

Annual Report

December 1999 to March 2000

April 2000 to March 2001

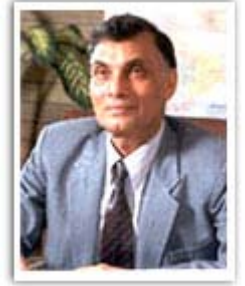
April 2001 to March 2002

April 2002 to March 2003



DELHI ELECTRICITY REGULATORY COMMISSION

FOREWORD



I have great pleasure in presenting the very first Annual Report of the Delhi Electricity Regulatory Commission for the period December 1999 to March 2003.

This Report presents an overview of the Commission's activities right from the date the Commission was established with the appointment of its first Chairman on the 10th December 1999, the transition period of its growth in terms of manpower and infrastructure and its functioning thereafter till 31st March 2003. As the Commission, with its limited manpower resources, was seized with highly critical activities, such, as issuance of tariff orders, framing of regulations etc. and the Annual Report could not be brought out every year in the past. It will be our endeavour to publish the same every year now onwards.

A reading of the Report will make it evident that although the beginning was made from scratch, the Commission has now become fully functional and is efficiently discharging its functions assigned to it under the Delhi Electricity Reform Act, 2000 (Act). The commitment and dedication of Commission staff may be gauged from the fact that the first Order of the Commission was issued as early as 16th January 2001 despite the severe handicap in terms of manpower and infrastructure at that time. We have also introduced certain rationalisation and efficiency improvement measures for the power sector of Delhi, some of

which were done for the first time in India and some other States have also emulated those initiatives. The Commission played a crucial role in the historic unbundling and privatisation process of the power sector initiated by the Government of the NCT of Delhi.

I can say with confidence that the Commission has succeeded in maintaining a fair balance between the interests of consumers and the utilities keeping in mind the ultimate objective for promotion of a healthy power sector.

Obviously, all the work that has been carried out during the period covered under this Report would not have been possible but for the cooperation of the Government of NCT of Delhi and the assistance and support received from the officers and staff working in the Commission. I would like to take this opportunity of expressing my appreciation and gratitude to all concerned. I would also like to reassure the citizens of Delhi about the Commission's continued endeavour to make power sector reforms in Delhi a big success. All of us in the Commission are committed to work in letter and spirit for the duties and responsibilities assigned to us under the Act.

New Delhi

Sd/-

(V.K. Sood)

Sh. V.K. Sood, Chairman (10/12/1999 – till date)



Shri V.K. Sood

Shri V.K. Sood, a Power Engineer by profession took over as the first Chairman, Delhi Electricity Regulatory Commission on the 10th December, 1999. During his proven track career spanning over 40 years, Shri Sood has held prestigious assignments at various organizations like the Central Electricity Authority, the National Thermal Power Corporation, the National Power Training Institute, the Ministry of Power etc.

As Member of the Central Electricity Authority, prior to taking up the current assignment, Shri Sood looked after Power Systems, Thermal and Grid & Operations. For about two and a half years, Shri Sood also served as the Director General of the National Power Training Institute (NPTI). Sh. Sood, during the course of his various assignments, has travelled extensively to countries, such as, USA, UK, former Soviet Union, Sweden, France, Australia, Canada, Sri Lanka and Bhutan.

As Chairman, Delhi Electricity Regulatory Commission, Shri Sood has been able to get over the hurdles of a fledgling organisation very effectively and in a very short span of time. Sh. Sood has passed landmark Orders and got the critical Regulations of the Commission notified with involvement of all the stakeholders. No doubt that these path breaking Orders and Regulations have found wide acceptance among various stakeholders because of his transparent style of working and his approach of taking a balanced view in any matter. The Officers and staff of the Commission have also benefited a lot from his vast experience and his clear vision for future.

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1. Introduction

1.1 About Us

The Delhi Electricity Regulatory Commission (Commission) was constituted by the Government of National Capital Territory of Delhi (Government) on the 3rd March 1999. The first Chairman, Sh. V.K.Sood was appointed on December 10th, 1999.

1.1.1 Powers of the Commission

Some of the Powers delegated to the Commission under the Act are as follows:

- The Commission, for the purposes of any inquiry or proceedings under the Act, has the powers as are vested in a Civil Court under the Code of Civil Procedures, 1908, while trying a suit in respect of the specified matters
- The Commission has the power to require any person to produce before it and allowed to be examined and kept by an officer of the Commission specified in this behalf, such books, accounts, or other documents in the custody or under the control of the person so required as may be specified or described in the requisition, being documents relating to any matter concerning the generation, transmission, distribution and supply or use of electricity, the functioning of any undertaking involved in the above areas and other matters.
- Every person to whom notices may be issued under the Act is obliged to duly, faithfully and expeditiously furnish such information, details, books, accounts and other documents, as may be specified in the notice by the Commission.

- For the purpose of enforcing the attendance of witnesses, the local limits of the jurisdiction of the Commission are the limits of the territory of India.
- The Commission has the powers to make such interim orders in any proceedings, or hearing before the Commission, as the Commission considers appropriate etc.

1.1.2 Functions of the Commission

Major functions assigned to the Commission under the Act are as follows:

- to determine the tariff for electricity, wholesale, bulk, grid or retail and for the use of the transmission facilities
- to regulate power purchase, transmission, distribution, sale and supply
- to promote competition, efficiency and economy in the activities of the electricity industry in the territory of Delhi
- to aid and advise Govt. on power policy
- to collect and publish data and forecasts
- to regulate the assets and properties so as to safeguard public interest
- to issue licenses for transmission, bulk supply, distribution or supply of electricity
- to regulate the working of the licensees
- to adjudicate upon the disputes and differences between licensees

1.1.3 Organisational Structure

The Commission is a lean organisation with a sanctioned staff strength of 34 persons. Out of this are Officers and the rest is supporting staff. The lean staff strength has helped the Commission in reducing the administrative delays and in achieving high standards of efficiency with quality.

1.2 Objectives of this Report

Section 51 of the Delhi Electricity Reform Act, 2000 (Act) casts upon the Commission the duty to prepare its Annual Report for each financial year and reads as follows:

“The Commission shall prepare, in such form and at such time, for each financial year, as may be prescribed, its annual report, giving a full account of its activities during the previous financial year and copies thereof shall be forwarded to the Government.”

The Commission brings out this Report not only to meet its statutory obligation but also to use this Report as the medium of disseminating information to stakeholders and public at large. The information presented in this Report is merely for the purpose of creating awareness amongst stakeholders about the activities undertaken by the Commission during the period of the Report and to inform them about various measures taken by the Commission for efficient and economical operation of the power

sector in the National Capital Territory of Delhi. Thus, the central objective of presenting all the information is to educate the stakeholders about the activities of the Commission, their role in the regulatory process and general principles and philosophy followed the Commission. This Report should, therefore, be seen as an attempt to reach to the stakeholders for making the regulatory process more understandable and transparent.

1.3 Layout of this Report

This Report is organised in 8 Chapters. While the current Chapter gives the general information about the Commission, the 2nd Chapter gives the status of the power sector in Delhi prior to privatisation. Chapter 3 specifically deals with the setting up of the Delhi Electricity Regulatory Commission. Chapters 4 and 5 discuss, respectively the Orders and Regulations issued by the Commission. Chapter 6 gives details of the restructuring of the Delhi Vidyut Board. While Chapter 7 talks about finances of the Commission, Chapter 8 gives the details of the organisational structure in the Commission.

2. Status of the Power Sector in Delhi Prior to Privatisation

2.1 Historical background of the power sector in Delhi

At the time of the constitution of the Delhi Electricity Regulatory Commission by the Government of NCT of Delhi in the year 1999, the Delhi Vidyut Board (DVB), was shouldering the onerous responsibility of meeting the power needs of more than 22 lakh consumers in National Capital Territory of Delhi. The DVB also supplied electricity to two licensees, namely the New Delhi Municipal Council and the Military Engineering Service (MES), as bulk supply for further transmission and distribution through their respective networks in their specified areas. The DVB came into being on 24th February 1997 after restructuring of the erstwhile Delhi Electric Supply Undertaking (DESU) with the objective of effecting improvements in the managerial process. Earlier the Delhi Electric Supply Undertaking had been in existence as the monopoly agency, responsible for meeting the power needs of the National Capital since 1958. In over four decades of its existence, the Delhi Electric Supply Undertaking had, in the closing decade of the last millenium, found itself in the declining phase of its life cycle. Despite all efforts for change of organisational culture and sustained attempts for diagnosis and cure of the maladies afflicting its work culture, DESU was not able to reform itself as a progressive and competitive organisation. The Delhi Vidyut Board inherited the legacy of an organisation struggling against administrative and technical challenges, which baffled planners and managers and whatever token improvements were effected, were found to be too meager in the face of ever

increasing consumer problems, which were compounded by the increasing financial losses of this monolithic utility. The DVB at the arrival of the new millennium found itself confronted with a socio-economic set up where the need for efficient and reliable power supply was the primary challenge before administrators and planners for the National Capital Territory.

2.1.1 Financial and operational performance of DVB

In the "Strategy Paper on Power Sector in Delhi" brought out by Government of NCT of Delhi sometime in December 1998, the Technical losses in DVB was shown to around 18-19% at that point of time. This Strategy Paper itself stated that this figure should not exceed 11-12%. Incidentally, the T&D losses in Mumbai are 11% and in Kolkata, they are around 19%.

The Delhi Vidyut Board met the power requirements of the National capital Territory through the transmission and distribution lines which had grown in capacity and by the year 1999, there were more than 7,300 substations of 11kV capacity with a length of more than 30,000 Circuit kms. The fact remains, however, that DVB in the year 1997-98 had an operating deficit exceeding Rs.750.00 crore and commercial losses touched almost Rs.700.00 crore. There are various reasons for this and some of the major factors are described below.

2.1.2 Reasons attributable to above performance

The organisation had diagnosed the following attributive factors that are considered to be responsible for its difficulties.

2.1.2.1 Outdated and inefficient infrastructure

The DVB had inherited an outdated and inefficient technical infrastructure that was not capable of modernisation or overhauling without heavy investments. In the matter of generation, the thirty-year-old Indra Prastha Power Station (IPPH) needed to be dismantled and reconstructed. This job would have yielded results in a long time. The other generating unit at Rajghat and the Gas turbine unit near IPPH were also a decade old and quality of maintenance had not been good. The maintenance of the transmission and distribution systems also needed improvements. The work for installation of shunt capacitors and overhauling of Gas turbines (for Gas based plant near IPPH) had not been done according to schedules fixed. The lack of sense of urgency in attending to such issues contributed to the commercial losses.

2.1.2.2 Stagnant generation capacity

The generation capacity had remained stagnant over the years and the Project clearance for new schemes planned for Bawana Phase I (421 MW), Bawana Phase II (650 MW), Apollo Power project (300 MW) had not progressed. The only project cleared and taken up for implementation in the Government sector was the Pragati Power Project (360 MW), which needed three years for becoming operational. The growth rate in peak demand in the Capital had risen sharply @ 10% per annum due to liberalisation of the economy and consequent growth of the service sector in the Capital. The inflow of technology and availability of luxury gadgets further fuelled the demand for household consumption of electricity (per capita consumption being 1000 kWh which was three times the national average). The gap between production and demand had thus continuously widened.

2.1.2.3 Higher technical losses

The technical losses of DVB were much higher than what is considered as a normal parameter for the utilities in energy sector. The abnormally high T&D losses attributed to the large-scale theft of electricity by all categories of consumers was considered to be reflective of a general feeling of contempt for law in the eyes of common citizen in the Capital. Moreover, Delhi being the National Capital found itself in a state of continuous siege by the regular influx of population from economically weaker regions. Ironically, the resources invested by the Government of NCT of Delhi in effecting improvements in civic conditions had somehow also added to the sufferings of the citizens of Delhi since this had also accelerated the process of migration to the Capital. All civic agencies were confronted with this challenge of influx of population and DVB was no exception. The continuous growth of JJ clusters had changed the demographic profile of the Capital to such an extent that more than 40% of the population in Delhi was living in unauthorised areas. With passage of time, these unauthorised areas had also spawned a large industrial sector of household and tiny units. The DVB had not been able to provide coverage to majority of such units. The direct extraction of power by lakhs of such beneficiaries was beyond the possible reach of DVB's enforcement infrastructure. There was also the possibility of the employees themselves being involved in the process of enrichment. There was a need for accountability in the system.

2.1.2.4 Inefficient billing and collection system

The general climate of indiscipline in the organisation had contributed to a faulty system of billing whereby DVB had, at times, been able to

raise demand only for less than 58% of the energy released to the consumers. The process of recovery from bulk consumers like Delhi Jal Board, NDMC, Haryana and Uttar Pradesh had been neglected, leading to piling up of arrears to the tune of about Rs. 1000 Crore from these organisations. The payment liabilities to BTPS and NTPC were to the tune of Rs. 6500 crore. According to the referred Strategy Paper, the annual financial statements of DESU/DVB were not finalised since 1992-3. These figures reflected lack of professionalism and commercial approach in the functioning of the organisation.

2.1.2.5 Absence of progressive HRD policy

The climate of indiscipline and lack of initiative in DVB also stemmed from the absence of a progressive and scientific Human Resources Development policy for its workforce of 25,000 people. There was a need for a system of upgradation of skills and performance appraisal for the worker level. There was also a lack of suitable policy for taking care of managerial obsolescence,

which afflicted such vintage organisations. The apex management needed to display an imaginative approach to this crisis situation and was required to devise a strategy which may have helped in weeding out the under-productive category of workforce and may also have prepared a dedicated middle and apex level managerial group for meeting the challenges arising out of the new competitive atmosphere. The organisation needed to evolve a culture of corporatisation which could help it to rise from the depressed position.

2.1.2.6 Absence of grid management discipline

The DVB also blames the uncertain power position in the Capital to the absence of a grid management discipline in the Northern Grid. Some other members of the Northern Grid had not installed under frequency relays and capacitors for maintaining the voltage profile. This led to overdrawl of power beyond respective allocations in the grid. This also forced the DVB to resort to load shedding, leading to unscheduled power cuts.

3. Setting Up of the Delhi Electricity Regulatory Commission

3.1 Need of a State Regulatory Commission

The Ministry of Power, Govt. of India notified the Electricity Regulatory Commissions Act, 1998 with the objective of setting up a regulatory mechanism for control and guidance of the utilities in the power sector. The “.. rationalization of electricity tariff, transparent policies regarding subsidies, promotion of environmentally benign policies and matters connected therewith or incidental to....” have been cited as the objectives for this legislative enactment. The setting up of regulatory bodies was considered as a major step in the direction of effecting reforms in the power sector. The Government as owner of the monolithic power generation, transmission and distribution network in the National Capital Territory faced constraints in acting as an impartial and effective control mechanism for the utility. The prospects of privatisation of DVB had further highlighted the necessity for the regulatory mechanism being in place for ensuring a level playing field for all the operators.

3.1.1 Constitution of the Delhi Electricity Regulatory Commission

The Delhi Electricity Regulatory Commission came into existence under section 17 of ERC Act, 1998 on 3rd March 1999 through a notification of the Government of NCT of Delhi on the 10th of December 1999 as a one-man Commission with the appointment of Sh. V.K. Sood as its Chairman. The Commission had been mandated to discharge the responsibilities assigned under section 22(1) of the Electricity Regulatory Commissions (ERC) Act, 1998 which reads as follows:

(a) to determine the tariff for electricity, wholesale, bulk, grid or retail, as the case

may be, in the manner provided in section 29;

(b) to determine the tariff payable for the use of the transmission facilities in the manner provided in section 29;

(c) to regulate power purchase and procurement process of the transmission utilities and distribution utilities including the price at which the power shall be procured from the generating companies, generating stations or from other sources for transmission, sale, distribution and supply in the State:

(d) to promote competition, efficiency and economy in the activities of the electricity industry to achieve the objects and purposes of this Act.”

3.1.2 Further legislative developments

The Government of NCT of Delhi promulgated the Delhi Electricity Reform Ordinance, 2000 on 28th October 2000. The Commission constituted under the Electricity Regulatory Commission Act, 1998 was deemed to be the first Commission under the aforesaid Ordinance. The Legislative Assembly of the NCT of Delhi approved the Ordinance by adoption of the Delhi Electricity Reforms Bill, 2000 (DER Bill 2000) on 23rd November 2000. While the DER Bill 2000 was pending for approval of the President, the Ordinance lapsed six weeks after the date of its notification. After this legislative development, the Commission reverted back to its original state of functioning under the ERC Act 1998. The DER Bill, 2000 after receiving the assent of the President, was notified as the Delhi Electricity Reform Act, 2000 (the Act) on 8th March 2001. This

enactment was deemed to be in force from 3rd November 2000.

This Act was enacted "to provide for the constitution of an Electricity Regulatory Commission, restructuring of the electricity industry (rationalization of generation, transmission, distribution and supply of electricity), increasing avenues for participation of private sector in the electricity industry and for taking other measures conducive to the development and management of the electricity industry in an efficient, commercial, economic and competitive manner in the National Capital Territory of Delhi."

This Act provided for the constitution of an Electricity Regulatory Commission for the NCT of Delhi to be known as "Delhi Electricity Regulatory Commission" to exercise the powers conferred on, and to perform the functions assigned to it under this Act. The jurisdiction of the Commission excludes the areas of the New Delhi Municipal Council and the Delhi Cantonment Board. The Act provided that the Commission shall consist of one or more but not more than three Members, including the Chairperson, to be appointed by the Government in the manner provided in this Act. According to the provisions of this Act, the Commission established and constituted with one member under section 17 of ERC Act was stated to be the first Commission for the purposes of this Act and the member appointed was to be the Chairperson of the Commission.

3.1.3 Functions assigned to the Commission

This legislative enactment assigned the following responsibilities to the Delhi Electricity Regulatory Commission in the National Capital Territory (NCT) of Delhi excluding the areas of the New Delhi Municipal Council (NDMC) and the Delhi Cantonment Board:

- '(a) to determine the tariff for electricity; wholesale, bulk, grid or retail, as the case may be;*
- (b) to determine the tariff payable for the use of the transmission facilities;*
- (c) to regulate power purchase and procurement process of the licensees and transmission utilities including the price at which the power shall be procured from the generating companies, generating stations or from other sources for transmission, sale, distribution and supply in the National Capital Territory of Delhi;*
- (d) to promote competition, efficiency and economy in the activities of the electricity industry to achieve the objects and purposes of this Act;*
- (e) to aid and advise the Government in matters concerning electricity generation, transmission, distribution and supply in the National Capital Territory of Delhi;*
- (f) to regulate the operation of the power system within the National Capital Territory of Delhi;*
- (g) to set standards for the electricity industry in the National Capital Territory of Delhi including standards related to quality, continuity and reliability of service;*
- (h) to promote competitiveness and make avenues for participation of private sector in the electricity industry in the National Capital Territory of Delhi and also to ensure a fair deal to the customers;*
- (i) to aid and advise the Government in the formulation of its power policy;*
- (j) to collect and publish data and forecasts on the demand for, and use of, electricity in the National Capital Territory of Delhi and to require the licensees to collect and publish such data;*

- (k) to regulate the assets, properties and interest in properties concerned or related to the electricity industry in the National Capital Territory of Delhi including the conditions governing entry into, and exit from the electricity industry in such manner as to safeguard the public interest;
- (l) to issue licences for transmission, bulk supply, distribution or supply of electricity and determine the conditions to be included in the licences;
- (m) to regulate the working of the licensees and other persons authorised or permitted to engage in the electricity industry in the National Capital Territory of Delhi and to promote their working in an efficient, economical and equitable manner;
- (n) to require licensees to formulate prospective plans and schemes in co-ordination with others for the promotion of generation, transmission, distribution, supply and utilisation of electricity, quality of service and to devise proper power purchase and procurement process;
- (o) to adjudicate upon the disputes and differences between the licensees and/or transmission utilities and to refer the matter for arbitration."
- (p) to aid and advise the Government on any other matter referred to the Commission by the Government

3.1.5 Powers and functions of the Commission under the Delhi Electricity Reform Act, 2000 (the Act)

Here we present information on the scope of the Commission's working, its constitution and other powers and functions of the Commission under the Act.

Part II of the Act provides for constitution of the Commission and method & terms of appointment of its Chairman, Members, Secretary, Officers and other employees of the Commission.

Part III of the Act deals with Proceedings, Powers and Functions of the Commission. A brief of powers and functions of the Commission under the Act has been given in Chapter 1.

While Part IV of the Act speaks of the Powers of the Government, Part V of the Act mentions the provisions for the Reorganisation of the Electricity Industry

Part VI of the Act gives the procedure to followed by the Commission for Licensing of Transmission and Supply, Revocation and Amendment of licences of electricity.

Part VII of the Act prescribes the procedure and financial principles to be followed for annual submission of expected revenues from charges and for amendment to tariffs.

Part VIII of the Act empowers the Commission to pass Orders, enforce decisions and impose fines and charges for non-compliance or violation of provisions of the Act and Rules/Orders/Regulations issued thereunder.

Part IX of the Act provides for constitution of Advisory Committee, Consumer consultation, consumer protection, preparation of standards of performance and submission of information thereon by the licensees.

Part X of the Act talks about the procedure for arbitration of disputes arising between licensees and for appeals against the order of the Commission.

Part XI of the Act talks about penalties for contravention of various provisions of the Act or the Central Acts.

Part XII deals with the payment of Grant by the Government to the Commission, Accounts, Audit and Annual Report of the Commission.

Part XIII of the Act touches Miscellaneous provisions such as those relating to application of fines and charges, saving provisions, provision saying that Commission's proceedings shall be deemed to be judicial proceedings, powers of the Commission to make regulations on various matters and provision for laying of the regulations before the Legislative Assembly.

3.2 Mobilisation of resources by the Commission

Initially, the Commission consisted of only the Chairman but with the passage of time, he received the assistance of some officers and staff drawn from the Government of NCT of Delhi and the then Delhi Vidyut Board. The Commission got the process of delegation of financial powers to it completed in December 2000.

3.2.1 Sanctioning and filling up of posts

In May 2000, 34 posts were sanctioned by the Government of NCT of Delhi and as a follow-up, the DERC (Management and Development of Human Resources) Regulations, 2001 were notified on 16th April 2001 to enable the Commission to fill up the sanctioned posts. Action was initiated to fill up these posts, on priority basis, and most of the posts were filled up on deputation/contract basis by October 2001 as provided in the aforementioned Regulations. Details of the sanctioned posts are given later on in the Report.

3.2.2 Organisation structure and division of work

The Commission is getting assistance from four Divisions viz. Administration, Engineering, Tariff and Law, in discharging its responsibilities under the Act. Each of these Divisions is headed by a Director who is in turn assisted by Deputy Directors and supporting staff. The Divisions have been made and allocated work on functional lines of titles of respective Divisions. The details of organisation structure and duties and responsibilities are provided later in Chapter 10.

