

DELHI ELECTRICITY REGULATORY COMMISSION

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PRESS RELEASE

ROUND TABLE CONFERENCE FOR OPTIMISATION OF ELECTRICITY TARIFF IN DELHI

A Round Table Conference, as the theme slated, "*Optimisation of Electricity Tariff*", one of its own kind, was organized under the aegis of Delhi Electricity Regulatory Commission (DERC) and in association with NTPC Ltd. The Conference was held at NTPC's Power Management Institute, Noida on 5th June, 2018. For the first time various agencies, viz, Generation, Transmission, Distribution, Financial Institutions, Banks and Credit Rating Agencies put their heads together to deliberate on the issues in the right earnest and that made it a grand success.

The salient features, as emerged out, during the presentation by NTPC, THDC, IPGCL & PPCL pointed towards the measures taken by them in order to saddle the cost of power generation by rationalization of coal supply, optimization of cost of financing through a proper mix viz Domestic vs External Commercial Borrowing, improving operational efficiency, etc. It also emerged that if the tenor of loan is linked with life of the asset, there is a probability of reducing the costs.

On the issue of Free Power to the Home State in case of Hydro Generating Stations for the first 12 years, as these projects are Capital intensive, it may be preferable to explore the possibility of waiver of such a provision, and the free power to the home State could be provided from 13th year onwards, by which time the interest on loan is served - a cost balancing approach.

Banker & the Financial Institutions (SBI, REC & PFC) suggested reduction of cost of borrowing based on payment security mechanism. Suggestion came for the eventuality to remove the vicious cycle of LPSC and Carrying Cost. It was deliberated upon to explore the possibility of One Time Settlement so that accumulated Revenue Gap and outstanding Power Purchase Cost and Transmission dues can be liquidated. Various parameters for assigning the credit rating (ICRA, CRISIL and India Ratings) to the Utilities were explored.

The Regulator highlighted the timely issuance of Tariff Orders and the action taken by them in respect to roadmap for liquidation of regulatory assets. There was consensus amongst all the participating entities that timely approval of ARR and simplification of tariff by DERC is, ought to, enhance the confidence of the stakeholder and also a step forward for Tariff rationalisation and optimisation.

The Conference came to an end with a contentious suggestion for the stakeholders to initiate steps leading to reduction in the cost of borrowing which ultimately results in optimisation of Electricity Tariff in Delhi.