue Gap in the matter of I.A. No. 365 of 2013 in Appeal No. 266 of 2013. As per the proposal, the 8% surcharge will help gradually liquidate the principal of the accumulated Revenue Gap till FY 2012-13 and

the Carrying Cost for all subsequent years will be considered while finalizing the ARR for the respective years. Thus, the carrying cost of FY 2014-15 will be considered in the ARR of FY 2014-15. This proposal has also been submitted before the Hon'ble Supreme Court of India in Civil Appeal No. 884 of 2010.

The ARR approved and revenue surplus/deficit for the FY 2014-15 is given in the Table as follows:

**Table 1: ARR, Revenue at Existing Tariff & Revenue (Gap)/Surplus for FY 2014-15 (Rs. Crore)**

S. No.	Particulars	BRPL	BYPL	TPDDL	Total of 3 DISCOMs	NDMC
1	ARR Claimed	9,361	5,527	6,080	20,968	1,396
2	ARR approved with Carrying Cost	7,668	4,187	5,758	17,613	1,140
3	ARR Claims Disallowed (1-2)	1,693	1,341	321	3,355	256
4	Revenue at Existing Tariff excluding 8% Surcharge	7,136	3,903	5,329	16,368	1,083
5	Revenue (Gap)/Surplus at Existing Tariff (4-2)	(533)	(283)	(429)	(1,245)	(57)
6	Surcharge of 8% at Existing Tariff	571	312	426	1,309	NA

The Commission had considered the Carrying Cost for FY 2011-12 after excluding the unpaid overdues to GENCOs/TRANSCOs in its Tariff Order dated 31 July, 2013 for BRPL and BYPL. The Commission has now decided to revise the said treatment, as, by not allowing the carrying cost on such unpaid over dues, the Commission may subsequently have to allow either the Late payment surcharge (which will be quite high) or further interest on carrying cost withheld thus leading to a situation of additional burden on the Consumers of the Licensee Areas.

Hence, the Commission has decided to allow the Carrying Cost for FY 2011-12 of unpaid overdues and these are expected to be liquidated early in view of the directions of the Hon'ble Supreme Court to pay outstanding dues to all GENCOs/TRANSCOs.

As a result of provisional True up of FY 2012-13 (on account of provisional true up of capitalisation in the case of DISCOMs), the net Revenue Gap/Regulatory Assets is given in the Table as follows: -

**Table 2: Total Revenue (Gap)/Surplus FY 2012-13 (Rs. Crore)**

S. No.	Particulars	BRPL	BYPL	TPDDL	Total for 3 DISCOMs	NDMC
1	Closing Gap upto FY 2011-12 as per Tariff Order dated 31.07.2013	(5,205)	(2,855)	(3,371)	(11,431)	(149)
2	Additional Carrying cost on unpaid over-dues for FY 2011-12	(132)	(92)	-	(224)	-
3	Opening Gap for FY 2012-13 (1+2)	(5,337)	(2,947)	(3,371)	(11,655)	(149)
4	Revenue Requirement for FY 2012-13	6,393	3,967	4,770	15,130	1,016
5	Actual revenue realised during FY 2012-13	6,049	3,325	4,446	13,820	866
6	(Gap) / Surplus for FY 2012-13 (5-4)	(345)	(641)	(324)	(1,310)	(149)
7	Surcharge for FY 2012-13	299	159	237	695	NA
8	Net (Gap) / Surplus for FY 2012-13 (6-7)	(46)	(483)	(86)	(615)	(149)
9	Provisional rate of carrying cost for FY 2012-13	11.79%	11.48%	11.78%		11.50%
10	Carrying cost (3*9)+((8*9)/2)	(632)	(366)	(402)	(1,400)	26
11	Closing balance of (Gap) / Surplus at the end of FY 2012-13 (3+8+10)	(6,016)	(3,795)	(3,859)	(13,670)	(324)

The Commission has taken a conservative view while approving an average tariff increase of 8.32% for all the 3 DISCOMs (BRPL, BYPL, TPDDL) and 9.52% for NDMC. Since the prevailing tariffs already include a PPAC surcharge varying from 6% to 8% (which will now be subsumed in the revised tariff), there will be no significant increase in current energy bills as a result of revised tariff. The revised tariff will come into effect from 17.07.2014.

Annexure - I indicates the existing and revised tariff for various categories of consumers for BRPL, BYPL and TPDDL. Annexure – II indicates the existing and revised tariff for various categories of consumers for NDMC.

In view of the revenue deficit for the DISCOMs, the Commission has decided to continue with a surcharge of 8% for partial liquidation of the principal of the accumulated deficit in the case of 3 DISCOMs – TPDDL, BRPL & BYPL. There has been deficit of Rs. 324 Crore for NDMC till FY 2012-13, hence the Commission has decided to introduce 8% surcharge in case of NDMC also for partial liquidation of the principal of the accumulated deficit. The full rationale for the tariff increase during FY 2014-15 is annexed as Annexure – III.

A sample comparison of total electricity bill before and after the revision of tariff for domestic consumer upto 800 units of consumption is provided in Annexure – IV.

The Commission shares the concern of the average consumer in respect of the increased tariffs which are almost wholly accounted for by the rise of power purchase cost. Further, a reduction in power purchase cost is anticipated with the commissioning of additional units of 660 MW at Sasan Ultra Mega Power Project which has a levelised tariff of Rs.1.19/kWh.

During the prudence check for Power Purchase Cost for FY 2012-13, it has been observed that there is a scope for the DISCOMs (BRPL, BYPL and TPDDL) to improve upon the method for realisation of Sale of Surplus Power. The Commission has implemented an Incentive-Disincentive mechanism in line with AT&C loss target (as per DERC Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff Regulations, 2007) to promote higher realisation on account of Sale of Surplus Power for further reduction of the Power Purchase Cost.

The Commission has extended TOD tariff for all consumers (other than Domestic) above 50 kW & optional for 25 kW-50 kW and is also encouraging the utilities to take various DSM measures which would have an impact on reducing the peak demand of Delhi and consequently reduction in the purchase of costly peak power.

The Commission has decided to provide Rs.470 Crore during FY 2014-15 to the Pension Trust on recommendation of the Government of NCT of Delhi for avoiding undue hardships to the pensioners.

The Commission is in the process of finalizing the Power Regulatory Accounting Regulations under which the utilities would be required to make submission of their Petitions in line with the Regulations for the purpose of the determination of the Tariff.

The Commission is in the process of finalizing the Regulation on Net Metering & Connectivity in respect of Rooftop Solar PV Project which proposes to reduce reliance on the grid and promote onsite generation based on renewable energy thereby promoting self consumption of solar power.

The Commission is in the process of finalizing the Demand Side Management Regulations which will help in managing the load demands between the high and low peak periods in the overall interest of reducing the distribution licensees' power purchase costs benefitting the consumers.

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