3.2.3 Development of Infrastructure

The Commission after its constitution operated from a residential premise in a substation building of DVB in Pushp Vihar. Over time, with the help rendered by the Government of NCT of Delhi and the Delhi Vidyut Board, the Commission was able to have its own office complex in Shivalik, Malviya Nagar where it shifted in January 2002. The building was formally inaugurated by Smt. Shiela Dikshit, Honourable Chief Minister of Delhi on 18th April 2002.

The new office building of the Commission is well equipped with modern infrastructural facilities that helps in discharging its duties efficiently.

3.2.4 Computerisation

In order to enable the Commission to have speedy disposal of cases, the Commission has made a conscious attempt to computerise its operations. Before shifting to the new office premise at Shivalik, Malviya Nagar, the Commission got state-of-the-art desktop computer systems with other peripherals installed at each desk. The Commission has also acquired mid-range scanners for converting and storing important paper documents in soft form on

the computers. Soon after shifting to its new premises, a high speed Local Area Network (LAN) was established and LAN facility has been extended to all officers and staff in order to make processing faster and to reduce paper work.

3.2.5 Commission's Website

The Commission maintains a website www.dercind.org in order to provide easy access and to give wide publicity for the activities undertaken by the Commission among the consumers and all other stakeholders. The site is updated from time to time as a continuous process and the notifications/orders issued by the Commission are made public through the website.

3.3 Review of activities undertaken by the Commission till 31st March 2003

3.3.1 Submission of first Tariff Proposal by DVB

The Commission, in May 2000, received from the Govt. of NCT of Delhi the tariff proposal pertaining to the year 1999-2000. The DVB had cited the following salient features in the Tariff proposal:

3.3.2 Definition of connected load

Definition of connected load had been amended to the extent that while computing the connected load, 1/10th of the number of spare plugs would be taken into account instead of 1/3rd being accounted for at that time. Load of domestic appliances having fractional horsepower would not be counted being too insignificant. While computing the connected load at the time of inspection, either heating or cooling load of the Air Conditioners would be accounted for.

3.3.3 Levy of higher Tariff on account of extension of supply

Levy of higher Tariff on account of extension of supply to other parts of the house/plot, servants quarter, garage etc. would not be considered as extension of supply attracting levy of higher charges.

3.3.4 Lighting load in agricultural Tube wells

The permissible lighting load for agricultural power had been extended from 100 watts to 200 watts.

3.3.5 Bulk supply tariff for loads above 50 kW

For all loads above 50 kW, Bulk Supply tariff would be applicable and relevant category of tariff such as MLHT or LIP shall be applicable for such category of loads.

3.3.6 Fuel adjustment charges

Fuel adjustment charges as decided by the Board from time to time would be applicable in respect of all categories of consumers including domestic and agricultural consumers.

3.3.7 Single Point Supply system

Single Point Supply system was proposed to be introduced for unauthorised colonies through Resident Welfare Associations. A rebate of 20% was to be allowed to the collecting agency for maintenance of the system.

3.3.8 Proposal of new rates

The rates proposed by DVB and the estimated returns are given in Table 3.1.

Table 3.1

S. No	Category	Existing			Proposed		
		Units Sold (MUs)	Tariff Paisa/Unit	Amount (Rs. Cr.)	Units Sold (MUs)	Tariff Paisa /Unit	Amount (Rs. Cr.)
1.	Domestic monthly consumption						
	0-50 Units	1284	100	128.40	1284	100	128.40
	51-100 Units	642	100	64.20	642	175	112.35
	101-200 Units	812	175	142.10	812	175	142.10
	201-300 Units	200	250	50.00	200	350	70.00
	301-400 Units	196	250	49.00	196	350	68.60
	>400 Units	240	300	72.00	240	400	96.00
2.	NDLT < 50 kW	312	300	93.60	212	400	84.80
					100	450	45
	>50kW	208	400	83.20	208	553.5	115.13
3.	SIP < 50 kW	1105	300	331.50	1105	400	442
	>50kW	737	300	221.10	737	553.5	407.93
4.	Agriculture	93	50	4.65	73	75	5.48
	Mushroom Cult. < 50 kW				10	200	2.00
	>50kW				10	250	2.50
5.	Water Works & Public Utilities	661	422.92	279.55	661	493.75	326.37
6.	Street Lighting	145	230	33.35	145	300	43.50
7.	Bulk Power: MLHT	715	499	356.79	715	553.5	395.75
	LIP	798	449.17	358.44	798	553.5	441.69
8.	Railways	100	422.92	42.29	100	493	49.30
9.	NDMC/MES	1137	231.02	282.67	1137	250	284.25
	GRAND TOTAL	9385		2572.83	9385		3263.14

3.3.9 Commission's Response to DVB's First Tariff Proposal

In the reply sent to the Government on 01.06.2000, the Commission noted that the DVB had forwarded the above proposal for rationalization and revision of tariff for the year 1999-2000. The Commission had observed that now that the exercise of tariff rationalization was relevant in respect of the year 2000-01, revised upto date information on the covered issues was required from DVB.

Subsequently, the DVB filed a proposal for "Rationalisation of Tariff" for the year 2000-01 on 25th August 2000, which included some additional points/information in their proposal for 1999-2000. The details of this proposal and the Orders thereon are covered in Chapter 3 on Orders of the Commission.

3.3.10 Issuance of Concept Paper on Tariff and Guidelines for Revenue and Tariff Filing

3.3.11 Concept Paper on Tariff

The Commission brought out a Concept Paper on Tariff in September 2000. The Concept Paper provided a historical background of the power sector in Delhi, gave the first tariff proposal of Delhi Vidut Board and sought suggestions from various stakeholders on the following conceptual issues on electricity tariff:

- Methodology for regulation
- Determination of Revenue Requirement
- Basis of Asset Valuation
- Allowed Rate of Return
- Tariff Design

- Fuel and Power Purchase Adjustment Charges
- Reduction of Operational Losses

Table 3.2

Sr. No	Name of the Order	Date of issue
1.	Order on Rationalization of Tariff for Delhi Vidyut Board (DVB)	16.1.2001
2.	Order on ARR for 2001-02 and Tariff Determination Principles for the 2002-03 till 2005-06 for Delhi Vidyut Board	23.5.2001
3.	Order on Joint Petition for Determination BST and Opening Losses for DISCOMS	22.2.2002
4.	Order on Petition filed by the National Thermal Power Corporation	7.3.2002
5.	Order on Petition filed by NDMC for review of Bulk Supply Tariff applicable to it	31.5.2002

3.3.12 Guidelines for Revenue and Tariff Filing

Guidelines for Revenue and Tariff Filing were sent to the Delhi Vidyut Board in October 2000 for submission of their Annual Revenue Requirement and Tariff petitions. It contained about 29 data forms with guidelines to get data from utilities on

the following major heads:

- Aggregate Revenue Requirement
- Revenue at Current Tariff
- Transmission & Distribution Losses
- Revenue at Proposed Tariff
- Embedded and Marginal Costs
- Quality of Service

These Guidelines were further modified in August 2002 and forwarded to respective utilities in view of the Policy Directions issued to the Commission by the Government during unbundling and privatisation process of Delhi Vidyut Board. Details of this unbundling process are provided later in Chapter 6.

3.3.13 Regulations and Orders issued by the Commission

The initial years 2000-01, 2001-02 and 2002-03 were marked by some very significant achievements made by the Commission through its Orders and Regulations. All the Orders issued by the Commission were issued after following the due process and all stakeholders were given an opportunity to present their viewpoints. In its journey from inception till 31st March 2003, the Commission issued five Order and notified six Regulations as given in Tables 3.2 and 3.3, respectively.

3.4 A few words on tariff fixation: a major function of the Commission

One of the functions, rather a major one, assigned to the Commission by the Act is the determination of the tariff for electricity, wholesale, bulk, grid or retail, as the case may be. In order to give a clearer picture of the tariff fixation exercise and its significance for the utility and consumers, a brief introduction is given below. The aim is just to provide a better understanding of the roles of various stakeholders in the whole process.

3.4.1 Significance of Tariff Setting

A public utility functions in the dynamic atmosphere of the society. Various social, economic, technological and political forces that cannot be controlled by the utility, govern the external atmosphere. The utility has control over its internal system and processes only. In order to remain in a state of stability it has to strike an equilibrium between its internal atmosphere and the external atmospheric forces through a continuous process of resource management. For a utility in the power sector the exercise of tariff setting is a vital process of resource management that holds the key for its survival and growth. In For a utility the output price decision is a key decision. The product/service pricing is a part of larger decision area that controls its corporate strategy. The strategic alternatives before the management provide different routes for seeking growth and viability. The traditional economic theories assume that a commercial organisation strives towards the objective of maximising profits and its utility to the consumers. The management has to continuously bother about the question as to what should be produced/served and at what cost. A public utility is expected to pursue, besides

determination of prices for a service like electricity, the one characteristic which has great impact is the perishability of the commodity and the fact that the fluctuations in demand cannot be met

Table 3.3

Sr. No.	Date	Name of the Regulation
1.	27-Jan-2001	Conduct of Business Regulation 2001
2.	9-Mar-2001	Comprehensive Conduct of Business Regulations 2001
3.	16-Apr-2001	Management of Development of Human Resources Regulation 2001
4.	6-Aug-2001	Appointment of Consultants Regulation 2001
5.	6-Aug-2001	Delegation of Financial Power Regulations 2001
6.	21-Jun-2002	Grant of Consent of Captive Power Plants Regulations 2002
7.	10-Aug-2002	Performance Standard – Metering & Billing Regulations 2001
8.	1-Jan-2003	First Amendment Performance Standard –Metering & Billing Regulations 2001
9.	1-Jan-2003	First Amendment Grant of Consent of Captive Power Plants Regulations 2002
10.	12-Mar-2003	Medical Attendance Regulations 2003

through inventory. Another distinguishing characteristic of this service is the intangible nature of the service and its components. Tariff adjustment is, therefore, a complicated and sensitive exercise. the profit motives, other objectives like consumer service, technological excellence, growth rate and human resources development. The multiplicity of objectives is to be harmonised with each other without affecting the commercial viability of the utility. The resources available to the organisation should provide a perfect fit between its operational needs, and social and financial commitments. The choices thrown up while designing of Tariff are difficult and costly to reverse, the decisions have far-reaching, long term implications for a utility, consumers and the Government.

3.4.2 Framing of Tariff Regulations

In the first stage, to identify the issues and to frame regulations thereon, the Commission circulated the Concept Paper on Tariff in September 2000 reflecting the issues identified and strategic alternatives/options available for a public debate prior to outlining the approach to be followed by it. In the next phase, the Commission considered the suggestions and objections and also called parties for hearing wherever considered desirable. After this process of analytical deliberations the Commission devised the tariff regulations.

3.4.3 Procedure for Tariff fixation

The Commission has to follow a set procedure for Tariff determination enshrined in the Act and further outlined in the Tariff Regulations Chapter of Commission's Comprehensive Conduct of Business Regulations. For any change in the tariff, the utility is required to furnish the information which is examined by the Commission keeping in view the provisions of section 28 of the Act. The Commission invites comments/objections from the stakeholders on the proposal of the utility by publicising the proposal through advertisements, website etc. The responses on the utilities proposal are sent to utilities for comments. The stakeholders giving comments which are considered materially important are called for a public hearing before the Commission.

After considering the responses from stakeholders and utility's submissions on them and after deliberating on various issues, the Commission issues an Order on the utility's proposal. Section 28 of the Act, sections 57, 57A and 59 of the Electricity (Supply) Act, 1948 and the Sixth Schedule appended thereto provide the basis and guidance for framing of tariff. The Commission has the liberty to depart for good and sufficient reasons from the previously acknowledged trends of price

estimation, by acting in its own wisdom, based on its appraisal of the current scenario in management of power sector in the country. The regulatory framework has to deal with a situation where the power sector having been conceived as a national monopoly is also required to account for operation of the market forces in costing of energy. The achievement of natural efficiency through either the market forces or managerial upgradation is one of the targeted objective of the Commission.

3.5 Today's scenario

3.5.1 Utilities operating today

The Government of NCT of Delhi initiated the Reform Process for the power sector of Delhi and unbundled the Delhi Vidyut Board into six entities on functional lines. After signing of the Memorandum of Understanding (MoU) with the State Government on 31.5.2002, the private investors have taken over the management of the three distribution companies in Delhi on 1st July 2002 and simultaneously TRANSCO (the Transmission Company) and GENCO (the Generation Company) have also come into separate independent existence. The details of this restructuring exercise have been provided in Chapter 6.

The companies incorporated under the Companies Act, 1956 have also changed their names after they came into being since 1st July 2002. TRANSCO, the transmission company, has changed its name from Delhi Power Supply Company Limited to Delhi Transco Limited. Similarly, the North-North West Delhi Distribution Company Limited has changed its name to North Delhi Power Limited, the Central-East Delhi Electricity Distribution Company Limited to BSES Yamuna Power Limited and the South-West Delhi Electricity Distribution Company Limited to BSES Rajdhani Power Limited.

3.5.2 Current operating environment for utilities in Delhi

Every organisation in the present day atmosphere requires systematic supply of information, coupled with tools of analysis, which minimise risks and facilitate sound decisions. Since the privatised distribution companies have inherited the whole system of DVB, the past record and practices of DVB in the matter of preparation of accounts, system of billing, effecting of recoveries, preparation of database for inventory management etc. leaves considerable scope for improvement by these privatised distribution companies. The details of T&D losses of DVB as reported in the preceding paras also highlight the necessity for developing a system of operational data management which may facilitate fixation of responsibility at every level. In addition to this, an efficient Stores Management and Material Control System can make a significant contribution to success of business for an enterprise. Material pilferage, lack of planning and coordination in purchase procedure, mismanagement and damage to stores has negative implications on economic operation of the utility. For management of stores the utility is expected to evolve a proper inventory management and control system. Recent progress in this field has led to development of highly automated systems elsewhere.

The utilities in Delhi enjoy a clear advantage over other utilities in the power sector by virtue of the fact that they have to operate in the National Capital Region where the latest techniques of information management are available at their doorsteps. The utilities ought to upgrade their management information system in order to make them comparable with the best-managed corporate organisations. Being located in Delhi, the

utilities have the advantage of cost effective networking of individual operational and managerial systems. Promotion of computerised data management at each level of decision making; development of a system of monitoring of various technical issues through computerised process and complete computerisation of material and maintenance management activity is a critical necessity for survival and revival for a utility. Such a system, after its evolution, would be in a better position to enable the utility to discharge its responsibilities under the Act with optimum efficiency and will also control its operations in accordance with the plans and targets developed by the planning process.

3.5.3 Expectations from the Commission

The setting up of the Delhi Electricity Regulatory Commission was a landmark development in the history of the process of reforms in electricity sector of Delhi. The delegation of authority to the Commission has opened a wide variety of options for regulating the electricity sector including calculation of cost of generation, transmission and distribution, promotion of efficient and economic activities.

The arrival of a regulator on the scenario is expected to revolutionise and also rationalise the process of tariff adjustments and efficiency improvements. It is expected that the regulatory framework should assist in the growth of power sector, which was the major stimulus for change and has become synonymous with economic progress. The regulatory agency is required to intervene and regulate the marketing system of the product with the objective of ensuring a fair and equitable treatment of consumers and also for ensuring a fair return to the utility.

4. Orders Issued by the Commission

This Chapter discusses the various Orders issued by the Commission during the period covered by this Report. The contents of the following paragraphs are given to provide an overview and coverage of the Orders issued by the Commission. An attempt has been made here to summarise and give information on the issues and activities taken up in respective Orders. The contents given hereinafter in this Chapter are based on extracts of the Orders and should not be construed as or taken as a replacement for the original Orders. For authentic version, the Original Orders of the Commission would have to be referred to.

4.1 Orders on Rationalisation of Tariff for Delhi Vidyut Board, 16.01.2001

4.1.1 Receipt of proposal from the Delhi Vidyut Board

The Commission received a proposal from the Delhi Vidyut Board (DVB) for Rationalisation of Tariff for the year 2000-2001 on 25th August 2000. The DVB had submitted that the tariff for various categories of consumers was last revised in the year 1997. Subsequently, the cost of various inputs including the cost of fuel and the cost of power procurement had increased substantially. It was submitted that the present day cost (as on 1.2.2000) being 253.81 paise per unit vis-à-vis the base cost of 188 paise per unit, there had been an increase of approximately 66 paise per unit. This had resulted into further accumulation of losses for the DVB. The DVB stated that through this proposal it had rationalised the policies for giving power to various categories of consumers with the objective of effecting improvement in its services.

4.2 Proceedings by the Commission

4.2.1 Publicity given to the Proposal

The Commission had circulated a "Concept Paper on Tariff" which, *inter-alia*, included the DVB's proposal for rationalisation of tariff for consideration by consumers and stakeholders. This Concept Paper was placed on Commission's Website and notices were issued through advertisements in the leading newspapers on 1st and 2nd October 2000, apprising the public about the publication of the Concept Paper and inviting suggestions on the issues covered therein. Copies of the Concept Paper were also circulated to the leading Newspapers in the Capital and to various Departments under the Government of NCT of Delhi and the Government of India. Leading consumer organisations in the city were also forwarded a Copy of Concept Paper. The public was given opportunity to obtain copies of Concept Paper by post or by collecting the same from the Commission office. The response could be sent through E-Mail, Fax and by post. The time limit given for submission of responses was 30th Oct. 2000. Later on the date for submission of response was extended till 15th November 2000 by publication of notices in leading newspapers.

4.2.2 Response from the Public

In response to the publicity, the Commission received comments from forty-seven organisations/departments/individuals. The Commission took into consideration important suggestions tendered by stakeholders from different quarters including Industrial & Resident Welfare

Associations, Group Housing Societies, NGOs, Hotel and Restaurant Associations, NDMC and Northern Railways.

4.2.3 Notice for Public Hearings

Based on the response, the Commission gave opportunity for personal appearance to the Stakeholders whose written submissions were found to contain suggestions concerning the specific issues under consideration. The Commission had, while issuing the notices for appearance, clearly mentioned that the hearings would be confined to the proposal for rationalisation of tariff as brought out in the Concept Paper since the Commission had to issue an Order specifically on the said proposal. The public hearings, spreading over 18 sessions, was held during 4-8th December 2000.

4.2.4 Issues dwelt upon in the Order

The proposal submitted by the DVB for Rationalisation of Tariff was not a detailed tariff proposal. It covered only the following issues for rationalization and hence the Commission deliberated on these issues only:

4.2.4.1 Definition of Connected Load

DVB's proposal

According to DVB's proposal under the provisions existing at that time, the connected load meant the sum of the rated capacities of all energy consuming apparatus duly wired and connected to the power supply systems including portable apparatus in the consumer's premises. The load of 15 Ampere power plug socket was to be taken as 500 watts and that of 5 Ampere light plug socket as 60 watts. 1/3rd of the number of such spare sockets were to be taken into account while computing the total connected load.

DVB proposed to henceforth take into account only 1/10th of the number of spare plug points for

computation of connected load and that the load of a domestic appliance having fractional horsepower rating was not to be counted in the connected load.

Response from stakeholders

The following were the comments given by different stakeholders on the issue of connected load definition:

- While computing the connected load for domestic connections, either the heating or cooling loads should be taken into account.
- Load factor should be taken @ 60% of the higher of the rated capacity of either heating or cooling appliances.
- The term "connected load" in fact needs to be deleted from the tariff since no such provision exists in the tariff structure in Western countries.
- Estimation of connected load on the basis of number of electricity points would lead to only subjective assessment of consumption without actual meter readings.
- System of fixation of minimum charges needs reconsideration since this often leads to under billing with the connivance of staff.
- Concept of connected load should not be made applicable for domestic purposes since the entire load is not connected at one point of time in residential premises.
- Concept of connected load, sanctioned load and minimum charges should be withdrawn and the consumer should be charged for actual consumption of energy to motivate them for economical use of energy.
- Certain essential categories of load related to life saving and emergency activities which were used only at the time of failure of regular

supply or accidents should not be included for calculation of connected load.

- The NDMC suggested that Commission should consider dispensing with the levy of minimum charges for small consumers having connected load upto 50 kW as the same was contrary to the concept of energy conservation.

Commission's View

The Commission examined the proposal for amendment in the definition of "connected load" and also considered the relevant responses for the various stakeholders including the Government of NCT of Delhi. The Commission was of the view that there was no scientific method which would vindicate acceptance or otherwise of the DVB proposal to take into account 1/10th of the number of spare plug points at the time of computing the connected load. Therefore, the method for estimation of energy consumption under the two conditions, namely, meter being faulty and cases of pilferage of energy was sought to be addressed differently as brought out hereunder:

When the meter is faulty

As and when the meter was detected to be faulty either by the DVB or by the consumer, it would only be fair that the calculation for estimation of energy (for the period meter was defective) was made based on the pattern of consumption available for a period of past six months when the meter was functional and the pattern of consumption recorded in the six months succeeding the replacement of the defective meter. The final adjustment for the said period is to be made based on the pattern of consumption recorded during this total period of twelve months.

When there is a case of pilferage or fraudulent abstraction of energy

All cases of pilferage of energy were to be checked by all possible means and no laxity was to be shown to such unscrupulous persons. In cases of pilferage of energy, assessment of consumption would be made based on connected load which shall mean the sum of the rated capacity of all energy consuming apparatus duly wired and connected to the power supply system as also all the spare plug sockets. This, however, would not include the standby or spare energy consuming apparatus installed authorisedly, through changeover switch, which cannot be operated simultaneously. The equipment, which was not electrically connected, equipment stored in warehouse/show-room either for spare or for sale, was not be considered for this purpose. In case of hotels and restaurants Industries, the load exclusively related to pump meant for fire-fighting purposes should not be taken into account.

4.2.4.2 Levy of higher tariff for extension of supply

DVB's proposal

According to the provisions of tariff for extension of electricity to neighbours i.e. outside the premises by any registered consumer, in whose favour the load had been sanctioned was considered as violation of tariff and Conditions of Supply and was billed on higher rate of tariff under the relevant category.

DVB suggested that levy of such higher charges may be dispensed with for the extension to other parts of the buildings/plots such as servants quarters, garage etc. in future.

Response from Stakeholders

The Tri Nagar Main Road Traders Association submitted that a higher tariff should not be imposed in the following cases:

- i) Domestic connection being used by a person other than registered consumer.

- ii) Change of trade in respect of commercial/industrial connection.

The Naraina Small Industries Welfare Association, Phase 1, submitted that DVB should be concerned with recovery of energy charges rather than the issue of subletting. Chetna represented that extension of supply for recreational purposes by Resident Associations or group of residents to public parks should not be considered as misuse. The Hotel & Restaurant Association of Northern India submitted that this should also exclude extension from one floor to another due to compulsion of business activity. On this issue, the Railways submitted that 66 kV supply was being received by it at Chanakya Puri and Narela substations. In the eventuality of power failure at one point, the overhead Railways network was utilised for extension of supply from the other point. However, the DVB levied heavy penalties on account of exceeding the Contract Demand, not only for the particular month but also for the ensuing eleven months. The Railways pleaded that the DVB being responsible for uninterrupted supply, it should treat the demand at both the substations as combined demand for the Railways.

Commission's View

On the issue of the levy of higher tariff on account of extension of supply, the Commission observed that if extensions to servant quarters, garage etc. were to be interpreted as misuse, the utility would find such cases in almost every government bungalow or the houses of even middle class consumers. The Commission was of the view that such levy of higher tariff was without authority of law and directed that all such cases should be closed forthwith.

The Commission further directed that in future also, such higher tariff should not be levied for extension

of supply to servants quarters, garage etc. as long as there was no change in category of use. Even for extensions for occasional recreational purposes and sports etc. higher tariff should not be levied since such extensions even by the definition of premises as indicated by the DVB do not qualify for extension to other premises. Suitable provisions may, therefore, be made in the "Tariff Schedule" accordingly.

On the issue raised by Railways, the Commission instructed the DVB to look into the arguments given by Railways and further directed DVB to submit a report on this issue at the time of submission of next regular tariff.

4.2.4.3 Lighting load in Agricultural tubewells

DVB's proposal

The prevailing tariff (1997-98) provided that the use of lighting load for tubewell "Kothara"(Room) was restricted to 100 watts only. For load in excess of 100 watts, the energy consumption was to be billed at a flat rate of Rs. 5/- per unit subject to minimum charges of Rs. 250/- per kW or part thereof per month. This rate used to have retrospective effect for the past six months reckoned from the date of detection, unless evidence was provided by the consumer to the contrary. On this issue of lighting load in agricultural tubewells, the DVB proposed to increase the permissible limit of lighting load for agricultural power connections to 200 watts.

Responses from stakeholders

The Railways agreed to the proposal of the DVB to increase the permissible limit to 200 watts. Chetna, an NGO, however, pointed out that most of the agricultural land in Delhi had been converted into farmhouses, and therefore, the need for such concessions should not exist. All other stakeholders also agreed to the proposal submitted by DVB.

Commission's View

The Commission had discussed this proposal in detail with the DVB representative. The Commission was given to understand that at the agricultural connections, a provision was made for lighting load up to 100 watts for tubewell 'Kothra'. In order to prevent misuse of supply only this much lighting load was permitted. Now it was proposed to enhance this load up to 200 watts. The Commission ascertained from the DVB representative as to what was the reason for fixing an upper limit. It was stated that there were a number of cases where agricultural connections were subjected to misuse and the connected load was being used for commercial purposes.

The Commission noted that despite this provision of a ceiling of 100 watts being there in the tariff, the misuse of agricultural connections had increased and it was not at all reasonable to presume that a consumer interested in commercial misuse of agricultural connection would be prevented from doing so by such weak legal provisions. Instead what was required was that the enforcement was to be geared up to keep a watch over such cases of misuse.

The Commission was of the view that this provision, therefore, does not serve any purpose for preventing misuse of agricultural connections and should, therefore, be dropped from the tariff. The DVB should closely monitor such connections and take prompt action to levy higher tariff in cases of misuse.

4.2.4.4 kVAh billing for energy charges for bulk connections (MLHT and LIP)

DVB's proposal

The DVB had already provided electronic tri-vector meters for all bulk connections viz. Mixed Load High Tension (MLHT) and Large Industrial Power (LIP). These meters were capable of recording the energy consumption in terms of kVAh apart from kWh. The billing system comprised of a two part tariff covering the demand charges at the prescribed rate per kVA of the billing demand plus energy charges at the prescribed rate per unit of energy recorded by the meter in terms of kWh. Billing done on kWh basis was stated to have resulted into higher transmission and distribution losses and hence financial losses in cases where the power factor of the consumer was low. The DVB proposed that henceforth energy charges be billed on the basis of kVAh reading recorded by the meter and energy charges be worked out on pro-rata basis taking the power factor as 0.85 lagging. Under this arrangement the energy charges worked out were as given in Table 4.1.

Table 4.1

Sl.No	Category	Supply on HT	Supply on LT
1.	MLHT	Rs. 3.50 kWh Rs. 2.97/kVAh (say Rs. 3/-)	Rs. 4.00/kWh Rs. 3.40/kVAh(say Rs. 3.80)
2.	LIP	Rs. 3.00 kWh Rs. 2.55/kVAh	Rs. 4/kWh Rs. 3.40/kVAh

Responses from stakeholders

The Railways and the NDMC agreed to the proposal of DVB. However, it was suggested that

the incentive for the high power factor should not be withdrawn. Some other stakeholders such as Mayapuri Industrial Welfare Association, Federation of Delhi Small Industry Association and Nariana Small Industries Welfare Association, Phase-I, suggested that there should be no additional penalty for low power factor. Chetna, an NGO, submitted that the minimum charges based on contract load and kVAh should be charged during the peak hour consumption with time-of-day differentiated tariff.

Commission's View

The Commission while deliberating on the issue consulted technical experts apart from the stakeholders who had no objection to such method of billing. After in-depth examination and deliberations, the Commission made the following observations:

- Delhi's power system consists of a large consumer base in the LT sector comprising of industrial, commercial and domestic consumers. The loads that are connected in the system have two components: One drawing active energy whose measurement unit is kilowatt-hour (kWh) and is responsible for doing useful work (e.g. lighting lamps, generate torque in motor, heat in heaters), and second, drawing reactive energy, which is necessary for maintaining the magnetic field in the load. If the reactive energy was not available at the load end locally, the same was drawn from the Grid system leading to additional current flow in the transmission and distribution lines, cables, transformers and switchgears all leading to higher losses in the network.
- The tariff structure especially for the LT consumers charged only for the active energy i.e. for kWh, and therefore, the consumers may not restrict their reactive energy drawl and may not be respecting SEB guidelines in maintaining the stipulated power factor of their load.
- Historically, the issue of penalizing low power factor consumers had been limited mainly to large HT consumers because of the difficulty in measuring kVA which till recently was done through trivector meters. The conventional type of meters cannot segregate power factor and hence can measure either kWh or kVAh. Computing of kVAh based on kWh and kVARh gave erroneous results under varying power factor load conditions and therefore, cannot be used. Hence, the issue of kVA measurement for a consumer was limited to kVA maximum demand for a particular period, that too for large HT consumers.
- The problem of tackling excessive reactive energy drawl by consumers could be addressed if the consumer was encouraged to use shunt capacitors locally and use efficient electrical appliances to minimize reactive energy consumption. This could be achieved by changing the tariff from the existing kWh to kVAh basis. kVAh was an energy parameter whose value did not drop when the load became inefficient. It combined both active load component and reactive load component and thus could be used as a basis and reference for obtaining a measure of efficiency of the load. Consumers would be motivated to draw only the minimum desired amount of current used in an efficient manner, which would facilitate improvement in voltage profile, reduce the T&D losses etc.
- One of the major important infrastructure requirements was to have electronic trivector meters which could read kVAh apart from their

electronic quantities that may be desired. However, the DVB had installed electronic trivector meters where kVAh billing for energy was proposed to be introduced.

In view of the foregoing, the Commission accepted the proposal of Delhi Vidyut Board and ordered that based on the present rate of energy charges, which was worked out on kVAh billing on pro-rata basis taking the power factor 0.85 lagging, the rate of energy charges per kVAh for various categories of bulk consumers would be as contained in the DVB proposal.

4.2.4.5 Applicability of Fuel Adjustment Charges (FAC) to all categories of consumers

DVB's proposal

The DVB was levying Fuel Adjustment Charges (FAC) on all categories of consumers except those who were billed at domestic and agricultural rates. The fuel adjustment charges for DVB were last revised along with tariffs in the year 1997 and were included at the rate of Rs. 1.88/unit. The subsequent increase in average cost of the fuel and power purchase had raised this to Rs. 2.5164 per unit.

The Delhi Vidyut Board proposed to levy fuel adjustment charges on domestic and agricultural categories of consumers to compensate for the escalation in the cost of power and fuel purchase for all categories of consumers. The financial implication had been calculated to the extent of Rs. 295 crore in one year.

Responses from stakeholders

The proposal to levy fuel adjustment charge was strongly opposed by quite a few consumers since that would have the effect of raising the tariff steeply between 20% to 65% for various consumption categories. Various stakeholders

pointed out that it was not fair on part of DVB to burden the consumer tariff with FAC. Instead, it was suggested that the DVB should generate revenue by reduction in T&D losses which were in the range of 45%.

On this issue, the Commission directed the DVB to intimate whether FAC had been levied on domestic and agricultural consumers in the past and if so, when and from which date these categories had been exempted and reasons thereof. In response to this direction, the DVB submitted that provision of levy of FAC had been made in the tariff for the year 1993-94 and 1994-95 which was later withdrawn by the erstwhile Delhi Electricity Supply Undertaking with effect from 1st October 1993. The policy decision for the withdrawal of FAC in the tariff for domestic and agricultural consumers was taken by the Government of NCT of Delhi in the year 1997-98. On 12.01.01, the Government of NCT of Delhi had communicated that no separate order on FAC for the remaining part of the current financial year was favoured by the Government.

Commission's View

The Commission observed that the detailed tariff proposal for the year 2001-02 had to be filed by the Delhi Vidyut Board very shortly and the same would have been effective from the next financial year. Since the proposal of FAC could have been operative only for a period of about two months for the financial year (2000-01), the Commission felt that it would be prudent to wait for the detailed tariff proposal for the year 2001-2002 and the issue be examined in totality along with the other related inputs for determination of tariff. The proposal to levy FAC on domestic and agricultural consumers was, therefore, not acceded to by the Commission. However, appreciating the necessity of covering

the revenue gap on account of non-levy of the FAC on these categories of consumers, the Government of NCT of Delhi, according to the provisions of the Delhi Electricity Reform Ordinance 2000, was to provide the requisite subsidy, which would be worked out by the DVB. The Commission further ordered that in future, the proposed tariff would incorporate the projected revenue requirements on account of FAC.

4.2.4.6 Uniform tariff for non-domestic connections

DVB's Proposal

At the time of submission of proposal, the non-domestic consumers were billed as under:

Single phase consumers: Rs. 3/- per unit + FAC

Three phase consumers: Rs. 4/- per unit + FAC

The DVB had proposed to levy uniform charges for single phase and three phase consumers at rate of Rs. 4/- per unit plus the FAC. By way of this exercise, the DVB expected to mop up Rs. 52.2 crore in one year.

Response from Stakeholders

The Railways did not agree to this proposal on the grounds that this would place an extra burden of 27% on the single-phase consumers. The Mayapuri Industrial Welfare Association, the Naraina Small Industries Welfare Association, Phase I, and the All India Induction Furnace Association as well as the NDMC had, however, suggested that the Tariff should be the same for all non-domestic categories.

Commission's view

It was noted by the Commission that the requirement for single phase or three phase connections was consumer specific and was largely of technical nature. There was merit in the argument of the DVB to have the same tariff for

both types of connections in the same category of consumers. The Commission, therefore, accepted the proposal of the DVB to that extent. However, the Commission declined the proposal of DVB to have higher unit charge (Rs. 4/- + FAC) for both the connections.

4.3 Order on Annual Revenue Requirement (ARR) for 2001-2002 and Tariff Determination Principles for the Years 2002-03 till 2005-06 for Delhi Vidyut Board, 23.05.2001

4.3.1 DVB's proposal

The Commission had forwarded to the Delhi Vidyut Board (DVB) "Guidelines for Revenue and Tariff Filing" in the month of October 2000. On 30th January 2001, the Commission received the documents titled "Annual Revenue Requirement for the Year 2001-02 and Tariff Determination Principles for the Years 2002-03 till 2005-06". After removal of preliminary deficiencies and deposit of prescribed fees by DVB, the Commission on 2nd Feb. 2001 decided to admit the petition filed by the DVB.

The proposal had asked for an Annual Revenue Requirement of Rs. 5514 crore for the year 2001-02. The DVB had proposed to meet the ARR by a 35% increase in tariff and 2% reduction in T&D losses, leaving a gap of Rs. 817 crore. The proposed tariff was estimated on the basis of DVB's perception of the ability of the consumers to pay for the service. The proposed increase in tariff ranged from 14% to 53% in different categories. The proposed tariff increase was based on the presumption that the DVB would be privatised in the coming year and, therefore, the Petitioner did not claim certain expenses such as past losses which it may have been otherwise permitted (and required) to recover through tariff increases as these were expected to be accommodated in the

privatisation scheme. Other requests in the proposal included increase in minimum charges, change in the load limit of bulk consumers from 100 kW to 50 kW and tariff determination principles for the years 2002-03 till 2005-06 according to a set formula. Deficiencies in the filing included unaudited accounts before 1991-92, lack of separate information on transmission and distribution business, assets, forecast figures, subsidies and embedded and marginal cost study.

4.3.2 Proceedings by the Commission

4.3.2.1 Publicity given to the proposal

Wide publicity was given to the petition by the Commission in the press as well as on the website and stakeholders were given opportunity for filing their responses within 20 days.

4.3.2.2 Response from public and notices for public hearings

The Commission received 523 responses and short-listed 155 respondents for personal hearing. The selection of respondents for personal hearing was confined to representative groups of various categories of consumers and to those organisations, which were considered to be representatives of consumers' interest. Some individual respondents, who had made submissions that indicated knowledge of the power sector, were also selected. Public hearing in 14 sessions was held from 14th March to 27th March 2001 and the DVB was asked to submit issue-wise reply to objections raised by the respondents.

4.3.2.3 Continuation of proceedings on enactment of Delhi Electricity Reform Act, 2000

The Petitioner informed that the petition filed by them earlier in accordance with the provisions of the ERC Act, 1998 may now be considered to have

been filed under the Delhi Electricity Reform Act, 2000 and all acts and filings done in the context of the previous Act be deemed to have been done under the provisions of the Comprehensive Conduct of Business Regulations notified on 9th March 2001 by the Commission. After considering the request of the Petitioner, the Commission decided to accept the same in public interest and it was decided that the proceedings should be continued under the Delhi Electricity Reform Act, 2000 in continuation to the proceedings, which had already been taken up. The Commission also published public notices to this effect in leading English and vernacular dailies published from New Delhi. No objection to the continuation of proceedings under the Delhi Electricity Reform Act, 2000 was received from any consumer or stakeholder.

4.3.3 Response from stakeholders

4.3.3.1 Procedural objections

Procedural objections included denial of opportunity for active participation, quality of filing, legal status of DVB, competence for filing petition, DVB's role in effecting privatisation and five-year tariff determination principles. On these objections, the Commission elicited response from DVB and observed that:

- adequate publicity was given to the proposal
- in the overall interest it would not be prudent to reject the filing due to its poor quality; instead, further information may be taken to refine the filing and bridge the information gap
- according to the Delhi Electricity Reform Act, 2000, there was no bar against tariff determination petition filed by the DVB

The DVB stated that it was the nodal agency, which under directions of the Government, took steps for

reforms and for privatisation of the power sector in Delhi. It felt that being the only agency having the expertise in this field, the DVB did have a role to play in the process of privatisation.

4.3.3.2 On T&D losses

Majority of the consumers believed that the tariff hike was an attempt to cover up DVB's inefficiency in regulating T&D losses. General objections were regarding abnormally high T&D losses as compared to other similarly placed utilities, doubts on statistics, deficiencies in metering and billing system, negligible target of 2% loss reduction, need for scientific analysis, energy audit and firm approach in checking losses.

DVB responded by mentioning that substantial reduction in T&D losses was not feasible. It was stated that the DVB would like to be compared with other SEBs rather than private utilities. Technical losses were high due to shortcomings in the system and besides theft, other factors responsible for high losses were billing and metering inefficiency and difficulties in JJ clusters which were responsible for commercial losses. DVB submitted that it had also taken certain steps to reduce T&D losses. These included metering camps, capacitor installation, use of superior quality meters, selective load shedding in theft prone areas, kVAh billing, private participation in billing and computerisation of billing system etc.

The Commission observed that there was a reversal of trend in T&D losses and stressed the need for energy audit, reliable data and scientific methodology for estimation of losses. It also felt that massive losses could not be reduced drastically over a short period of time and that tariff hike was not a remedy for compensating revenue loss due to high T&D losses.

4.3.3.3 On Tariff Structure

The stakeholders felt that the rates were already very high and the abnormally high rates proposed were not justified. DVB's argument that tariff had not been hiked since 1997 was not convincing as FAC had been levied on all consumers except domestic and agricultural. Minimum charges should be related to fixed costs rather than tariffs and should be abolished as they were contrary to the spirit of energy conservation. Several stakeholders suggested pricing mechanisms also, such as, cost plus and index related.

DVB responded by mentioning that levy of minimum charges was in accordance with the provisions of section 22 of Indian Electricity Act, 1910 and was a standard practice in all other SEBs.

The Commission observed that although levy of minimum charge encourages wasteful use of energy, they ensure minimal returns to the utility for its investments in fixed assets. However, since fixed charge cannot be estimated in the absence of embedded cost study and also due to its linkage with sanctioned load, it adversely affected demand-side management of the utility. As such, the Commission did not agree to the proposed increase in minimum charge except that domestic consumers were now required to pay minimum charge at a uniform rate of Rs. 60/- per kW per month for all loads and expressed its wish to move to the system based on meter rating rather than sanctioned load.

4.3.3.4 Domestic Consumers

Several stakeholders stated that introduction of 1 to 50 units slab was unjustified. They also had objections to subsidised tariff to categories other than domestic, exploitation by contractors in JJ clusters and the problem of billing on MDI as well as

energy basis in Co-operative Group Housing Societies (CGHS) flats.

DVB had clarified that CGHS consumers were charged either on MDI or on energy basis but not on both. Although there might be some exploitation in JJ clusters, they were not charged on fixed charge basis but according to DVB's circular of 3rd January 2001.

4.3.3.5 Industrial Consumers

Industrial consumers objected that the tariff hike would have an adverse effect on industrial activity and submitted their grievance regarding levy of subletting charges, misuse charges, minimum consumption guarantee (MCG) charges, demand charges alongwith minimum charges, normative consumption limit, change of load limit from 100 kW to 50 kW for bulk consumers, differential treatment for consumers operating from non-conforming areas, poor quality of supply, need for Time of Day (ToD) metering, long lock-in period, no incentive for high power factor, complex procedure for DG set permission and lack of space for transformer installation.

The DVB had responded mentioning that there was no eventuality that demand and minimum charges were levied simultaneously. Levy of higher tariff on industries functioning without the approval of municipal authorities was in pursuance to the policy of the Government to check the growth of unauthorised units. Poor quality of supply had been attributed to conditions of Northern Grid, overloading of the system, poor power factor of consumers and its ageing equipment. ToD metering was not feasible as majority of the consumers did not have electronic meters. Reduction in the load limit for bulk consumers had been supported by stating that such limit was lower in other utilities.

MCG charges were levied according to the ruling of Supreme Court in the case of M/s Ashoka Soap Factory for actual number of days on pro-rata basis and, in addition, some rebate was given for breakdowns. The lock-in period may also be reduced from five to two years for bulk consumers and from two to one year for others. The incentive for maintaining high power factor was in-built in the kVAh billing system.

The Commission felt that system upgradation in terms of LT to HT and installation of trivector meters synchronised with this tariff Order was not feasible. Hence the proposal of change of load limit from 100 kW to 50 kW had not been accepted and the Commission expressed that it would like to move towards voltage-linked tariff. The Commission observed that MCG charges were justified but the rebate for breakdowns should also include the period of non-availability of power during peak load restrictions. The proposed reduction in lock-in period had been accepted.

4.3.3.6 Agricultural and Non-domestic Consumers

Mushroom cultivators requested for annual adjustment of minimum charges as electricity was not required by them during winters. Poultry farmers wished to be considered as agricultural consumers. Being in hospitality business, hotels demanded for domestic tariff and wanted automatic approval of load requirement. Motion picture exhibitors wished to be considered as industrial consumers as Government of India had declared Cinema as an industry.

The Commission felt that all the above activities were commercial in nature and hence non-domestic tariff would continue to be levied on them. In the power deficient situation, the present system for change in load would continue.

4.3.3.7 On general performance of DVB

The general theme of comments was that the tariff increase penalizes consumers for DVB's own inefficiencies without any improvements in quality of service. The stakeholders were quite dissatisfied with huge employee expenses mainly because of overstaffing and with the casual approach of employees. The electricity consumption by DVB was also stated to be very high. Several complaints and suggestions were also made regarding metering and billing.

The DVB expected the staff strength to go down from the then 24,500 due to retirements in near future. Their ratio of 3.3 employees/MU was stated to be better than that in some other States. High increase in its electricity consumption was due to the metering drive in the year. Subsidised electricity to employees was provided as a facility similar to other State Electricity Boards. It was stated that Indian Marketing Research Bureau was investigating the reasons for billing problems. Meanwhile, an on-line consumer care centre was being set-up in Darya Ganj. Further, tamper-proof superior quality meters were being used to avoid metering problems.

The Commission had taken note of the widespread dissatisfaction with the quality of service and decided to take up the matter in a comprehensive manner in due course of time.

4.3.3.8 Utilities

The NOIDA Power Corporation had sought clarifications in DVB's ARR, while AES(India) Pvt. Ltd. wanted the tariff to be related to price index. BSES wanted to fix the price of bulk supply together with retail supply and the T&D reduction targets to be based on realistic conditions.

4.3.3.9 Northern Railways

The objections raised by Railways related to treating maximum demand recorded during the preceding 11 months as billing demand, incentive for leading power factor and prompt payment, metering to be done at Railways premises, request for subsidy and levy of bulk supply tariff, capacity blockage charge and electricity duty.

The Commission observed that grievance regarding simultaneous maximum demand had been addressed in the new tariff and the incentive for power factor improvement was in-built in the kVAh billing system. Since Railways starts drawing power at the DVB substation, metering had to be done there itself. DVB was asked to continue to levy and retain electricity duty for next 3 billing cycles and if MCD furnished a satisfactory reply within this period, the same was to be passed on to MCD, otherwise it was to be refunded to the Railways.

4.3.3.10 Delhi Metro Rail Corporation

DMRC wanted it to be treated as a separate category like NDMC/MES and being a social utility had demanded subsidy in tariff. The Commission felt that for initial requirements DMRC was to be treated as a bulk consumer.

4.3.3.11 New Delhi Municipal Corporation and Municipal Corporation of Delhi

The NDMC had stated that the jurisdiction of the Commission did not cover NDMC and it was to be treated as a licensee. The tariff had to be fixed according to the guiding principles laid down by the erstwhile Ministry of Power & Irrigation in 1972. The MCD had pointed out the poor maintenance position of street lights.

The Commission noted that although NDMC was

not in its jurisdiction, it could fix the tariff to be charged to NDMC by DVB and being a licensee NDMC should be charged at the cost of supply. While fixing the tariff for maintenance of street-lights, the Commission had given due consideration to its poor maintenance condition as well.

4.3.4 Annual Revenue Requirement of DVB for the Year 2001-02

The Commission had observed that there were inconsistencies in the information submitted by the DVB and that the information furnished was not complete. Doubts were also expressed by the Commission on the methodology followed by the DVB, which in any case was based on unaudited internal data. The Commission was not in a position to verify the information submitted by DVB in the absence of audited accounts for the previous years. Under these circumstances, the Commission had based its computation of the allowable expenses for the year 2001-02 to be included in Annual Revenue Requirement (ARR) on the following broad principles:

- The Commission had either accepted DVB's projection (as in the case of power purchase costs) or had used the latest available annual accounts of 1998-99 as the base (as in the case of employee costs) for projecting most of the cost elements.
- In certain areas like own generation, the Commission expected DVB to be more efficient and, therefore, some incremental improvement over past years had been incorporated into the ARR.

The Commission also stated that it would conduct an year end review of all the expenses of the utility

for the year 2001-02 along with the next ARR filing

Table 4.2: Annual Revenue Requirement for DVB for year 2001-02

All figures in Rs. crore

Details	2001-02 (Proposed)	2001-02 (Approved)
Cost of Generation (only fuel)	414	377
Power purchase costs	3,708	3708
Employee expenses	446	411
A & G expenses	84	72
R & M expenses	109	109
Interest on loans	509	311
Bad debts	114	0
Provision for bad debts		86
Shortfall in collection	70	0
Depreciation	249	262
Total Expenses	5,703	5,337
Allowed Surplus	74	71
Total Annual Revenue Requirement	5,777	5,408
Non-tariff Income	174	168
Aggregate Revenue Requirement	5,603	5,239

and determine any over or under recovery of allowable costs of DVB during the year for any adjustments in the next year's ARR.

Table 4.2 summarises the proposed and approved Annual Revenue Requirement of DVB for the year 2001-02.

4.3.5 Tariff proposed and approved

The DVB had proposed an overall increase in tariff of 35% (still leaving an uncovered revenue gap of about Rs. 895 crore to be carried forward to the next year with carrying cost of 20% p.a.). The increase in tariff for domestic, non-domestic, small industrial power and large industrial power category of consumers was 50%, 30%, 25% and 15%, respectively.

The DVB had further stated in the petition that in case its privatisation was not completed in the near future, the price hike could be as high as 100%. The last revision of electricity tariff in Delhi was effected in 1997.

The Commission, having deliberated the matter in detail, had approved an overall increase in tariff by about 15% by taking T&D loss level of 46.8% for revenue calculation. Table 4.3 gives existing, proposed and approved tariffs for different categories of consumers.

There was no change in demand/minimum charges except in domestic category of consumers with loads upto 2 kW where minimum charges were raised from Rs. 50/- to Rs. 60/- per kW per month.

The above tariffs approved by the Commission were inclusive of Fuel Adjustment Charges (FAC) and henceforth, FAC was not to be levied separately and retrospectively any more.

The Commission recognised that the increase in domestic tariff had been proportionately more as compared to those for other categories. The higher increase was to be appreciated in the context that till the issuance of this Order levy of FAC was applicable only to commercial and industrial consumers and the domestic and agricultural consumers were spared from the levy of FAC, which, as on preceding year, stood at about 66 paise per unit. Nevertheless, the domestic consumers even after moderate increase of about 22% continued to enjoy the benefit of subsidized tariff (upto consumption level of about 200 units per month) specially those in lower slabs of consumption. Further, the Commission had ensured that the poorest category of consumers in the

Table 4.3: Existing, proposed and approved tariff

S. No.	Category	Existing (Paise/Unit)	Proposed (Paise/Unit)	Approved (Paise/Unit)
1	Domestic 0-50 units 51-100 units 101-200 units 201-400 units above 400 units Domestic power	100 100 175 250 300 300	175 250 300 400 450 450	125 (upto 50 units) 150 (0-100) 210 300 360 360
2	CGHS (single delivery point)	195	352	253
3	Agricultural	50	75	75
4	Non-domestic: Single phase Three phase	365.81 465.81	525 525	440 500
5	SIP	365.81	460	410
6	LIP: 11 kV 400 V	365.81 465.81	425 360/kVAh 525 450/kVAh	340/kVAh 425/kVAh
7	MLHT: 11 kV 400 V	415.81 515.81	485 415/kVAh 575 490/kVAh	390/kVAh 465/kVAh
8	Railway Traction	365.81	425 360/kVAh	340/kVAh
9	NDMC/MES	251	350	270/kVAh
10	Public Lighting	295.81	525	360

consumption level of about 50 units per month which was estimated to meet the minimum requirement for them, were insulated by way of a 'lifeline' rate of Rs.1.25 per unit.

The Commission had fully appreciated that if the T&D losses were brought to acceptable standards, the gap between requirement and collection of revenue would be minimal. However, taking a practical view in the context of ground realities, an upward revision of tariff was considered inevitable in the long-term interest of utility and the consumers. Left with this alternative, the Commission sought to design the tariff structure after considering the effect of tariff revision on the financial viability of the DVB and the billing impact on the consumers.

4.3.6 Directives issued to DVB

The Commission had given a number of directives to the DVB particularly to tackle the most vital area of high T&D losses. Amongst others, DVB had been asked to conduct a complete energy audit (right upto LV level) for one feeder for each of the Circles. Time bound action plans for (i) metering during the current year; and (ii) for electrification of pre-1993 colonies that could be regularised during the current year were also asked for. DVB had also been asked to prepare a pilot project for real time energy audit as well.

Noting infirmities in the principles for levy of minimum charges and in an effort to move towards a two-part tariff to encourage energy conservation, the Commission had also sought a base paper for devising the system based on meter rating so that the reliance on sanctioned/connected load could be dispensed with.

The Commission had reinforced the process of system improvement inducted through the kVAh billing by encouraging installation of capacitors by consumers.

4.3.7 Changes in the Tariff Schedule

The Commission noted that there were a few grey areas in the Tariff Schedule. Accordingly, efforts were made to ensure that the Tariff Schedule was rationalized, devoid of any ambiguity. In redefining the 'billing demand', the provision of levy of demand charges based on maximum demand in the preceding 11 months had been deleted and the consumer was to be billed for the highest kVA drawn from the system in the form of higher demand charges on month to month basis. Definition of connected load had been modified to exclude load of all power plug sockets for the

purpose of load assessment and that too was to be computed after allowing a tolerance of 5% to take care of any assessment error in connected load computation. The tolerance of 5% on contract demand had been allowed and thus contract demand violation charges were to be applicable to the MDI reading if it exceeded contract demand by more than 5%. The Commission had also disallowed any misuse charges levied for supply of power to activities incidental to the main activity provided that the load for such activity was within 10% of the sanctioned load or 10 kW, whichever was less. Industrial consumers were also not to be levied misuse charges for use of electricity for domestic or non-domestic purposes by any agency even other than the registered consumers provided the main activity continued. The load limit, however, was to be 10% of sanctioned load or 10 kW, whichever was less. The Commission had not accepted DVB's proposal for reduction of load limit for bulk consumers from 100 kW to 50 kW considering the feasibility of the scheme and the difficulties stated by affected SIP consumers during public hearings. The rationalised Tariff Schedule was expected to provide relief to consumers and the consumers were expected to familiarise themselves with the exact details in order to derive tariff intended benefits.

4.3.8 Tariff determination principles for 5 years

While deliberating on the issue of tariff principles for five years, proposed by DVB, the Commission observed that while it was aware of its responsibility for facilitating the participation of the private sector as outlined in the Reform Act and was willing to consider any suggestion in this regard yet it felt that the nature of data available with the utility did not generate confidence for suggesting a long term formula. Also any multi-year tariff principle must

necessarily include efficiency improvement measures and reflect the expected benefits of these efficiency improvements. In conclusion, the Commission found that although "multi-year tariff setting principles" is an issue that merits consideration, time was not yet ripe for fixation of multi-year tariff principles for the purpose of this Tariff Order.

4.4 Order on Joint Petition for Determination of Bulk Supply Tariff for the period till 31st March, 2002 and Determination of Opening Levels of Aggregate Technical & Commercial losses, 22.02.2002

4.5 Filing of Joint Petition with the Commission

4.5.1 Receipt of proposal

After the notification of Transfer Scheme and Policy Directions by the Government of NCT of Delhi, a Joint Petition was filed before the Commission by Central-East Delhi Electricity Distribution Company Limited (CEDEDCL), South-West Delhi Electricity Distribution Company Limited (SWDEDCL), the North North-West Delhi Distribution Company Limited (NNWDDCL) and Delhi Power Supply Company Limited (DPSCCL) on 21st December, 2001 for determination of Bulk Supply Tariff to be charged by Delhi Power Supply Company Limited for the period till 31st March, 2002 and determination of opening levels of Aggregate Technical & Commercial losses(AT&C losses) for these companies.

4.5.2 Submissions made in the petition

In the petition, the Petitioners stated that:

- they were wholly owned undertakings of the Government of NCT of Delhi. This petition had been filed jointly as the issues involved were inter-linked and there was no conflict of interest amongst the petitioners.

- in accordance with the provisions of the Transfer Scheme, the petitioners had succeeded to the assets and functions of Delhi Vidyut Board.
- with the coming into existence of TRANSCO as intermediary Company and DISCOMS as three Distribution Companies, it had become necessary to determine the bulk supply tariff, namely, the tariff and the terms and conditions on which the TRANSCO would sell electricity to the three Distribution Companies.
- in view of the principles laid down in the Government of the NCT of Delhi, Policy Directions and the Bulk Supply Tariff for each DISCOM should be determined on the basis of its paying capacity, which in turn, would be dependent on the consumer profile, losses and the expenses other than power purchase.
- since the date for submission of the bids was January 31, 2002, therefore, the issue of requisite order by the Commission was necessary to enable the bidders to bid for the majority shareholding in the three Distribution companies by facilitating investors to have a full idea of various elements (revenue, expenses) in fixation of Tariff, before bidding.
- the Commission was to issue the tariff order on the basis of the notified (but not effective) Transfer Scheme and in accordance with the provisions of these Policy Directions.

4.6 Proceedings by the Commission

4.6.1 Publicity for seeking responses from stakeholders

The Commission published a gist of the petition in leading newspapers. The stakeholders could also take copy of the petition from the Commission

office or through post or from the Commission's website. The stakeholders were requested to file their responses by 16th January 2002, which was later extended to 28th January 2002. The stakeholders were also apprised of the developments through advertisements at various stages of the proceedings

4.6.2 Request for impleading DVB in Joint Petition

On 4th January 2002, a request was also received from Delhi Vidyut Board for being impleaded as a party to the proceedings and the Commission acceded to the request for DVB being impleaded as a party to the petition. The stakeholders were apprised of this development through a press advertisement on 8th January 2002.

4.6.3 Additional inputs from and technical session with the petitioners

The first technical session was held on 12th January 2002 and in follow up thereto, various deficiency memos were issued to the petitioners on which the petitioners submitted their responses. The process of interaction and assimilation of additional inputs continued till 21st February 2002.

4.6.4 Receipt of responses from stakeholders and public hearing

The Commission received 36 responses from stakeholders including 5 individuals and 31 organizations. The Commission short-listed 21 respondents for appearance before the Commission for presenting their view points during the course of public hearing. The Commission fixed the programme for public hearing of respondents and also invited stakeholders from different quarters to participate in the public hearing process on the petition filed before it.

On a reference made by the Commission to the Government on 18.12.01 stating that the directions

contained in some of the paras were contrary to the statutory provisions of the Act, the Government through its letter of 24th December 2001 clarified its stand that it does not find any ground to modify the notification and this shall be taken as the decision of the Government in terms of section 12(2) of the Act. On behalf of the Government it was clarified that it would restrict its responses to the issues, which relate to the Policy Directions and related matters requiring clarifications.

During the public hearing held on 1st February 2002, various points were raised by respondents/stakeholders on different issues. The issues raised by stakeholders, the response thereon of the respondents and the Commission's viewpoint on these issues are summarised in subsequent sections.

4.7 Response from Stakeholders

4.7.1 Legal Issues

4.7.1.1 Objections

Several stakeholders raised the issue of the legal status of the petitioners and their conformity with legal provisions to file the instant petition. They submitted that the said petition was premature, as four non-existent companies had filed it and that the companies existed only on paper. They further pointed out that the petition merits rejection since the operating licenses required under section 11 of the Act had not been granted to these companies. Some of the stakeholders vehemently argued during the public hearing that the joint petition was misconceived and non maintainable and was ultra vires of the provisions of the Act. Further, the Policy Directions issued by Government were specific directions and not Policy Directions within the meaning of section 12 of the Act.

4.7.1.2 Petitioners' Response

On the legal maintainability of the petition, the petitioners opined that the Delhi Vidyut Board being presently authorized to engage in the business of generation, transmission and bulk and retail supply of electricity, was entitled to file the petition for determination of Bulk Supply Tariff and opening level of losses in the distribution areas. In view of the binding nature of the Policy Directions, the determination of the BST and the opening level of losses was necessary in connection with the on going privatisation/disinvestment process undertaken by the Government of NCT of Delhi and that the Commission was required to determine the BST and the opening level of losses even independent of any petition filed by the DVB. The petitioners also defended their stand on the ground that the DISCOMs were duly incorporated companies and that they had been given the certificate of commencement of business.

4.7.1.3 Commission's view

The issue regarding *locus-standi* of the petitioners in making these filings for determination of opening AT&C loss levels and BST was carefully examined by the Commission. The Commission was aware that DPSC, CEDEDCL, SWDEDCL and NNWDDCL were not the licensees at the time of filing the petition under the DERA, 2000. However, the Commission recognized that according to the said Policy Directions, the Commission was required to determine the opening loss levels and BST for DISCOMS and TRANSCO to enable prospective bidders to bid for the majority of the share holdings in the three distribution companies. The Commission noted that the petitions were pursuant to and in accordance with the Policy Directions and concluded that in totality of the facts and

circumstances of the case, the instant petition were maintainable and thus deliberations thereon were within the scope and ambit of functions of the Commission.

4.7.2 Restructuring of DVB including Privatisation and Policy Directions by the Government

4.7.2.1 Objections

The stakeholders contended that the decision to unbundle the DVB appeared to have been made in desperation without making an in-depth study and after inviting suggestions/opinions from the public. One of the stakeholders added that with the proposed methodology, the assets of the DVB would be reduced to zero, while the burden of the Government loan to the tune of Rs. 2600 crore would ultimately fall on the consumers. Another objector submitted that the single-buyer model being envisaged in the Policy Directions issued the Government of NCT of Delhi was unconstitutional and contrary to the extant electricity laws. A number of stakeholders also raised serious concern on the valuation of assets of DVB before privatisation and objected to the sale of shares at face value, which in one objector's opinion was around 10% of the market value of the assets. The DVB Engineers Association as well as the DESU Majdoor Sangh drew attention towards their concerns relating to payment of post retirement benefits to employees after unbundling of DVB citing the pension rules as applicable to DVB.

Objections on Policy Directions related to the violation of independent statutory function of the Commission by these directions, assured minimum return of 16%, limitation of incentives to 10-15% for overachievement, bidding criterion, AT&C losses, loan of Rs. 2600 crore to TRANSCO during transition period etc.

4.7.2.2 Government's Response

On the objections raised on Policy Directions, the Government stated that these directions had been carefully deliberated upon and were finalized after requisite legal advice. On the bidding criteria, the Government responded that the criteria had been chosen so that the investors had to make commitments to reduce losses adequately and that too in a given time frame. On the assured returns and the incentive scheme, the Government argued that it would stipulate the minimum loss reductions to be achieved each year for the next five years. On the revenue bridging loan of Rs. 2600 crore to the TRANSCO, the Government have stated that the minimum loss reduction targets to be stipulated for bidding and the assumptions of reasonable tariff increases shall be adequate to ensure the turnaround.

4.7.2.3 Petitioners' Response

On the issues related to single buyer model being envisaged by the Policy Directions, the petitioners submitted that the legal and constitutional issues raised in this regard were non-existent and that there was nothing contrary to the Constitution of India or general principles of law in reforms being undertaken by the Delhi Government. The petitioners further submitted that the Government's reform and privatisation package had been designed to bring in efficiency improvements. As regards queries made on terminal benefits by Unions/Associations of employees, the petitioners submitted that the Government of NCT of Delhi had already agreed to fund the un-funded portion of the Terminal Benefit Liability as on the date of effectiveness of the Transfer Scheme.

4.7.2.4 Commission's View

The Commission brought out that with its establishment, the authority to regulate the power sector was vested with the Commission and that the Government of NCT of Delhi was vested with the policy determination role. The Commission was mandated to implement the policies as long as the costs of the policy decisions were borne by the Government of NCT of Delhi under section 12 of the aforesaid Act. The tariffs and revenues of the distribution entities even after privatisation, would continue to be regulated by the Commission within the framework of the Policy Directions notified by the Government of NCT of Delhi. On the issue of violations of constitutional provisions, the Commission was of the view that the same were not within its purview. In regard to the concerns raised by the employees, the Commission expressed its belief that the Government of NCT of Delhi would ensure that these concerns were addressed in accordance with the Tripartite Agreement. On the issue of valuation of assets, it was noted that the same was an integral part of the Statutory Transfer Scheme formulated by the Government of NCT of Delhi. As regards the loan liability of Rs. 2600 crore to TRANSCO, the Commission was of the view that no burden on this account would be passed on to the consumers. The Commission also clarified that any tax incidence on the additional revenues retained by the DISCOMs in accordance with the incentive scheme envisaged in the Policy Directions would not be eligible as pass through for future tariff determination purposes.

4.7.3 Quality of filing

4.7.3.1 Objections

Several objectors pointed out the incompleteness and inaccuracy in the data filing by the petitioners. It was also stated that the detail workings of AT&C loss and revenues and their segregation into category-wise and DISCOM-wise levels were not available. The objectors pointed out that the DVB and joint petitioners had continuously maintained that audited annual accounts and fixed asset register were not available and there was arbitrariness in the segregation/apportionment of assets between the DISCOMs.

4.7.3.2 Response from Government & Petitioners

The Government stated that in the past one and a half years, DVB had finalised the accounts of the past six years including the accounts of the year 2000-01. It was stated that all efforts were being made to get the accounts audited by CAG and this work would continue to receive priority.

As regards specific queries on break up of revenue in data formats and energy balance, the petitioners submitted that for revenues, the filing assumed tariffs same as those of 2001-02 and hence only average billing rates had been worked out. The energy balance for computation of AT&C losses was submitted by the petitioners on 12th January 2002. Replies to specific queries on discrepancies of numbers were also provided by the petitioners.

4.7.3.3 Commission's View

The Commission raised serious concern over the quality and deficiencies in the information compilation system of the DVB. The Commission was also aware that the requisite improvements in the information system could not be achieved in a short time. It was a legacy of the working practice

prevailing over a number of years. The Commission, however, was of the view that rejection of the petition merely for lack of information in the desired detail and formats prescribed by the Commission would not be prudent and the petitioners were directed to initiate actions on a priority basis for filling the data gaps. The Commission, therefore, sought additional clarifications and information/ supporting documents on a number of issues related to revenues, power purchase and losses etc. during further interactions with the petitioner in the course of these proceedings.

4.7.4 Aggregate Technical & Commercial losses

4.7.4.1 Objections

The stakeholders raised strong objections against the application and definition of AT&C loss as described in the Policy Directions notified by the Government on which the said petition was filed. According to the stakeholders, the application of AT&C loss as defined would encourage high technical loss, short billing and poor collection rate. The stakeholders further advocated the need to specify loss for distribution business into five categories, viz. HT transmission loss, LT distribution loss, Theft, Non-billing losses and Non-collection losses. The stakeholders also suggested that in order to establish theft of electrical energy, sample measurement and accounting of the sub-station and feeders needed to be established.

Several stakeholders expressed their concern over such a high level of AT&C losses and contended that the petitioners have deliberately shown higher level of losses to maximise their benefits. The stakeholders stated that the petitioners had an obligation to spell out as to what was the methodology for achieving loss reduction/efficiency gains to be achieved over the next five years. No such details had been specified

in this regard. It had been prayed that the Commission should order conduct of a scientific study based on which the petitioners need to furnish viable technical and investment plans to achieve the desired trajectory of reduction in losses/efficiency gains.

4.7.4.2 Petitioners' Response

The petitioners acknowledged that most of the issues as regards AT&C loss raised in public responses cover two key parameters viz. uncertainty of the T&D losses and Collection Efficiency. The petitioners submitted that reduction of technical losses could be achieved only by refurbishment of network, even though the diagnostic process and the actions required would take time to show results as the networks vary widely in density, structure, voltage (as they have evolved in time) with variable load factors and systemic peaks. Similarly, the reduction of non-technical losses (otherwise known as commercial losses) was even more complex and, therefore, the improvements could only be gradual. However, efficiency improvements could be brought about by measures of the following nature:

- Unauthorized consumers brought into billing net
- Proper/Efficient service in timely delivery of bill at correct addresses
- Accurate metering of all consumers
- Computerized online billing system
- Reading of all meters to reduce provisional billing
- Installation of capacitors
- Power factor improvement
- Energy Audit
- Enforcement

Installation of 100% accurate meters, which were tamper-proof and having a long life, could be a long drawn out and mammoth task. Bringing in the large number of unauthorized consumers (running into lakhs) into the billing net in unapproved colonies and JJ basties (a peculiar phenomenon in Delhi) was more difficult and complex than merely metering a system that has already been created. The process of electrification of these areas, which had developed in a haphazard manner, was a difficult and time-consuming task.

4.7.4.3 Commission's View

The Commission deliberated on the concerns raised on the Policy Directions issued by the Government specifying the methodology for computation of losses, which had invited criticism from all categories of stakeholders. The Commission took note of the objections raised regarding the concept of merging the T&D loss with collection inefficiency. The Commission also took note of the rationale provided by the Government in this regard while responding to the issue of Policy Directions.

The Commission opined that passing high collection inefficiency on to the consumers in an environment of unsustainable T&D loss levels may exert further upward pressure on retail tariffs during the initial years of reform. The Commission concurred with the view of the stakeholders that collection inefficiency on account of overdue payments from public bodies like the State Government would further burden the consumer tariffs. The Commission was of the belief that it was incumbent on the Government to ensure payment discipline on the State sector utilities and, accordingly, in the overall interest of the sector, a suitable mechanism was to be evolved amongst others, earmarking the

budget for ensuring payment of electricity dues regularly.

The Commission also pointed out that any loss reduction initiative would have to separately target the technical and commercial loss component including collection inefficiency. While the commercial loss reduction was achievable at relatively lower cost and time lag by adopting efficient systems and better management practices, technical loss reduction may mandate sizeable investment of resources over time. Investment in technical improvements of system would manifest itself in terms of reduced technical losses with a time lag.

be binding on DISCOMS according to the Policy Directions.

4.8 Revenue Requirement of TRANSCO and DISCOMS

The revenue requirement of TRANSCO and the three DISCOMS for the two-month period, Feb-Mar'02, as estimated by the petitioners and as approved by the Commission is shown in Table 4.4.

4.8.1 Revenue Requirement for DISCOMS (excluding power purchase expenses) for the period Feb-Mar'02

The Commission estimated the revenue requirement for TRANSCO and DISCOMS for the entire year and then based on the actual data

Table 4.4: Revenue Requirement for TRANSCO & DISCOMS* (in Rs. Crore)

Company Description	GENCO		TRANSCO		CEDEDCL		SWDEDCL		NNWDDCL	
	Proposed	Approved	Proposed	Approved	Proposed	Approved	Proposed	Approved	Proposed	Approved
Power Purchase			591.00	595.33						
Generation (Fixed & Variable)			86.48	81.51						
Other Expenses as sum of:	20.77	20.55	31.61	26.25	30.69	25.80	53.14	51.51	41.82	40.23
Employee	6.78	5.92	3.83	3.20	18.17	16.34	21.29	19.02	16.04	14.32
A&G	1.53	1.53	2.91	2.91	2.23	2.23	2.20	2.20	1.92	1.92
R&M	3.30	3.21	8.14	7.91	4.20	1.35	4.14	5.75	3.62	4.54
Depreciation	6.66	6.66	7.40	7.25	4.09	4.01	17.43	17.09	13.77	13.49
Interest	0.00	1.15	6.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Contingency Res.	0.43	0.00	0.54	0.27	0.30	0.15	1.28	0.64	1.01	0.50
Income Tax	2.07	2.07	2.70	0.00	1.70	1.72	6.80	6.81	5.45	5.45
Return			4.80	4.99	3.09	3.09	12.27	12.27	9.81	9.81
Less: Non-Tariff Income			0.01	0.01	3.05	2.93	3.80	3.92	2.87	2.93
Total Revenue Requirement			713.88	703.07	30.73	25.97	61.61	59.85	48.77	47.11

*excluding power purchase expenses for DISCOMS

With reference to the suggestion for conduct of a study for estimation of loss levels, the Commission was of the view that it had to strike a balance between an ideal requirement and also a practical approach keeping in view ground realities. The Commission had done due diligence for refinement of data furnished by the petitioners for determination of opening loss levels which would

available and Commission's analysis, estimates for the two-month period of Feb-Mar'02 were made.

The revenue requirement for TRANSCO and each DISCOM (excluding power purchase expenses) for the two-month period, Feb-Mar'02, as estimated by the petitioners and as approved by the Commission is shown in Table 3.4. This Table also shows other expenses such as employee cost, A&G expenses

etc. of GENCO as well. For these expenses, the Commission estimated total expenses for all these five companies and then allocated them on suitable basis amongst the five companies.

4.8.2 Determination of Aggregate Technical and Commercial (AT&C) Loss

As laid out in the Policy Directions, the determination of AT&C loss for each DISCOM involves the estimation of (i) T&D loss (the difference between the units billed and the units input into the DISCOM as a ratio of the energy input into the DISCOM), (ii) Collection efficiency, as the ratio of amount billed to amount collected (iii) Units realised, as the product of units billed and the collection efficiency (iv) AT&C losses, as the difference between units realised and units input into the DISCOM as a ratio of units input into the DISCOM.

The Commission has accordingly adopted the following approach for determination of AT&C loss for each DISCOM.

4.8.2.1 Calculation of Correction Factor and DISCOM energy input at 66/33 kV

As the interface metering data at 66/33 kV level was not available for the past, a correction factor for converting units input at 11 kV level to 66/33 kV level has been used.

4.8.2.2 Calculation of Distribution & Billing loss

The Policy Directions have used the term of T&D loss for this component (para 10) as has been explained above.

4.8.2.3 Calculation of Collection Efficiency

After analyzing the collection efficiencies of each DISCOM for the period for which actual data was available, the Commission was of the view that the petitioners would be able to reach the level

achieved during the previous year of about 90% for the entire distribution business.

4.8.2.4 Calculation of AT&C loss for each DISCOM

The approach given in the above paragraphs was applied for the information submitted by the petitioners for the period April 1999 to October 2001. Further, the Commission had estimated the opening level of AT&C loss for each DISCOM based on the AT&C loss level so computed and the individual operating characteristics of the DISCOMs. The Commission determined the opening

Table 4.5: Opening Levels of AT&C Loss

DISCOM	Opening Level of AT&C Loss
CEDEDCL	57.2%
NNWDDCL	48.1%
SWDEDCL	48.1%
ALL DISCOMs	50.7%

AT&C loss levels permissible for the individual DISCOMs as shown in Table 4.5.

4.8.3 Bulk Supply Tariff

The Bulk Supply Tariff is the rate, which DISCOMs need to pay to the TRANSCO for purchase of power. According to the principles laid down in the Policy Directions issued by the Government of NCT of Delhi, the Bulk Supply Tariff for each DISCOM is to be determined on the basis of its paying capacity. The paying capacity for each DISCOM (amount available for power purchase) is to be computed by projecting the expected revenues and deducting therefrom the revenue requirement excluding the power purchase expenses.

According, the paying capacity of each DISCOM (amount available for power purchase) has been estimated by the Commission based on the projected Revenue Realisation at existing tariffs for two months Feb-Mar'02 and the Revenue

Requirement excluding power purchase expenses for the same period. The Bulk Supply Tariff for each DISCOM has been computed based on the total amount available for the power purchase and the total units input to respective DISCOM and is shown in Table 4.6.

Table 4.6: Bulk Supply Tariff Computation

DISCOM	CEDEDCL		SWDEDCL		NNWDDCL	
	Proposed	Approved	Proposed	Approved	Proposed	Approved
ARR – Excluding Power Purchase (Rs.Cr)	30.7	26.0	61.6	59.9	48.8	47.1
Revenues at Existing Tariff (Rs. Cr)	123.5	133.9	242.3	253.9	173.4	180.1
Electricity Duty (Rs.Cr)	5.9	6.4	11.1	11.6	8.0	8.4
Amount Available for Power Purchase (Rs.Cr)	86.8	101.5	169.6	182.4	116.7	124.5
Unit Inputs (MU)	751.0	768.4	1183.0	1200.3	803.0	816.7
Bulk Supply Tariff (Paise/kWh)	115.60	132.09	143.38	151.96	145.30	152.49

4.8.4 Revenue Gap of TRANSCO

The methodology used above to compute BST ensures recovery of the revenue requirement of the DISCOMs but leaves an unbridged revenue gap in TRANSCO. The Revenue Gap for TRANSCO as projected by the petitioners and as estimated by the Commission for the two-month period Feb-Mar'02 is shown in Table 4.7.

Table 4.7: Revenue Gap of TRANSCO (Rs crore) for Feb-Mar'02

Description	Proposed	Approved
Revenue Requirement (A)	714	703
Revenues		
CEDEDCL	87	101.5
SWDEDCL	170	182.4
NNWDEDCL	117	124.5
NDMC	50	50.5
MES	8	8.5
Total Revenues (B)	432	467.4
Revenue Gap (A-B)	282	236

As observed from the above table, the Revenue Gap of Transco for two month period Feb-Mar'02

as estimated by the Commission is Rs. 236 crore, which is equivalent to Rs. 1414 crore for the entire year.

4.8.5 Directives issued

The Commission noted the lack of desired progress made by the DVB towards implementation of its

Directives issued in the Tariff order of 23rd May 2001. The Commission, taking a strong note in this regard, directed the petitioners to expedite implementation of various directives.

On the objection that in view of Supreme Court Order of

September 2000, the number of industrial consumers being charged industrial should have reduced, the Commission directed the petitioners to examine the issue in detail and submit further information to the Commission in this regard before the next filing.

The Commission further directed the petitioners to:

- to finalise the Fixed Assets Registers separately for each successor entity by 30th June 2002; and
- to provide the break-up of Gross Fixed Assets into Original Cost of Fixed Assets and CWIP by 30th June 2002.

4.9 Order on Petition filed by the National Thermal Power Corporation, 7.3.2002

The National Thermal Power Corporation (NTPC) filed a petition before the Commission praying for an order that the respondent(DVB) should enter

into a new Escrow Arrangement with the suppliers of power after ensuring that it was able to meet its payments obligation in respect of its existing supplies from the petitioner and that such supplies should have a preferential charge on the revenue of the DVB.

The notice was issued by the Commission on the petition filed by the NTPC and the DVB was directed to file their reply, if any, against the petition. The DVB filed their reply and the NTPC filed a rejoinder thereto. The Commission heard the parties and disposed of the petition on 7.3.2002 with a finding that the petition was not maintainable for want of jurisdiction as the petitioner was a generating company and not a licensee and the Commission did not have jurisdiction to adjudicate the disputes between the parties in the instant case.

4.10 New Delhi Municipal Council Vs. Delhi Vidyut Board (Date of Order – 31.5.2002)

The New Delhi Municipal Council, a local body filed a petition under Regulation 57, 58 and 59 of DERC Comprehensive Conduct of (Business) Regulations, 2001 in connection with the order dated 23.5.2001 of the Commission passed in the matter of determination of Annual Revenue Requirement for the Financial Year 2001-02 and tariff determination principles for the years 2002-03 till 2005-06 for the Delhi Vidyut Board (DVB) hereinafter called Respondent. The Petitioner had prayed that: -

Element of electricity tax included in the rate of supply of 270 paise per kVAh and credit for the percentage of line losses be taken into account while determining the supply rates in cases where metering was done at the sending end and no line losses be charged in cases where metering was done at the receiving end.

The electricity tariff from the NDMC be charged on different rates of supply at different kVAh i.e. paise 237, 244 and 254 per kVAh for supply at 66 kv, 33 kv and 11 kv, respectively.

The Petitioner had stated that the tariff for them was being determined according to the procedure laid down by the Ministry of Irrigation and Power in the guiding principles laid down in the year 1972, which provided for determination of tariff at no profit-no loss basis. The Petitioner was getting electricity at 66 kv, 33 kv and 11 kv at the rates 234 paise per unit, 239 paise per unit and 249 paise per unit, respectively in the year 2000-01 and such rates included the rates computed by the Respondent in accordance with the formulae laid down in the said guiding principles. The Respondent in their tariff proposals for the year 2001-02 filed the ARR before the Commission, proposing to enhance the tariff chargeable from the Petitioner from 247 paise to 351 paise per unit, wrongly projecting that the existing rate of supply to the Petitioner during the year 2000-01 had averaged to 247 paise per unit against the actual rate of 239 paise per unit. It was also stated that the rate of 270 paise per kVAh determined by the Commission was inclusive of electricity tax which was made applicable for supply of energy from the NDMC at the receiving end and that in the eventuality of metering by the DVB at the sending end, credit for line losses was to be given to the NDMC while computing the rate.

The respondents had mainly contended that the guiding principles relating to fixation of supply rates for the Petitioner and Military Engineering Services (MES) notified by the Govt. of India, Ministry of Irrigation and Power in the year 1972 under the provisions of the Delhi Municipal Corporation Act, 1957 had become redundant after the enactment

of the New Delhi Municipal Corporation Act in 1993 and the formation of the Respondent Board in February 1997 and that Section 201 of the NDMC Act, 1994 prescribes that the rates and terms & conditions for the bulk receipt of electricity by the Petitioner were to be decided through a contract which had been forwarded by the Respondent to the Petitioner in February 1999 and was pending with the Petitioner for their comments. Regarding the electricity tax, the Respondent Board stated that it has not been charging electricity tax since 1.6.2001 and that the rate of 270 paise per kVAh chargeable from the Petitioner was exclusive of the electricity tax and nor did the Respondent's proposals include any such element. It was also stated that the Respondent did not make any wrong projection and the rate of 247 paise per unit was the projected average rate as indicated in the ARR for the year 2000-2001.

The parties had presented their case before the Commission and the respective Chairmen had appeared before the Commission. The issues whether the kVAh tariff given by the Commission for NDMC in the tariff order was inclusive of electricity tax and how the line losses were to be treated for computing energy taken by the Respondent were identified for decision in the case.

The Commission after examination of the documents of the Respondents filed during the proceedings came to the conclusion that the average rate of energy was 239 paise per unit without electricity tax and 252 paise per unit with electricity tax. Both the parties agreed to this conclusion and it was decided that rate of 270 paise per kVAh for the year 2001-02 would be inclusive of electricity tax. The parties agreed that the excess amount charged would be adjusted in the next ten monthly bills.

On the line losses it was concluded that the tariff determined by the Commission for all consumers was to be recorded at the receiving end, which should be the case for the respondent also, and the Respondent would be compensated for the energy loss that would occur for the 23 feeders where it was being metered at the sending end. The parties rather than having different loss levels for various feeders wanted a normative loss level and a figure of 0.8% was decided for that purpose which would also be adjusted by the parties.

In view of the fact that the earlier rates were inclusive of electricity tax, it was directed that 257 paise per unit would be the rate for the NDMC and the Respondent would refund the excess amount and the Respondent would also give an allowance of 0.8% of energy recorded wherever it was metered at the sending end.

4.11 Annual Revenue Requirement & Tariff Filing by the Transco and DISCOMS for the period July 2002 – March 2003 (9 months) and F.Y. 2003-04

The Transfer Scheme of DVB was made effective from 1st July, 2002. Transco filed its petition for ARR approval and determination of Bulk Supply Tariff (BST) on November 8, 2002. The Policy Directions envisage uniform retail tariffs across the DISCOMS and tariffs to be determined so as to allow the DISCOMS to recover all permissible expenses and return for a year. This implies that the BST for the DISCOMS for a period cannot be determined in isolation for TRANSCO and further, one would have to take cognisance of the ARRs of the DISCOMS for further processing. DISCOMS were directed to file their respective ARR and Tariff Petitions for F.Y. 2002-03 (9 Months) and 2003-04.

Accordingly in December 2002, the DISCOMs filed their ARR petitions. The submission of the filings were followed by a series of interactions, both written and oral, wherein the Commission sought additional information/clarification and justifications on various issues which were critical for admissibility of the petitions. The DISCOMs and Transco submitted information and clarifications on the issues raised in respect of their filings on various occasions.

The Commission opined that a piecemeal submission of information on different occasions would not only pose difficulties in the processing of the petitions by the Commission, but also in filing of responses by the stakeholders. The Commission, therefore, directed the Companies to submit individual single consolidated petition for F.Y. 2002-03 (9 Months) and 2003-04, incorporating in the original petition all the additional information provided by the companies to the Commission. This was essentially meant to facilitate easy reference, internal consistency and to avoid multiplicity of documents.

The Companies filed the consolidated petitions in March 2003. The Commission admitted the petitions on March 6, 2003.

The Commission brought out a public notice on March 7, 2003 indicating salient features of the petitions for the two years and to invite responses from the consumers and other stakeholders on the petitions submitted by the Transco and DISCOMs. The notice specified the deadline of April 7, 2003 for the receipt of responses/ objections from the stakeholders.

4.12 Sampooran Parivartan (Regd) and others Vs. Delhi Vidyut Board and others

The following organisations/persons had challenged the Tariff Order of the Commission of 23rd May, 2002:

- (i) CWP No.3619 of 2001, Dr. B.L. Wadehra Vs. GNCTD & Others
- (ii) FAO No.304 of 2001, Sampooran Parivartan Vs. DVB & Others
- (iii) CWP No.4347 of 2001, Maneesh Kapoor Vs. DVB
- (iv) CWP No.3654 of 2001, Society of Protection of Culture, Heritage Environment, Traditions and Promotion of National Awareness Vs. Lt. Governor & Others
- (v) CWP No.3641 of 2001, Grahak Panchayat Delhi & Another Vs. DVB & Another
- (vi) CWP No.3661 of 2001, All India Lawyers Joint Action Vs. DVB & Others.

The High Court dismissed the appeal and the writ petitions by one common order judgment dated 26th September, 2002 under the title Sampooran Parivartan (Regd.) and Others Vs. Delhi Vidyut Board and Others.

The Petitioners had contended that the inefficiency of DVB had resulted into high transmission losses and theft of energy, whereby the transmission losses were between 45.3% to 49.85% as against the national norm of 15.5%. However, the system of recovery of bills was very poor and there was no billing even where meters had been provided. It was also contended that the Commission accepted the unaudited accounts of the DVB which presented only hypothetical figures and that tariff could not be based on such accounts. Another issue which was raised by the Petitioners

was that mushroom should have been treated as an agricultural commodity as per the Orders of the Government of India and the Government of NCT of Delhi and yet the tariff applicable to it was hiked by 100% without any opportunity being given to the mushroom growers.

The Respondents had filed the reply submitting that the tariff was determined on a notional figure of 20% losses as against the actual figure of 44%. The domestic consumers, however, were still subsidised upto about 200 units consumed. However, power in Delhi was costly as almost the entire power was thermal power and hydroelectric power was not available for Delhi. Besides, the Delhi Electricity Control Order, 1959 prohibited supply of electricity to unauthorised colonies which resulted in large scale theft of electricity in these areas.

The Commission exercised its discretion while approving the ARR and strictly followed the principles of the Electricity Act, 1948 while determining the tariff. The Commission made provision for bad debts though it was not proposed by the Board. The ARR of the DVB was not accepted as such and was reduced by Rs.364 crore. Only 15.7% hike in tariff was allowed by the Commission against the demand of 35.1% by the DVB. The Commission issued various directions for improvement in the electricity sector, i.e. energy audit, pilot real time energy audit, action plan for improvement in Metering and Billing System, development of Management Information System, electrification of colonies, etc.

The Commission had also submitted before the Hon'ble High Court that the tariff fixation was not a judicial function. The High Court pronounced its judgment on 26th September, 2002 and dismissed

the petition and the appeal by one common Order. The salient features of the Court Order were:

(i) The Commission being an expert body, the Court would not interfere with a finding of fact. It was also emphasized that the principles mentioned in the Sixth schedule of the Electricity Supply Act were not the sole principles to be followed by the Commission in determination of tariff. Factors which would encourage efficiency economical use and interest of consumers were also important.

(ii) In the absence of audited accounts, the Commission could not have folded its hands and expressed helplessness and refused to perform its statutory functions. The Commission was not debarred from considering the matter on the basis of material on record.

(iii) On the issue of repugnancy of laws, the Hon'ble Court held that the Electricity Regulatory Commissions Act, 1998 and the Delhi Electricity Reform Act, 2000 were not repugnant to each other and even it were so, the latter being a State Act and having been approved by the President, would prevail over the former under Article 254(2) of the Constitution.

(iv) On subsequent documents/information not being shared with the stakeholders, the High Court quoted the Commission's order with approval saying that sharing of each and every information would be too cumbersome and without any corresponding benefit to the quality of Order. Substantial participation of public and compliance with procedure was enough.

(v) The Hon'ble Court also took notice of the fact that cheap hydroelectric power was not available to Delhi and held that the hike could not be called unreasonable due to the already high cost of the thermal power. The Hon'ble Court

observed that the Commission has also observed commercial principles in the determination of tariff and also took note of the efforts made to electrify and to bring unauthorized colonies under the billing net which had earlier been a major source of theft of electricity.

(vi) It was held that the tariff fixation process of the Commission was of a legislative character and the procedure prescribed has been complied with.

(viii) The Hon'ble Court held that the mushroom growing was a commercial activity rather than agricultural. The Commission has categorized it under agricultural head but with a higher tariff. This being a factual error in the judgment, the Hon'ble Court corrected it by a review order of 17th January, 2001.

5. Regulations Notified by the Commission

5.1 DERC Conduct of Business Regulation, 2001

The Delhi Electricity Regulatory Commission Comprehensive (Conduct of Business) Regulation 2001 was notified on 09.03.2001. The Regulation mentions about the detailed procedure of conduct of business of the Commission. The salient features of the main provisions of the Regulation are as under:

5.1.1 Rules concerning the Proceedings before the Commission

5.1.1.1 Proceeding before the Commission

The Commission may hold hearings, meetings, discussions, deliberations, inquiries, investigations and consultations for discharge of its functions under the Delhi Electricity Reforms Act.

5.1.1.2 Authority to represent

A person may authorise an advocate or a member of a statutory professional body to represent him and to act and plead on his behalf before the Commission.

5.1.1.3 Initiation of Proceedings

The Commission may initiate any proceedings suo moto or on a petition filed by any affected or interested person

5.1.1.4 Presentation of the Petitions

All petitions shall be filed in the Commission or its notified centre(s) in six copies alongwith prescribed fee payable by the petitioner.

The Commission may admit the petition for hearing without requiring the attendance of the party. The Commission shall not pass an order refusing

admission without giving an opportunity of being heard to the party.

5.1.1.5 Hearing of the matter

The Commission will determine the stages, manner, the place, the date and the time of the hearing of the matter.

5.1.1.6 Powers to call for further information etc.

The Commission shall have the powers to call for further information, evidences etc. from the parties concerned before passing orders on any matter.

5.1.1.7 Orders of the Commission

Orders passed by the Commission on the petitions signed by the Secretary or an officer empowered on his behalf shall be available for inspection and communication to the parties.

5.1.1.8 Interim Orders

The Commission may pass interim orders at any stage of the proceedings as the Commission may consider appropriate.

5.1.2 Investigation, Inquiry, Collection of Information etc.

5.1.2.1 Orders/directions by the Commission

The Commission may make orders for collection of information, inquiry, investigation, entry, search, and seizure with respect to any matter within the purview of the Commission under the Delhi Electricity Reforms Act.

The Commission may take the assistance of any institution, consultants, experts and technical & professional person(s) to study, investigate, inquire into any matter or issue.

5.2 Tariff Regulations

5.2.1 Application of Tariff Regulation

Tariff for the Electricity in wholesale, bulk, grid and retail shall be determined in the manner provided in section 28 of the Delhi Electricity Reforms Act.

Board and Utilities for transmission (intra-state transmission), distribution and supply of power shall not charge any tariff without prior approval of the Commission.

Transmission or Distribution utilities proposing to procure and purchase power from any Generating Company, Generating Station shall seek prior approval of the Commission.

Board/Utility found to be charging a tariff different from decided by the Commission shall be liable to penalties under section 44 of the DERA.

5.2.2 Licensing

The Commission may invite applications for grant of licence for Transmission or Supply of Electricity

The applications for transmission and supply licence shall be submitted to the Commission in six copies alongwith the prescribed fee, detailed specifications/maps of the proposed area for transmission or supply of the electricity, statement of the capital proposed to be expended, a copy of the Memorandum and Articles of Association, Annual Accounts for the last three years and/or any other similar documents as may be required by the Commission.

Commission may decide to grant or refuse the licence on merit basis and if it decides to grant the licence on the terms and conditions decided by the Commission and also agreed to by the applicant, the Commission shall publish the licence by notification.

The Commission shall have the power to pass the order of revocation of the licence suo moto or on receiving any complaint or information from any person after due proceedings of the revocation. The Commission may also pass an order imposing further terms and conditions to be abided by the Licensee.

5.2.3 Arbitration of Disputes

The arbitration of disputes arising between licensees may be commenced by the Commission either on the application of any of the licensees or persons concerned. The Commission, after hearing the parties, may refer the matter for adjudication and settlement through arbitration by a person or persons other than the Commission.

5.3 DERC Management and Development of Human Resources Regulations, 2001

The DERC Management and Development of Human Resources Regulations, 2001 were notified in the Gazette of Government of Delhi on 16.04.2001. The Regulation prescribes basic framework and mode for engagement of various functionaries of the Commission. Under the Regulations, the Commission has been rendered autonomy for inviting highly qualified and professionally experienced skill from Public/Private Sector and, therefore, the mode of appointment of almost all the 34 sanctioned posts in DERC have been prescribed for deputation/contract appointment.

The Regulation also directs the Commission to evolve, in the course of time, various measures in order to ensure progressive and productive policy of Human Resource Development such as; preparing Career Progression Schemes, holding trainings and seminars, encouraging a managerial culture of openness and informality, increasing

employee motivation through schemes of job-enrichment and job rotation, encouraging formal and informal grievances redressal mechanism and adopting socio-physiological measures of counselling and adopting progressive managerial policies based on employee support system leading to development of the Commission as a premier institution fostering a culture of excellence.

5.4 DERC Appointment of Consultant Regulations, 2001:

The DERC Appointment of Consultant Regulations, 2001, notified on 6th August, 2001 is aimed at engagement of highly skilled, qualified and experienced professionals from their respective fields for executing specialized tasks for which skills are either not available within the staff of the Commission or where the nature of the jobs is specific and time-bound. The salient features of the Regulation are as under.

Three categories of consultants based on their expertise and experience shall be Advisors, Senior consultants and Consultants having Masters/Doctorate Degree and experience ranging between three to eighteen years depending on their levels.

The Consultants shall be paid fee per day and daily allowance ranging Rs.1200-3000 and Rs.1000-2000, respectively depending upon their levels.

Appointment of the consultants shall be for executing specialized tasks where the nature of the jobs is specific and time bound. The period of engagement shall not exceed two years.

5.5 DERC Delegation of Financial Powers Regulation, 2001:

The DERC Delegation of Financial Powers Regulation, 2001 was notified on 6.8.2001 in exercise of the powers delegated to the

Commission under section 61 of the DERA. The Regulation has set monetary limits and financial powers to be exercised by the competent authority for various items of the expenditure.

5.6 Delhi Electricity Regulatory Commission (Grant of Consent for Captive Power Plants) Regulations, 2002.

The above Regulations came into force on the 21st of June, 2002 and was aimed at monitoring of the growth of Captive Power Plants/Generator Sets in the NCT of Delhi. According to these Regulations, any person wanting to set up a Captive Power Plant/Generator Sets of above 25 kVA had to seek the consent of the Commission which was valid for a period of 10 years from the date of issue of the consent letter.

No permission is required for installation of Captive Power Plants/Generator Sets up to 10 kVA and for plants/generator sets between 10kVA and up to 25 kVA, the Commission had to be informed, in writing, within 30 days of its installation. The grant of consent for setting up the Captive Power Plant was considered for the total installed capacity ordinarily not exceeding 200% of the sanctioned load. This limit, however, was not applicable to Captive Power Plants based on renewable energy sources and co-generation plants. Till 31st of March, 2003, consent has been given for setting up of Captive Power Plants having a total capacity of about 79,093 kVA.

5.7 Performance Standards Regulations (Metering & Billing)

Performance Standards Regulations (Metering & Billing) which were drafted by the Commission were issued in December, 2001 inviting comments/suggestion from various stakeholders.

The salient features of the draft regulation were as follows:

5.7.1 New Connections

5.7.1.1 LT Connections

Consumers can provide his own meter and service line-No meter rent to be charged for such cases.

Board to sanction and raise demand note within 10 days

Consumer to make payment within 20 days

Connections to be energised within 7 days after payments made

If not energised, consumer may intimate the Chief Executive

First bill within 2 billing cycles and right to recover energy charge through first bill to be limited to 180 days

5.7.1.2 HT Connections

Consumer can provide his own meter and service line-No meter rent to be charged for such cases

Board to intimate technical feasibility of connection within in 30 days for HT and within 60 days for EHT connection

Agreement to be executed and other commercial formalities to be completed within 30 days

Board to raise demand note within next 15 days

Connection to be energised within 100 days for HT and 130 days for EHT

If not energised, consumer may intimate the Chief Executive. If no action was taken, the applicant may inform the Commission

First bill within 2 billing cycles and right to recover energy charge through first bill to be limited to 180 days

5.7.1.3 Existing Connections

Procedure for transfer to ownership of existing connections and load reduction simplified

In case of load enhancement, Advance Consumption Deposit (Security) restricted for incremental increase in load at prevalent rates only

5.7.2 Billing

5.7.2.1 General

Licensee to notify Billing & Payment Schedule

Delivery of bills at least 15 days before last date.

5.7.2.2 Complaints on Consumer bills

Time limit for attending the complaint introduced.

Till the complaint is resolved, instead of recovering the disputed amount, the Board to raise a bill for the disputed period based on the average consumption for the last three consecutive undisputed bills.

5.7.2.3 Change of occupancy/vacancy of premises

Special reading on owner's request and submission of final bill including arrears, if any, 7 days prior to change of occupancy/vacancy of premises. Once the final bill is raised the Board shall not have any right to recover any charge(s) for any period prior to the date of this billing.

5.7.3 Metering

5.7.3.1 General

The Consumer may install his own check meter of approved make

Responsibility of keeping the meter under safe custody lies with consumer

The Board to maintain meter particular sheet.

5.7.3.2 Testing of Meters

Periodicity for testing the meters of various categories evolved

Based on test results, recovery/refund to be made for a period not exceeding six months

5.7.3.3 Complaints regarding correctness of Meters

The Board to carryout testing within 15 days

Based on test results, recovery/refund to be made for a period not more than six months.

5.7.3.4 Complaints regarding stuck meter

Board to replace meter within 30 days of the receipt of the complaint

Billing for stuck period on the basis of average consumption for last three billing cycles

5.7.3.5 Burnt Meters

Connection to be restarted immediately upon receiving the complaint by bypassing the meter

Burnt meter to be removed and tested

In case meter is burnt due to reasons attributed to the Board, the cost of new meter to be borne by the Board.

In case meter is burnt due to reasons attributable to the consumer, the cost of the new meter to be borne by the consumer depending upon spent life of the old meter.

Billing for the period meter remained defective/burnt will be based on average consumption during 6 months prior to and 6 months after the period.

5.7.3.6 Meter Reading

Meter to be read once in every billing cycle

Provisional billing(for any reason) restricted to two billing cycles

In case meter is inaccessible, the Board to give 7 days notice to make meter accessible. If meter is not made accessible after notice, the Board shall cut off power supply

Consumer may give advance notice of continued absence from residence and deposit minimum charges for the period in advance

Special reading on payment of prescribed fee

5.7.4 Disconnection & Reconnection

5.7.4.1 Disconnection on non-payment

Supply to be disconnected if the consumer defaults on payment for more than 2 consecutive billing cycles.

5.7.4.2 Disconnection on Consumer's request

On consumer's request, the Board to carryout special reading and prepare final bill including all arrears within 5 days

Upon payment of final bill, Licensee shall issue 'No demand certificate' and shall not have any right to recover and charge for any period prior to date of final billing

5.7.5 Pilferage of Energy

5.7.5.1 Procedure for booking a case

Board to conduct inspection of consumer's premises and prepare report giving details viz, connected load, condition of seals, irregularity noticed etc.

No case of fraudulent Abstraction of Energy to be booked on account of one seal of the meter being found missing/tampered/fictitious, unless such conditions are corroborated by consumption pattern of consumer

Board to assess the energy consumption in accordance with Tariff Order and prepare a final bill at 5 times the applicable tariff

In case of suspected FAE, the Board shall restore supply through new meter and the consumer to be served with 3 days show cause notice

In case of conclusive evidence of direct theft of energy, the Board to register FIR and raise a bill for the past 6 months at five times the normal rates. Supply shall be disconnected and shall remain suspended till the payment is made.

5.7.5.2 Personal Hearing

Personal hearing to be conducted within 4 days of receipt of consumer's reply

Licensee to pass a speaking order within 15 days from personal hearing as to whether the case of suspected DAE is established or not

If case of direct theft/FAE, the Board to register a FIR and raise a bill for the past 6 months at five times the normal rates as penalty. The Board may agree for payment in instalments

In case of default in payment of instalments, the supply is to be disconnected.

5.7.5.3 Voluntary declaration of tampered meters

Tampered meter shall be replaced. An assessment bill, two times the normal tariff for last 6 months may be levied. No FIR in the event of voluntary disclosure of tampered meter.

5.8 Violation of Tariff Schedule (Misuse)

5.8.1 Procedure for booking a case

The Board not entitled to levy any charge on account of violation of Tariff schedule prior to the date of last reading/inspection

7 days show cause notice to consumer

Second site inspection within 7 days, if desired by the consumer.

5.8.2 Personal Hearing

The Board to analyse the case considering all the documents and submission of consumer's reply

If case of violation of provision(s) of Tariff Schedule, the Board to arrange personal hearing within the next 15 days

5.8.3 Recovery of charges

The Board not entitled for any charge on account of misuse for period prior to the date of last meter reading and in any case not more than six months

In case of default in payment of these charges, supply to be disconnected and to remain suspended till full payments on account of these charge were made.

5.8.4 Miscellaneous

The Board to make a schedule of Delegated Powers

The Board to monitor the progress of each case of new connection, billing, metering etc.

6. Restructuring of the Delhi Vidyut Board: A Landmark in Delhi's Reform Process

6.1 Backdrop of the restructuring exercise

A major event that has taken place during the period this Report is the restructuring of the Delhi Vidyut Board (DVB) by the Government of NCT of Delhi by first unbundling it on functional lines and then disinvesting the major stake in distribution business. This Report shall be inadequate in providing a comprehensive picture of the scenario of Delhi's power sector without the mention of this major event.

Sections 14 & 15 of the Delhi Electricity Reform Act, 2000 (Act) empowered the Government of NCT of Delhi to reorganize the electricity industry in Delhi in order to meet the objects and purposes of the Act. The Government having considered the experience of unbundling and privatization of other States in the country devised a restructuring plan. The plan was based on an unbundling and privatization model adopted by the Government for restructuring the electricity industry in Delhi with an overall view of having reforms in the spirit envisaged in the Act.

The Commission, at appropriate points of time, provided advice and support to the Government in order to have smooth transition from an integrated utility (the Delhi Vidyut Board) to a group of unbundled entities, restructured on functional lines. Apart from providing the Government requisite advice on issuance of Policy Directions for the same, the Commission played a pivotal role in establishing the opening loss levels. The Order issued by the Commission on 22nd February 2002 on Bulk Supply Tariffs and Opening Levels of Losses for all the unbundled distribution companies became a necessary prelude for privatization of distribution

business. The model devised by the Government was based on selection of bidder based on bid levels of loss reductions over the opening levels given by the Commission in its Order of 22nd February 2002.

6.2 The unbundling and privatization model of Delhi

6.2.1 Valuation of assets

In the case of restructuring of Delhi Vidyut Board (DVB), the Government had decided to use the Business Valuation (BV) method. The essence of this valuation methodology is to set targets for five years in terms of efficiency gains, make plausible assumptions about retail tariff increases, and then calculate the bulk supply tariffs that would cover the costs of distribution (including a return on equity) provided the minimum efficiency target is met. Thus, revenues are projected and the value of the asset is derived as that level of liabilities that can be serviced. Given fixed retail tariffs, this is only possible by reducing bulk supply tariffs which, in turn, leads to higher losses upstream and/or a longer period for turnaround.

The Government had estimated the value of DVB assets as Rs. 3160 crore. The total asset value for DVB as a whole has been apportioned using the following approach. The asset value ascribed to the generation company (GENCO) and the transmission company (TRANSCO) are based on estimated book value of assets. Consequently, the value of the three distribution companies is derived as the difference between the value of DVB's assets (Rs.3160 crore) and the value assigned to GENCO and TRANSCO. Subtracting the value of consumer contribution, taken at the minimum level

as Rs.150 crore, from the value of assets (Rs.3160 crore) yields the serviceable liabilities, which were be passed on to the successor entities. This came to Rs.3010 crore. This formed the basis of drawing up the Opening Balances Sheets of the successor entities.

6.2.2 Bidding criterion

In the method followed by the Government for bidding, bids were invited for taking over the distribution companies on a single parameter of Aggregate Technical & Commercial efficiency improvement targets for the next five years with the equity being sold at par value.

Minimum targets for efficiency improvement, incentives for over achievement and a methodology for fixing of bulk supply tariff was stipulated and was given as a policy directive by the Government to the Delhi Electricity Regulatory Commission (DERC). The DERC was to determine the revenue and tariff of the licensees in future on the basis of the bid of the successful investors.

6.2.3 Method of bid evaluation

The bids were proposed to be evaluated using the Net Present Value (NPV) criterion. In this method, the NPV of additional revenues realized in the first twenty years was to be calculated on the basis of bid values of efficiency improvements for the first five years. The NPV was to be calculated by discounting futures additional revenues at 12% per annum.

6.2.4 Selection of Investors

The investors whose bid was assessed to yield the highest value of Net Gain from efficiency improvements was to be the successful bidder, subject to the limitation that not more than two of the DISCOMs were to be sold to any one bidder. Permitting single investors to acquire all the three

companies would have negated the concept of nurturing competition.

6.2.5 Bulk Supply Tariff and Government support to TRANSCO

Differential Bulk Supply Tariff (BST) for the distribution companies was necessary in order to ensure uniform end-user retail tariffs. The BST was to be computed in a manner to ensure that each DISCOM would be viable from the first year itself. This was done in the following way. Revenues were forecast on the basis of bid levels of efficiency gains. Expenses, other than the cost of power, were computed. The revenues less these expenses was all that was available to pay for the power purchased from TRANSCO. This ensured the DISCOMs were financially viable. However, TRANSCO was estimated to incur losses of Rs. 2600 crore in the first 5 years. To cover these, it was proposed that a support of Rs. 2600 crore be given to TRANSCO, to be disbursed in monthly instalments. The figure of Rs. 2600 crore was an estimate based on certain assumptions and was not to be treated as final. It had undergone a change and went up to Rs. 3450 crore when amendments to Policy Directions were issued subsequently. The Government has agreed to advance a loan of Rs. 3450 crore to the TRANSCO to cover losses during the transition period. Accordingly, the opening balance sheets for the unbundled companies are as follows:

6.2.6 TRANSCO as Wire Company

According to the proposed structure of unbundled DVB, TRANSCO would be the agency responsible for buying and supplying power to the DISCOMs only for the transition period of five years from the date of effectiveness of the Transfer Scheme. During this period, the DISCOMs may meet their power requirement over and above what can be

met by TRANSCO from other sources, subject to the approval of the DERC.

Within the period of five years, new arrangements will be made by DISCOMS towards power purchase and the role TRANSCO as a bulk supplier shall come down. TRANSCO would increasingly become a wire company, to be vested with responsibilities only for scheduling and dispatch of electricity rather than trading or supplying power.

6.3 The Restructuring Process

The restructuring of DVB was proposed to be done in the following two phases:

Phase 1: In which the financial restructuring of DVB was to be undertaken and DVB was to be unbundled and corporatised into smaller more focused companies.

Phase 2: Privatisation of corporatised companies

6.4 Major Activities during Restructuring

6.4.1 Appointment of consultant

At the initiation of Phase 1 of the restructuring exercise, the Government appointed SBI Capital Markets Ltd. as consultants to advise it on the legal and financial matters of the exercise of Restructuring of DVB.

6.4.2 Issuance of RFQ and RFP Documents

The Request for Qualification (RFQ) was issued on 16.2.2001. In all 32 RFQ documents were purchased by the stipulated last date, of which only 7 purchasers submitted their Statement of Qualification (SOQs) in response to the RFQ. The Govt. of NCT of Delhi constituted a Committee under the chairmanship of Chief Secretary Delhi to

evaluate the responses to the RFQ and the Request for Proposal (RFP) that was issued later.

Six bidders were qualified for the RFP stage viz. AES India Pvt. Ltd., BSES Ltd., CESCOON Ltd., China Light and Power International Ltd., Reliance Industries Ltd. & Tata Power Company Ltd. Out of these AES India Pvt. Ltd. and China Light and Power International Ltd. had opted out of the bidding process, leaving only four players in the fray.

Draft documents such as Share Acquisition Agreement, Shareholders Agreement, Bulk Supply Agreement, Escrow Agreement and Loan Agreement were finalized and were made available to the bidders.

6.4.3 Notification of the Transfer Scheme and Issuance of Policy Directions by the Government

As part of phase 1 of the restructuring process, the Government of National Capital Territory of Delhi had notified the Delhi Electricity Reform (Transfer Scheme) Rules, 2001 (Transfer Scheme) on 20th

Table 6.1

Company	Opening AT&C Loss	Bid Level	Year and loss reduction (in %)					Total
			02-03	03-04	04-05	05-06	06-07	
East Central (BYPL)	57.2%	Minimum	1.5	5	5	5	4.25	20.75
		Accepted	0.75	1.75	4	5.65	5.1	17.25
South West (BRPL)	48.1%	Minimum	1.25	5	4.5	4.5	4	19.25
		Accepted	0.55	1.55	3.3	6	5.6	17
North North-West (NDPL)	48.1%	Minimum	1.5	5	4.5	4.25	4	19.25
		Accepted	0.5	2.25	4.5	5.5	4.25	17

November 2001, paving the way for unbundling of the

Delhi Vidyut Board into 6 entities on functional lines of Generation, Transmission and Distribution. According to the Transfer Scheme, the functions of DVB had been unbundled into six

companies/entities, which were wholly owned undertakings of the Govt. of NCT of Delhi.

The Govt. of NCT of Delhi had in exercise of the powers conferred by section 12 and other applicable provisions of the Delhi Electricity Reform Act, 2000 notified the Policy Directions on November 22, 2001. According to the Policy Directions, a long term definitive loss reduction programme or efficiency gain programme was settled. Aggregate Technical and Commercial (AT&C) Losses, recognised as a measure of overall efficiency of distribution business, formed the basis for determination of tariff and computation of incentives for better performance. Retail tariffs for the three distribution licensees were to be identical till the end of 2006-07. Tariffs were to be determined such that the distribution licensees earn, at least, 16 % return on the issued and paid up capital and free reserves.

6.4.4 Privatisation of Distribution Business

For phase 2, the Govt. of NCT of Delhi intended to privatise the three distribution companies and a two-stage bidding process was being followed in this regard. The parties were short-listed during the first stage (RFQ) for bid submission, to whom, Request for Proposal and Information Memorandum were issued on 22nd November 2001. In the second stage of bid submission, only two companies bid for the 3 DISCOMs and the bid levels of loss reductions for 5 years were much below (of the order of 12-13%) the minimum levels stipulated by the Government. The Government, therefore, held intensive discussions with the bidders and as result of the negotiations, the bidders accepted the loss reduction level of around 17% over the 5 year period. The base values and the accepted values of Aggregate Technical &

Commercial (AT&C) losses for the three DISCOMs were as given in Table 6.1.

An MoU was signed on 31st May 2002 for transfer of management to private investors on 1st July 2002.

6.5 Imperatives of Restructuring

There are various advantages of restructuring and it would definitely be a win-win situation for all the stakeholders, including the Government, the consumers and also the investors.

6.5.1 Reduced burden for Government

The Govt. of NCT of Delhi used to fund the losses of DVB by providing loan assistance to it to the tune of about 1100 crore each year. By privatising the distribution business, this burden shall reduce to on Rs. 3450 crore over a span of 5 years. Further, the GoNCTD shall also have 16% assured return on its part of equity along with the share of overachievement incentive, if any. In addition to this, the Government shall get interest income on the loan amount and return on equity of the unbundled entities. Further, the Government shall share the incentive for overachievement in proportion to its equity.

6.5.2 Fair deal to consumers

With gradual reduction of the losses as committed by the investors, the quality of supply is definitely going to improve both in terms of voltage level and availability. Adoption of effective and latest management techniques along with technical solutions, especially IT based solutions, by the private companies is expected to bring in discipline in both the employees and the consumers. As a result the quality of existing services which are today primarily based on human interaction with the consumers for their routine queries and complaints is bound to improve substantially.

This improvement in losses and service quality gives an impression that tariffs are going to reduce in the short term say one or two years. However, tariff shall be dictated by many factors, of which the major factors are:

- The increasing costs of power purchase and business operation,
- The loss reductions actually achieved by the companies, and
- The subsidy and cross-subsidy reduction programme adopted by the regulator

The first factor is unavoidable as it is due to inflationary increases in the cost which is out of the control of the company and this factor has a positive impact on tariff, i.e. it leads to increase in tariff to the extent of inflationary increase in costs.

The second factor has only negative impact on tariff as it depends on whether the actual loss reduction is less than or more than the level agreed to by the investors. In case, the cumulative effect of actual loss reductions is more than the agreed levels, the additional revenues earned on this account upto certain limit shall be going towards reduction in tariff. In case, the cumulative effect of actual loss reductions is less than the agreed level the shortfall in revenue shall be given by the company and there shall be no increase in tariff on this account. The cumulative loss reductions of about 17% agreed upon by the investors is going to make a significant impact on tariff and financial viability of the companies considering the fact that each percent of AT&C loss reduction today is equivalent to about Rs. 70 crore.

The third factor may have positive impact on tariff for some categories of consumers, such as, domestic, agricultural etc. and negative impact on others. This is because of the fact that the domestic

and agricultural consumers are being served at much below the cost of supply and are being cross-subsidised by industrial and commercial consumers who are paying much more than the cost of supply. To reduce this anomaly, the regulator has to gradually reduce the gap between actual tariff paid by the consumer and the cost of supply to the consumer. This cannot be done at one go as it would lead to heavy tariff shock to some of the consumer categories.

The net impact of all the above three factors might be that tariff increases more for certain categories of consumers while very little for others in the medium term of say five years, but in real terms the inflation adjusted tariff may be lower than the existing tariff. In the long run, these efficiency improvement efforts are going to bear fruit and definitely lead to reduction or at least levelised tariffs. Further, the Regulator has clearly stated in the Order on Opening Losses and Bulk Supply Tariff for the distribution companies that the loan assistance of Rs. 3450 crore to be given to TRANSCO by the Government shall never be passed on to the retail consumers. It has also been said that the tax liability on account of additional income due to overachievement shall not be considered for tariff fixation. Further, a gradual movement towards performance based regulation by the regulator, incentivising companies for performance above a certain level and penalising them for performance below a certain level is definitely going to improve the quality of service and consumer satisfaction. The Regulator in the Order on Bulk Supply Tariff has tried to instill payment discipline in Government organisations for prompt payment of electricity dues by directing the Government to develop a mechanism for the same. The only question which remains unanswered is to what extent the quality of supply and services

is going to improve within this transition period of five years and whether this five year period is sufficient for a complete turnaround of the business and for achieving the desired level of service.

The answer to the first part is somewhat difficult to quantify and predict at the moment because the extent of achievement shall depend on the performance of the companies on the ground. The reduction in loss levels, of course, are guaranteed to be at least upto a level agreed upon by the investors. The second part of the question regarding sufficiency of a five year transition period can be answered very well by quantifying the gains with suitable assumptions about various parameters affecting the business. This is precisely the exercise which has been taken up by the Government through its consultants and the transfer scheme has been so designed that the entire distribution business turns around within five years with the agreed levels of loss reductions being achieved. Even if the assumptions do not turn out to be true and the companies fail to achieve the agreed levels of loss reductions, the regulator is expected to take corrective action each year to make the companies proceed in the right direction and at the right pace.

6.5.3 Protection and furtherance of employees' interests

The two tripartite agreements entered into with two organised bodies of the Delhi Vidyut Board i.e. the

Employees' union and Engineers' Association by the GoNCTD and the DVB Management sufficiently provide for the protection of the interests of the DVB employees. They further provide for an additional ad-hoc pay of Rs. 500/- per month to each of the employees immediately after unbundling. The employees in the DISCOMs shall also benefit from the efficient and experienced management of the private companies.

6.5.4 Protection of interests of investors

The scheme is so designed that the efficiency gains in the sector are incentivised through sharing of some part of the gain with the investor and remaining part with the consumers for tariff fixation. More efficiency gains the investor achieves beyond the stipulated levels, more he can share with the consumers. This incentive is apart from the 16% post tax assured return on portion of equity given by the investor which has insignificant impact on per unit retail tariff as this will not include the present 3% return on assets for Board and shall be spread over total number of units handled by the companies. The only risk for the investor is that if it does not achieve the agreed loss reductions, his return shall be reduced by the extent of underachievement below the agreed levels. If the investor is able to achieve the agreed loss reduction levels and turns around the business in five years, he shall earn 16 % assured return on his equity.

7. Annual statement of Accounts for the Financial Year 2000-01 and 2001-02

In the initial period of its inception, all the expenditure incurred by the Commission was being met by the Govt. of NCT of Delhi from their budget. Financial powers were delegated to the Commission in August 2001 and a Drawing and Disbursing Officer (DDO) was appointed subsequently.

The budget earmarked for DERC was operated by the DDO, DERC and payments were released by the Pay and Accounts Officer of the Govt. of NCT of Delhi. The Government of NCT of Delhi had

provided Budget under the Non-Plan Major Head "2081" both voted and charged during the period December, 1999 to March, 2002 according to details given

Year	Budget (Rs. in lakh)		Actual Expenditure (Rs. in lakh)			
	Voted	Charged	Voted	Saving	Charged	Saving
1999-2000 (10-12-1999 to 31-3-2000)	Rs.10 lakh was provided by Deptt. of Power to meet the expenses of DERC		5.13	---	0.97	---
2000-01	43.03	10.53	41.66	1.64	9.84	0.69
2001-02	195.00	30.00	166.88	28.12	26.08	3.92

below:

Out of the above Budget Allocations, details of expenditure incurred under different heads for the year 2000-01 and 2001-02 are as follows

(Rupees in Lakh)

Unit of Appropriation	Actual Exp. 2000-01		Actual Exp. 2001-02	
	Voted	Charged	Voted	Charged
Salary	---	9.84	---	26.08
Wages	---	---	0.15	---
Overtime Allow.	---	---	0.07	---
Domestic Travel Expenses	---	---	2.80	---
Foreign Travel Expenses	---	---	0.00	---
Office Expenses	41.66	---	154.77	---
Professional Services	---	---	9.09	---
Total	41.66	9.84	166.88	26.08

Note: During the period December 1999 to 31 March 2000, the Budget Allocation of Rs.10.00 Lakh was made by the Govt of NCT of Delhi; against which an expenditure of Rs.6.1 Lakh was incurred.

The Commission's receipts during the Financial Year 2000-01 and Financial Year 2001-02 are as below:

(Rupees in Lakh)		
Receipt	F.Y. 2000-01	F.Y. 2001-02
Petition Fees	5.00	5.20
Sale of Publication & Inspection Fees	0.06	0.06
Total	5.06	5.26

ANNUAL ACCOUNTS FOR THE YEAR 2002-2003

DELHI ELECTRICITY REGULATORY COMMISSION

RECEIPT & PAYMENT ACCOUNT FOR THE YEAR ENDING 31.03.2003

RECEIPTS	AMOUNT	PAYMENT	AMOUNT
	Rs.		Rs.
To Opening Balance b/d		Salary	69,72,234
Cash in hand	5,000	Wages	8,00,291
Grant-in-Aid from Govt. of NCT of Delhi	1,75,00,000	Overtime	52,554
Grant-in-Aid from Power Finance Corporation	6,19,742	Domestic Travel Expenses	1,17,598
Security Deposits	10,000	Foreign Travel Expenses	13,97,702
Licences Fees	29,00,000	Office Expenses	39,20,022
Processing Fees	15,82,000	Furniture & Fittings	1,41,144
Sale Proceeds of Books	33,103	Office Equipments	12,14,209
		Computer Software	1,57,050
		Advertising	8,51,169
		Professional Services	10,03,967
		Remittance to Govt. of NCT of Delhi	45,15,103
		By Closing Balance	
		Cash in hand	1,58,170
		Cash at Bank	13,48,632
TOTAL	2,26,49,845	TOTAL	2,26,49,845

Note: The Accounts are yet to be audited by the Comptroller and Auditor General of India (CAG).

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDING 31.03.2003

EXPENDITURE	AMOUNT	INCOME	AMOUNT
	Rs.		Rs.
Salary	69,72,234	Grant-in-Aid from Govt. of NCT of Delhi	1,75,00,000
Wages	8,00,291	Grant-in-Aid from Power Finance Corporation	6,19,742
Overtime	52,554		
Domestic Travel Expenses	1,17,598		
Foreign Travel Expenses	13,97,702		
Office Expenses	39,20,022		
Advertising	8,51,169		
Professional Services	10,03,967		
Excess of Income over Expenditure transfer to DERC Fund A/c	30,04,205		
TOTAL	1,81,19,742	TOTAL	1,81,19,742

Note: The accounts are yet to be audited by the Comptroller and Auditor General of India (CAG).

DELHI ELECTRICITY REGULATORY COMMISSION

BALANCE SHEET AS ON 31.03.2003

LIABILITIES	AMOUNT	ASSETS	AMOUNT
	Rs.		Rs.
Capital Fund:		Fixed Assets:	
DERC Fund A/c	30,04,205	Furniture & Fittings	1,41,144
Liabilities:		Office Equipments	12,14,209
Imprest from Govt. of NCT of Delhi	5000	Computer Software	1,57,050
Security Deposit	10000	Current Assets:	
		Cash in hand	1,58,170
		Cash at Bank	13,48,632
TOTAL	30,19,205	TOTAL	30,19,205

Note: The accounts are yet to be audited by the Comptroller and Auditor General of India (CAG).

Audit of the Accounts of DERC

The Delhi Electricity Regulatory Commission, consisting of only the Chairman in the beginning, started functioning w.e.f 9.12.1999. For providing assistance to the Commission for discharging its duties, some officers and staff from the Government of NCT of Delhi and the then Delhi Vidyut Board were posted. Action to fill up the sanctioned posts was taken after the Government of NCT of Delhi sanctioned 34 posts in May, 2000. Financial powers were delegated to the Commission in August 2001 and a Drawing and Disbursing Officer (DDO) was appointed subsequently.

The expenditure of the Commission in the initial period of its inspection was being met by the Govt. of NCT of Delhi from their Budget and payments were released by the Pay and Accounts Office of the Govt. of NCT of Delhi.

The first Audit of the Commission for the period December 1999 to March 2002 was conducted in April-May, 2002 by the AG (Audit) Delhi. (Audit Inspection Report with DERC replies thereto is attached.

The salient observations of Audit relating to Accounts with corresponding current status, in brief, are as follows:-

i) Budget & Expenditure: The Govt. of NCT of Delhi had provided Budget under the Non-Plan Major Head "2801" both Voted and Charged for the period December, 1999 to March, 2002. (Rs. 10.00 Lakh was provided by Department of Power to meet the expenses of DERC in the initial period of December, 1999 to March, 2000.)

Reconciled Expenditure vis-à-vis Budget Allocation for the financial years 2000-2001 and 2001-2002 have since been intimated to Audit.

ii) Annual Accounts: The Audit had observed that the Annual Accounts of DERC since its inspection were pending and that the response of Govt. of NCT of Delhi on the proposed proforma for maintenance of accounts had not been received.

The Annual Accounts of the Commission for the Year 2002-2003 have since been

prepared in the proforma, which was sent to the Govt. of NCT of Delhi.

iii) Non-Deposit of dues of EPF:

The Audit had pointed out that the Commission had not discharged the obligation to give Provident Fund Benefit to its contract employees.

The matter has since been examined in the Commission and it is proposed that CPF benefit be given to the contract employees. However, Government's response on the DERC proposal is awaited.

iv) Leave Salary and Pension Contribution of Deputationists:

The Audit had pointed out that Leave salary/Pension contribution should be remitted by the Commission immediately after the close of the financial year for all its employees who are on deputation.

Leave salary and Pension contribution is being regularly remitted to the parent departments of all the deputationists.

It is pertinent to mention that the Commission has been converted into a grantee institution w.e.f financial year 2002-03 by the Govt. of NCT of Delhi. With the change in status, the Commission is getting budgetary support in the form of Grant-in-Aid (Rs.2 crore for the financial year 2002-03). Accounts for the Financial Year 2002-03 have been prepared consisting of following:-

- i) Receipt and Payment Account
- ii) Income and Expenditure Account
- iii) Balance Sheet

Accounts of the Commission are being maintained on "Tally Accounting Software" w.e.f 01.04.2002. The objective of the Commission is to have full transparency in its financial transactions and simultaneously to ensure that statutory requirements of the Audit are met. Software for drawing salary of employees has been developed in-house. The Commission is in the process of expansion and all initiatives are yielding desired results.

AUDIT REPORT**Part –I**

AUDIT OBSERVATIONS							DERC REPLY TO AUDIT OBSERVATIONS						
A BUDGET													
The Government of NCT of Delhi had provided Budget under the Non Plan Major Head "2801" both voted and charged during the period December, 1999 to March, 2002 as per details given below:							Final reconciled figures with Pay & Accounts Office are as under :-						
Year	Budget (Rs. In Lakh)		Actual Expenditure (Rs. In Lakh)				Year	Budget (Rs. In Lakh)		Actual Expenditure (Rs. In Lakh)			
	Voted	Charged	Voted	Saving	Charged	Saving		Voted	Charged	Voted	Saving	Charged	Saving
1999-2000 (10-12-99 to 31.3.00)	Rs. 10 lakh was provided by Dept. of Power to meet the expenses of DERC		5.13	-	0.97	-	1999-2000 (10-12-99 to 31.3.00)	Rs. 10 lakh was provided by Dept. of Power to meet the expenses of DERC		5.13	-	0.97	-
2000-2001	43.30	10.53	41.66	1.64	9.84	0.69	2000-2001	43.30	10.53	41.66	1.64	9.84	0.69
2001-2002	195.00	30.00	167.22	27.78	26.08	3.92	2001-2002	195.00	30.00	166.88	28.12	26.08	3.92

B	RECONCILIATION OF EXPENDITURE	
	<p>Saving in budget was due to non-filling up of the posts. During December, 1999 to 31st March 2002, there was no Drawing & Disbursing Officer in the Commission and power for drawl of cheques was not given to Commission. All the Cheques from 10.12.1999 to August 2000 for payment of the Commission were issued by PAO (Deptt. of Power) and by the Pay & Accounts Office No.17 of Government of NCT of Delhi, Maan Singh Road, after duly checking and passing of vouchers during the period Sept. 2000 to March 2001. The Pay & Accounts Office was changed to PAO II, R.K. Puram, w.e.f 1.4.2001 to 31st March, 2002. All the original vouchers were retained by Pay & Accounts Office in their records. The reconciliation of Monthly expenditure with Pay & Accounts Office for the period Dec.1999 to March 2000 and 2000-01 was not done.</p>	<p>Reconciliation of monthly expenditure for the period 2000-01 and 2001-02 with Pay & Accounts office has been done. In so far as reconciliation of monthly expenditure for the period from December 1999 to March 2000 with Pay & Accounts office is concerned, the figures could not be reconciled as expenditure on Pay & Allowances etc. was provided directly by the Deptt. of Power through the PAO. After appointment of DDO, DERC started drawl of salary bills and other expenses through PAO of Govt. of NCT of Delhi, and from this date i.e. 1-4-2000 to 31-2-2002, monthly expenditure has been duly reconciled with the PAO.</p>

C	ANNUAL ACCOUNTS	
	<p>Annual accounts of the Commission are pending since inception (10-12-99). The Delhi Electricity Regulatory Commission was converted into a grantee institution w.e.f financial year 2002-2003 vide letter No.F.11/1/ 2001/FIN(B)/430, dated 7.3.2002 of Finance (Budget) Department of Govt. of NCT of Delhi. A grant of Rs.33 Lakhs was released to Commission on 11.4.2002.</p> <p>The Commission has sent Proforma of accounts to be maintained w.e.f. 1.4.2002 to the Addl. Secretary (Power), Govt. of NCT of Delhi vide letter No.F6(4)/ DERC/Grant/2001-02/434 dated 20.3.2002 final approval of the same is still awaited from Govt. of NCT of Delhi.</p>	The matter is being pursued with the Govt. of NCT of Delhi so that Accounts of DERC for the year 2002-03 could be prepared in the proposed proforma.
D	STAFF STRENGTH	
	<p>The Govt. of NCT of Delhi, Department of Power had sanctioned 34 temporary posts in the DERC vide letter No.F.11(28)/98-EB/P.F.-11/3134 dated 24/5/2000.</p> <p>3 Nos. of posts were lying vacant as on 31.3.2002</p>	Posts lying vacant are in the process of being filled up shortly. Sanctioned staff strength is 34 as indicated in Table 7.1
E	PERIOD OF AUDIT	
	This is the first audit conducted by AG (Audit) Delhi since inception of Commission to 31.3.2002	No Comments
F	PARTY PERSONNEL	
	The audit was conducted by Sh. D.P. Singh, AAO, Sh Charan Singh, AAO, (w.e.f. 15.4.2002) & Sh. Jai Chand, Sr. Auditor under the supervision of Sh. S.R. Garg, Sr. Resident Audit Officer from 10.4.2002 to 7.5.2002	No Comments

Table 7.1: Sanctioned staff strength of DERC

Sr. No.	Designation	No. of Sanctioned Posts
1	Secretary	1
2	Director (Admn.)	1
3	Director (Tariff)	1
4	Director (Engg.)	1
5	Director (Law)	1
6	Jt. Director (Info Tech.)	1
7	Dy. Director (Personnel)	1
8	Dy. Director (P&A)	1
9	Dy. Director (Tariff) Engg.	1
10	Dy. Director (Tariff) Eco.	1
11	Dy. Director (Tariff) Fin. & A/C	1
12	Dy. Director (Law)	2
13	Dy. Director (T&D)	2
14	Dy. Director (Info. Tech.)	1
15	Accountant	1
16	Personnel Officer	1
17	Private Secretary	1
18	Steno-cum-Computer Operator	5
19	Personal Assistant	5
20	Clerk-cum-Computer Operator	2
21	Cashier	1
22	Receptionist	1
23	Driver	1
	TOTAL	34

Reply to Inspection Report on the Accounts of DERC for the period from December 1999 to March 2002

Part -II

Para No.1	Non-deposit of Dues of EPF	
	<p>The Commission had applied to the Provident Fund Commissioner for the allotment of Account No. under contributory Provident Fund Scheme on 27.6.2000. The Regional Provident Fund Commissioner had allotted Code No.DL-23715 on voluntary basis to the Commission on 26.7.2000. The Commission had deposited Rs.154/- as Administrative Charges for the period 12/1999 to Sept 2001 in the above account. The Commission had recruited eight employees on contract basis during the period from 26.3.2001 to 10.12.2001. The Commission had neither deposited their share alongwith Employee's share in the EPF as on date nor taken exemption, if any, from EPF.</p>	<p>Clarifications regarding liability of this Commission to pay employer's contribution in respect of contract employees are awaited from EPF authorities, who are being followed up to expedite the matter to enable the Commission to take further action.</p>
Para No.2	(a) Non-Maintenance of Purchase Register	
	<p>It has been observed that Commission has not maintained any purchase register for the period Dec.1999 to March 2002, indicating details of purchase order no., date, value of order, item of purchase etc. year wise.</p>	<p>The Purchase Register for the period w.e.f. December 1999 to March 2002 is under finalisation indicating details of Purchase Order No., Date, Value of order, Item of purchase etc. year-wise and will be shown to next Audit.</p>
	(b) Non-Maintenance of proper stock register	
	<p>It has been observed that Commission had purchased 4 Computer Systems alongwith inkjet printer amounting to Rs.3.21 lakh vide order dated 1.1.2002 for installation at the residence of Directors of the Commission. The Commission had also purchased 27 IBM Computers alongwith printers for office use at a total price of Rs.22.57 lakh. It has been</p>	<p>The proper stock register could not be maintained earlier due to non availability of staff and DERC being newly established.</p> <p>The physical verification of stores as on 31-3-2002 could not be conducted due to shifting of DERC office to its new building at Malviya Nagar, New Delhi. The same has since been</p>

	<p>observed from the review of the stock register of the Non-Consumable goods (Technical) that the Computers installed at the residence of Directors are not entered in stock register inspite of being assets of Commission.</p> <p>In the stock register other computers purchased were also not indicated. The location of the computers installed, to whom issued and date of installation was also not shown.</p> <p>It has been further observed that no physical verification was conducted of the stores as on 31st March every year indicating shortages/excesses of any.</p> <p>Reasons for the non-maintenance of purchase register & physical verification of stores as on 31st March may please be furnished to audit.</p> <p>The justification for not entering the location of the computers installed may also be furnished to audit.</p>	<p>undertaken and is nearing completion and would be shown to the next Audit.</p> <p>The Computers installed at the residence of Directors stood duly entered in Stock Register maintained by the IT Division indicating the location of the Computers installed and the recipients of the Computers.</p>
Para No.3	Leave Salary and Pension Contribution of Deputationists	
	<p>As per para 7.7 (ii) of Deputation (duty) Allowance, the deputation of Central Govt. Employees on foreign service to Central Public Sector Undertakings/ State Public Sector undertakings and Autonomous Bodies etc., leave salary contribution (except for the period of leave availed on foreign service) and pension contribution/CPF (employee's share) contributions are required to be paid either by the employee himself or by the borrowing organization to the Central Govt. as the liability for pension/employer's contribution to CPF will be borne by the parent department to which the official permanently belonged at the time of retirement. The leave salary/pension</p>	<p>Leave Salary and Pension Contributions in respect of 23 deputationists have since been remitted to their respective parent Departments.</p>

	contribution should be remitted immediately after the close of the financial year by the borrowing department. There are 23 Officials on deputation to DERC. Position in the matter may be clarified under intimation to Audit.	
Para No.4	Sanctioning of Higher Pay Scale without approval of competent authority	
	<p>The Lt. Governor of NCT of Delhi had sanctioned 34 posts for DERC vide sanction dated 24.5.2000 including four posts of Directors and one post of Secretary in the pay scale of Rs. 14300-18300. But it has been observed that these officials have released pay in the scale of Rs.18400-22400. The approval/sanction of the Lt. Governor of NCT of Delhi for releasing the pay scale of Rs.18400-22400 was not made available to audit. A note of Additional Secretary, Power dated 27.12.2000 which was further marked to Principal Secretary (Power), Govt. of NCT of Delhi was however made available to audit.</p> <p>The reasons for release of pay scales of Rs.18400-22400 instead of Rs.14300-18300 without the approval of competent authority may please be intimated alongwith copy of the approval for grant of higher pay scale.</p>	Section 8 (3) of DERA – 2000 stipulates that the method and manner for selection of staff and terms & conditions of their service may be prescribed by the Commission by Regulations. Management and Development of Human Resources Regulations in this regard were finalised in consultation with the Govt. and have been notified vide Gazette Notification dt. 16-4-2001 and which, inter alia provides the pay scale of Rs. 18,400-22,400/- in respect of the posts of Secretary and Directors.
Para No.5	Non recovery of Internet Connection charges	
	As per instruction issued vide Government of India, Ministry of Finance O.M. No.7(4) E/Coord./99 dated 1.8.2000 the recovery of Rs.300 per month was required to be made from the salary of the officers who were provided computers with internet connection at their residence. It was noticed during audit that DERC has provided internet facilities to four Directors and the Secretary	The recovery of the amount in respect of providing Internet connection charges to 04 Directors and Secretary of this Commission was not to be affected in view of General Administration Department O.M. No. 3/149/99-2000/R&I/2294 dt. 2-5-2001, which does not provide for any recovery from the monthly salary of the officers. Commission having full financial powers in this regard

	<p>working in the pay scale of Rs.18400-22400 but the required recovery from the Salary of the officers has not been affected.</p> <p>The reasons for non-recovery of the amount in violation of the Government instruction may please be made available to audit.</p>	<p>have sanctioned this facility to the said officers of the Commission.</p>
Para No.6	General : Construction of Building	
(i)	<p>An office was established in the premises of 33 kv Grid Sub Station, Shivalik of Delhi Vidyut Board to accommodate Secretariat and executive wings of DERC. The Buildings was constructed by DVB and allotted to DERC.</p> <p>The position regarding completion of building and actual expenditure incurred may please be obtained from DVB for making adjustment in the books of DERC.</p>	<p>The Commission got the furnishing done through DVB. The payments have been released amounting to Rs. 44,13,369/- on the advice of DVB on receipt of their bills/certificates etc.</p>
2.	<p>The Commission shall prepare in such form at such time, for each financial year, the Annual Report of the Commission as required vide para 51 of the DERC Act 2000 giving a full account of its activities during the previous financial year. The same has not been prepared so far. The same may please be prepared and copy may be furnished to audit.</p>	<p>Annual Report of the Commission for the period December 1999 to 31st March 2002, is under preparation.</p>

DELHI ELECTRICITY REGULATORY COMMISSION

RECEIPT & PAYMENT ACCOUNT FOR THE YEAR ENDING 31.03.2003

RECEIPTS	AMOUNT	PAYMENT	AMOUNT
	Rs.		Rs.
To Opening Balance b/d		Salary	69,72,234
Cash in hand	5,000	Wages	8,00,291
		Overtime	52,554
Grant-in-Aid from Govt. of NCT of Delhi	1,75,00,000	Domestic Travel Expenses	1,17,598
Grant-in-Aid from Power Finance Corporation	6,19,742	Foreign Travel Expenses	13,97,702
Security Deposits	10,000	Office Expenses	39,20,022
Licences Fees	29,00,000	Furniture & Fittings	1,41,144
Processing Fees	15,82,000	Office Equipments	12,14,209
Sale Proceeds of Books	33,103	Computer Software	1,57,050
		Advertising	8,51,169
		Professional Services	10,03,967
		Remittance to Govt. of NCT of Delhi	45,15,103
		By Closing Balance	
		Cash in hand	1,58,170
		Cash at Bank	13,48,632
TOTAL	2,26,49,845	TOTAL	2,26,49,845

Note: The Accounts are yet to be audited by the Comptroller and Auditor General of India (CAG)

DELHI ELECTRICITY REGULATORY COMMISSION**INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDING 31.03.2003**

EXPENDITURE	AMOUNT	INCOME	AMOUNT
	Rs.		Rs.
Salary	69,72,234	Grant-in-Aid from Govt. of NCT of Delhi	1,75,00,000
Wages	8,00,291	Grant-in-Aid from Power Finance Corporation	6,19,742
Overtime	52,554		
Domestic Travel Expenses	1,17,598		
Foreign Travel Expenses	13,97,702		
Office Expenses	39,20,022		
Advertising	8,51,169		
Professional Services	10,03,967		
Excess of Income over Expenditure transfer to DERC Fund A/c	30,04,205		
TOTAL	1,81,19,742	TOTAL	1,81,19,742

Note: The accounts are yet to be audited by the Comptroller and Auditor General of India (CAG)

DELHI ELECTRICITY REGULATORY COMMISSION

BALANCE SHEET AS ON 31.03.2003

LIABILITIES	AMOUNT	INCOME	AMOUNT
	Rs.		Rs.
Capital Fund:		Fixed Assets:	
DERC Fund A/c	30,04,205	Furniture & Fittings	1,41,144
Liabilities:		Office Equipments	12,14,209
Imprest from Govt. of NCT of Delhi	5000	Computer Software	1,57,050
Security Deposit	10000	Current Assets:	
		Cash in hand	1,58,170
		Cash at Bank	13,48,632
TOTAL	30,19,205	TOTAL	30,19,205

Note: The accounts are yet to be audited by the Comptroller and Auditor General of India (CAG)

8. Organisational Structure and Duties & Responsibilities

8.1 Organisation composition

Being a single member Commission, Sh. V.K. Sood, is the Chairman of the Commission. The Secretary, other officers and staff who assist the Commission are an integral part of the organisation.

The Commission has four Divisions viz. Administration, Engineering, Tariff and Law, to assist it in discharging its responsibilities under the Act. Each of these Divisions is headed by a Director who, in turn, is assisted by either a Joint Director or Deputy Directors and other supporting staff. The Divisions have been made and allocated work on functional lines.

The Commission has a sanctioned staff strength of 34 persons including 16 Group 'A' officers. At present, it has 42 employees and most of them (23)

are on deputation from other Government organisations, some are on contract (15) and some are working in diverted capacity (5) from the DELHI TRANSCO Ltd.

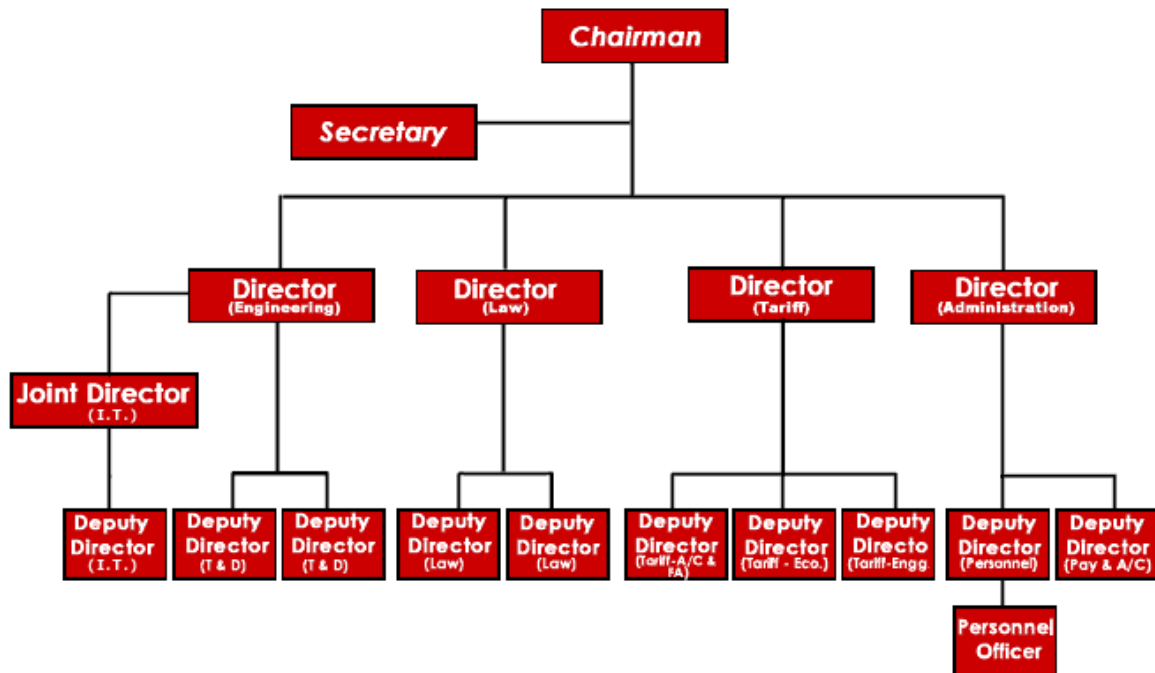
8.2 Organisation structure

The Organisation chart showing the structure of the organisation is shown in Chart 8.1. It may be seen that the organisation has a flat structure with a lean manpower strength. The functional role of each Division and also the profile of the officers is described below. The profile of the Chairman is given at the beginning of the Report.

8.2.1 Chairman

The Chairman exercises the powers vested in the Commission and executes the functions assigned under the Act. The details of such powers and

Chart 8.1 Organisation Chart of Delhi Electricity Regulatory Commission



functions have already been given in Chapter 3. In addition, the Chairman acts as the head of the organisation and executes additional functions, similar to the Chief Executives of other organisations.

8.2.2 Secretary

The Secretary acts as the nodal officer of the Commission and assists the Commission in discharging its functions.

- (a) he has custody of the records and the seal of the Commission;
- (b) he receives or causes to receive all petitions, applications or references pertaining to the Commission;
- (c) he prepares or causes to be prepared briefs and summaries of all pleadings presented by various parties in each case before the Commission in the discharge of its function in this regard;
- (d) he assists the Commission in the proceedings relating to the powers exercisable by the Commission;
- (e) he authenticates the orders passed by the Commission;
- (f) he ensures compliance of the orders passed by the Commission; and
- (g) he has the right to collect from the Central Government or Government of NCT of Delhi or other offices, companies and firms or any other party as may be directed by the Commission, such information as may be considered useful for the purpose of efficient discharge of the functions of the Commission under the Act and place the information before the Commission.

At present, the Secretary is assisted by a secretarial staff of 3 persons.

8.2.3 Tariff Division

The Tariff Division assists the Commission in handling one of the most crucial functions assigned to it under the Act, i.e. determination of rates at which electricity shall be sold and purchased within the NCT of Delhi. The Tariff Division has a Director (Tariff), two Deputy Directors and secretarial staff of 3 persons. This Division handles the petitions filed by the respective utilities for determination of their Annual Revenue Requirement and Tariffs to be charged from retail or bulk supply of electricity. The Division also handles and provides assistance to the Commission in formulating tariff related policies and providing clarifications thereon. In discharging its functions for determination of ARR and Tariffs, the Division is guided by the provisions of section 28 of the Act.

8.2.4 Engineering Division

The Commission has a separate Division for Engineering matters which also includes Information Technology (IT). The Engineering Division works under the supervision of Director (Engineering) who is assisted by a Joint Director (IT) and three Deputy Directors. The Engineering Division assists the Commission on all issues requiring the support of power engineers. It works in close tandem with the Tariff Division to handle issues relating to matters, such as, capital expenditure plans of the licensees, repair and maintenance, cabling, metering etc. The IT Division provides in-house training to the officers and staff. The IT Division has developed a software for Payroll system and also for maintaining data relating to Captive Power Plants. A separate software has also been created for movement of files within the Commission and for monitoring of complaints received from consumers. The IT Division is in the process of developing the necessary

software for filing of Aggregate Revenue Requirement (ARR).

8.2.5 Law Division

The Commission has a Law Division with a Director and two Dy. Directors assisted by secretarial staff of two. The Division has a very important role as the Commission amongst other functions, also has functions of framing Regulations and of resolution of disputes. The Commission has powers of a Civil Court in certain matters and its orders are enforceable as decrees of a Civil Court. The procedure before the Commission starts with the filing of a petition and the proceedings are treated as judicial proceedings. The Division handles the petitions filed before the Commission, deals with appeals, advises the Commission on legal issues, helps in framing of Regulations etc.

8.2.6 Administration Division

The Administration Division of the Commission looks after the Human Resource Development of the organisation and also matters relating to finance and accounts. The Division is headed by Director (Admn.) who, in turn, is assisted by two Dy. Directors, one Personnel Officer and an Accountant apart from other Secretarial Staff. The Administration Division is responsible for recruitment which is undertaken in the Commission and is the nodal Division for all budgetary matters. The general house-keeping work of the Commission also falls under the domain of this Division.

8.3 Profile of the Officers of the Commission

8.3.1 Sh. Ajit Srivastava, former Secretary (19/4/2000 – 31/5/2002)

Shri Ajit Srivastava, former Secretary to the Commission, joined the Delhi Electricity Regulatory Commission on 19th April, 2000. Shri Srivastava is a Post Graduate in Mathematics from the University

of Allahabad. Starting from 1979, Sh. Srivastava, has held various administrative postings in different departments of the National Capital Territory of Delhi and the erstwhile Delhi Administration, including postings in Industries, Revenue, Medical and Cooperative Department. He has also served in the Delhi Development Authority and the erstwhile Delhi Electric Supply Undertaking on deputation. Prior to his posting with the DERC, Sh. Srivastava was working as an Additional Secretary in Health and Family Welfare Department of the National Capital Territory of Delhi.

8.3.2 Sh. Somit Dasgupta, Secretary (31/01/2003 – till date)

Sh. Somit Dasgupta, an officer of the Indian Economic Service, joined the DERC in January 2003. Sh. Dasgupta has a vast experience in the power sector, having worked in the Ministry of Power, Government of India in two stints of about four years each. Apart from the Ministry of Power, Sh. Dasgupta has also worked in other Government Departments like the National Building Organisation, the Department of Youth Affairs and Sports, the Planning Commission and the Department of Development of North-Eastern Region. Sh. Dasgupta has undergone formal training in economics, having got his Master's degree from the Delhi School of Economics. Sh. Dasgupta also holds an M. Phil. degree on Economic Planning from the University of Glasgow.

8.3.3 Sh. M.L. Sharma, Director(Tariff) (4.10.2001 - till date)

Sh.M.L. Sharma has been working as Director (Tariff) in the Commission since October 2001. He also held the charge of Secretary, DERC for the period 01.05.2002 to 31.01.2003. Sh. Sharma is a graduate in Mechanical Engineering (AMIE) and MBA (Finance) from Faculty of Management Studies,

Delhi University. He belongs to the Central Power Engineering Service (Group A). Before joining the DERC, Sh.Sharma held the post of Director in the Central Electricity Authority w.e.f. December, 1993. He has over 35 years experience in various facets of Power Sector Development, including Project Planning, Investigations, Feasibility Studies, Techno-economic appraisals, Power Purchase Agreements, Design and Engineering, Procurement, Construction Management and Standardisation work relating to coal fired Thermal Power Stations and Gas Turbine Combined Cycle Power Plants/Diesel Engine Power Stations. Sh. Sharma has been on deputation to the Water & Power Consultancy Services (WAPCOS) as the Consultant's Resident Engineer during construction of the Vijaywada Thermal Station (1978-80) and later on as Deputy Chief Engineer at Head Quarters in New Delhi, incharge of the Thermal Power Development Group (1990-95). He has been trained in Japan on Thermal Power Development and also in the General Electric, USA in Operation and Maintenance of Gas Turbines. Sh. Sharma has also visited France for inspection of Gas Turbines.

8.3.4 Smt. Aruna Bhatia, Director(Administration) (04/10/2001- till date)

Smt. Aruna Bhatia belongs to the 1974 batch of the Indian Revenue Service (Income Tax). Before being appointed Director (Admn.) in the Commission, she was posted as Commissioner Income Tax at Delhi. Besides working in various positions in the Income Tax Department for several years, she has served in managerial capacity in the Bureau of Indian Standards and National Institute of Biologicals under the Ministry of Health and Family Welfare. Smt. Bhatia holds a Master's degree in English Literature and an M.Phil in Social Sciences. She has attended the Advance Programme in Public Administration at the Indian Institute of Public

Administration, New Delhi. She was awarded a Fellowship by the World Health Organisation for doing a course on Public Health Management at the Harvard University, Boston, USA.

8.3.5 Sh. V.J. Talwar, Director(Engineering) (17/10/2001 - till date)

Sh.V.J. Talwar has been working as Director (Engineering) in the Commission since October 2001. He also holds the charge of the Information Technology Division in the DERC. Sh.Talwar is a Graduate in Electrical Engineering (AMIE) for which he was awarded a Gold Medal. He also holds a Law Degree from the Delhi University. Sh.Talwar belongs to the Central Power Engineering Service (Group A). Before joining the DERC, Sh.Talwar held the post of Superintending Engineer (Operation) in the Northern Region Electricity Board since July 1999. Prior to this, Sh.Talwar was serving as Director in Central Electricity Authority (CEA). He has over 33 years of experience in the power systems including power system planning, designing and operation, development of software for system studies etc. Sh.Talwar has been associated with a number of Committees constituted to investigate the causes of grid disturbances for various Regional Grids. He has undergone training in Japan on Distribution Systems and has also visited Canada for carrying out system studies.

8.3.6 Sh. K.J.S. Bains, Director(Law) (13/11/2001- till date)

Sh. K.J.S. Bains, Director (Law) joined the BSF in 1984 through a 1983 All India Service Examination. He was a merit scholar in his LLB. Degree and stood third in the overall university merit list. He has vast legal experience, ranging from service law to criminal law as well as in other legal areas. Sh. Bains also possesses vast experience in litigation before the Supreme Court and High Courts. Sh. Bains headed the legal set-up of the Central Reserve

Police Force which is one of the oldest police organisations in the country. During his tenure with the CRPF, he dealt with the famous Supreme Court case of Green Delhi involving encroachment by various organisations/ agencies. Sh. Bains has served in the terrorist/insurgency prone states of the J&K and in the North East. For his dedication, devotion and hard work, he was twice awarded commendation role by the BSF chief. Incidentally, Sh. Bains has represented India as an Indian entry in the IX Himalayan Car Rally.

**8.3.7 Smt. Divya Jauhari, Joint Director(IT)
(25/11/2001- 26/5/2003)**

Smt. Divya Jauhari has acquired over a decade's experience of IT related activities in software development and production industries. Over the course of her career she has done programming, database and system administration in both relational and non-relational environments. As Joint Director(IT) in the Commission, she supervises IT related activities.

**8.3.8 Sh. Ajay Kaundal, Deputy Director(T&D)
(11/2/2002 - fill date)**

Sh. Ajay K. Kaundal is an Electrical Engineering Graduate from Delhi College of Engineering. On completion of his graduation he joined Neyveli Lignite Corporation Ltd. (A Govt. of India Enterprise) as Graduate Engineer Trainee. Before joining the Commission he was working as Executive Engineer/Electrical in a 600 MW Thermal Power Plant. He has nearly ten years of experience as operation Engineer of Thermal Power Plant. In the Commission he is working in the capacity of Dy. Director (T&D) in the Engineering Division. He is involved in the matters relating to issuance of licenses to the utilities, preparation and monitoring of regulations for utility performance standard, installation and operation of Captive Power Plants etc.

**8.3.9 Sh. Shiv Kumar, Deputy Director(Law)
(23/10/2001- till date)**

Sh. Shiv Kumar is an LL.M. and has joined the Commission on deputation from the Cental Industrial Security Force where he holds the rank of Commandant. He has headed various units of the Force and has experience of handling litigation on administrative law, constitutional law, service and allied matters. He is responsible for handling of litigation in the Courts and petitions before the Commission, drafting of regulations, advising on legal issues and also acts as Bench Officer for the Commission.

**8.3.10 Sh. Pankaj Prakash, Deputy Director(Tariff)
Engineering (20.06.2000 – 24.10.2001 as
Assistant Engineer and 25.10.2001-6/7/2003
as Deputy Director)**

Sh. Pankaj Prakash is a Postgraduate in Electrical Engineering and Business Administration. In his overall work experience of about 7 years, he has served in the Indian Railways as IRSEE(P), Indira Gandhi National Open University as Lecturer in Electrical Engineering, Delhi Vidyut Board and thereafter the Commission. In his association with the Commission of more than two and half years, virtually from the inception of the Commission, he has been involved in various proceedings of the Commission, preparation of Regulations and Orders with his contribution in tariff related financial and technical matters.

**8.3.11 Dr. Shashi Bala Malik, Deputy Director(Tariff)
Economics (23/10/2001 – 22/4/2003)**

Dr. Shashi Bala Malik did her Ph.D on "Integrated Multi-Level Energy Systems Planning Models for Rural India" from IIT Delhi in 1994. She has written a number of research papers published in International/National Journals. She worked in IIT as Senior Research Officer on various projects on Energy Planning, Transportation Model for Delhi and

Mathematical model for National Economy. She was Co-editor of the Energy Management Journal of the National Productivity Council, Delhi for two years. She has been working in the Commission as Dy. Director(Tariff)Economics since October 2001 and is looking after all tariff related matters.

8.3.12 Sh. Arun Dabas, Deputy Director(IT) (22/1/2002 - till date)

Sh. Arun Dabas is working on deputation with the Commission. His parent department is the Department of Training & Technical Education, Government of NCT of Delhi. He did his B.E. (Computer Engineering) degree from University of Pune in 1993. He has an experience of around 10 years in different private and Government organizations. His areas of specialization are Designing of Database Systems and Network Systems.

8.3.13 Sh. S.K. Anand, Deputy Director(P&A) (3/4/2002 - till date)

Sh. S.K. Anand is a Commerce Graduate (Hons.) from the University of Delhi. Sh. Anand belongs to the Accounts Service of the Ministry of Railways and has qualified the SAS examination of the Ministry. He is on deputation to the DERC as Deputy Director (P & A) w.e.f. 2.4.2002. Besides the Ministry of Railways, he has worked, on deputation, in the Oil Industry Development Board, Ministry of Petroleum and Natural Gas. In the DERC he deals with the subject matters pertaining to the Budget, Annual Accounts, C&AG's Audit Paras, all establishment matters including Pay & Allowance of staff/officers.

8.3.14 Sh. Anil Bali, Deputy Director (Law) (17.3.2003 - till date)

Sh. Anil Bali is a graduate in Law from the Delhi University and he is from 1994 Batch of Civil Service

Examination. He is on deputation from Central Industrial Security Force since March, 2003. He has experience in administration of field units. He holds experience in handling legal matters relating to litigating before the Supreme Court, the High Courts and also the Lower Courts. He enjoys a fair command on Administrative law, Constitutional law, Commercial law and Service law. He is presently looking after the legal assignments in the Commission. Sh. Anil Bali is a keen sportsman and enjoys reading and listening to music.

8.3.15 Sh. M.L. Soni, Deputy Director(Personnel) (10.10.2001-02.12.2002)

Shri M.L. Soni is a Commerce and Law Graduate from the University of Delhi and belongs to the Central Secretariat Service. Sh. Soni served the Commission as Dy. Director (Personnel) from 10.10.2001 to 02.12.2002 on deputation from the Central Water Commission, Ministry of Water Resources. During his tenure as Dy. Director (Personnel) in DERC, Sh. Soni dealt with all matters relating to Establishment and Administration.

8.3.16 Sh. Mukesh Kumar Gupta, Deputy Director (Tariff-Accounts & Financial Analysis) (27.03.2003-till date)

Sh. Mukesh Gupta is a Chartered Accountant, Company Secretary and Cost Accountant. In his overall work experience of about 8 years, he has served in various companies in the private sector, the Central Electricity Regulatory Commission as Assistant Chief-Finance and thereafter joined the Delhi Electricity Regulatory Commission. Sh. Gupta has the requisite experience in working out the tariff of central generating stations and also central transmission utilities. He also enjoys a fair command on accounting practices.

8.3.17 Other staff members of the Commission

Name & Designation
Sh. Inder Singh, Private Secretary
Sh. Pushpendra Kumar Sharma, Personnel Officer
Sh. V.P. Mehta, Accountant
Shri Shashi Bhushan, Sr. Personal Assistant
Sh. Sanjeev Saluja, Personal Assistant
Sh. Lalit Kumar, Personal Assistant
Mrs. Archana Negi, Steno-cum-Computer Operator
Sh. Vishal Piplani, Steno-cum-Computer Operator
Smt. Manju Battoo, Steno-cum-Computer Operator
Sh. Manish Balooni, Steno-cum-Computer Operator
Sh. Ajay Gupta, Cashier
Smt. Manju Tikku, Receptionist
Sh. Suresh Kumar, Clerk
Sh. Tek Chand, Clerk-cum-Computer Operator
Shri V.K. Anil, Clerk
Shri Ganesh Joshi, Data Entry Operator
Ms. Suja, Data Entry Operator
Sh. Chhottey Lal, Clerk
*Smt. Motika Anand, Personal Assistant
*Sh. Devender Rawat, Private Secretary to Chairman
*Sh. K.M. Samuel, Personnel Officer
*Sh. Murari Lal, Assistant Accounts Officer
*Sh. V.K. Gupta, Accountant
*Sh. R.S. Dinesh, Accountant
*Smt. Sangeeta Bisht, Personal Assistant
*Smt. Renu Aswal, Personal Assistant
*Sh. Shiv Kumar Sharma, Personal Assistant
*Sh. K.N.V.S. Prasad, Clerk-cum-Computer Operator

* Have since left the Commission.