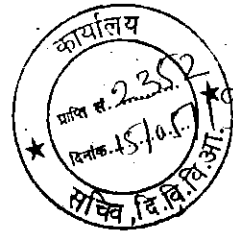


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[1]



Ref. RA/BYPL/2019-20/ 29

Date: 15.05.2019.

To,

The Secretary,
Delhi Electricity Regulatory Commission,
Viniyamak Bhawan, C-Block, Shivalik,
Malviya Nagar,
New Delhi – 110017

Sub: Additional Information w.r.t rectification of error on Petition no 08/2019 in the matter of Petition for Truing up of expenses upto FY 2017-18 and ARR for FY 2019-20.

Sir,

1. We write in reference to the above captioned subject regarding calculation of Incentive for Overachievement of Distribution Loss Target for FY 2017-18. The Petition for Truing up of Expenses Upto FY 2017-18 and ARR for FY 2019-20 is admitted by the Hon'ble Commission vide its Order dated 21.02.2019.
2. In the aforesaid petition BYPL prayed as under:-

Prayers:-

In view of the above, the petitioner most respectfully prays that the Hon'ble Commission may be pleased to:

(viii) Allow additions/ alterations/ changes/ modifications to the petition and permit the petitioner to place on record any developments/ facts/ documents that come to the knowledge of the petitioner at a future date;

(ix) Condone the delay in submission of this petition and any inadvertent omissions/ errors/ rounding off difference/ shortcomings; and

3. BYPL at Para 3.4.6 & Table 3.6 of its Petition for Truing Up of FY 2017-18, has made an inadvertent error while calculating the Incentive for Overachievement of Distribution Loss Target for FY 2017-18. The erroneous calculation for calculating the Incentive on account of Distribution Loss Target is tabulated below in Table 1:-

Table 1 – Incentive calculation Overachievement on account of Distribution Loss Target for FY 2017-18 Submitted in ARR Petition

S.NO	Particulars	UoM	Formula	Figures
A	Energy Purchased at distribution periphery	MU	A	7,289.05
B	Distribution Loss target for FY 2017-18	%	B	13.00%
C	Actual Distribution Loss for FY 2017-18	%	C	10.77%
D	MU Gain	MU	$D=(B-C)*A$	162.55
E	Average Power Purchase cost for FY 2017-18	Rs/KWh	E	4.63
F	Financial Impact on account of overachievement of Distribution Loss Target	Rs Cr	$F= D*E/10$	75.19
G	Impact of Financial benefit to be retained by BYPL (2/3)	Rs Cr	$G = F*(2/3)$	50.13

As evident from the above, BYPL in its ARR Petition has calculated the MU gain as the difference between the Distribution Loss Target and Actual Distribution Loss achieved which is multiplied by Energy Purchased at distribution periphery. The resultant MU gain is multiplied by Power Purchase cost to obtain the incentive in terms of Rs Cr.

4. The above methodology is not in line with the methodology specified in the Business Plan Regulation 2017, for calculating incentive on account of overachievement of Distribution Loss Targets. The relevant extract from Business Plan Regulation 2017 on calculation methodology of Incentive on account of Overachievement of Distribution Loss Target is reproduced below:

"25(4) Any financial impact due to Overachievement on account of Distribution Loss target by the distribution licensee for the relevant year shall be shared between the Distribution Licensee and Consumers as follows:

i. in case actual Distribution Loss is between the loss target and loss target minus $[50%(Previous Year Target-Current Year Target)]$ for the relevant year shall be shared in the ratio of 2/3rd to Consumers and 1/3rd to the Distribution Licensee;*

ii. in case actual Distribution Loss is less than loss target minus $[50\% \times (\text{Previous Year Target} - \text{Current Year Target})]$ for the relevant year shall be shared in the ratio of 1/3rd to Consumers and 2/3rd to the Distribution Licensee.

Illustration:-

- a) Sales (A) = 1000 MU
- b) Previous Year Distribution Loss Target (B) = 12%
- c) Current Year Distribution Loss Target (C) = 10%
- d) Power Purchase allowed by the Commission in Tariff Order $[D = A / (1 - C)] = 1111 \text{ MU}$
- e) Trued up Power Purchase Rate (E) = Rs. 5.00/kWh

CASE 1 [Actual Loss > Loss Target]

- a) Actual Distribution Loss (F) = 12%
- b) Actual Power Purchase done by the Distribution Licensee $[G = A / (1 - F)] = 1136 \text{ MU}$
- c) The Distribution Licensee has under-achieved the Distribution Loss target from 10% to 12% resulting into procurement of additional 25 MU (G-D).
- d) 100% Loss to Distribution Licensee = $(25 \times 5) / 10 = \text{Rs. } 12.50 \text{ Cr.}$

CASE 2 [Loss Target > Actual > [Loss Target - 50% * (Previous Year Target - Current Year Target)]

- a) Actual Distribution Loss (F) = 9%
- b) Actual Power Purchase done by the Distribution Licensee $[G = A / (1 - F)] = 1099 \text{ MU}$
- c) The Distribution Licensee has Over-achieved the Distribution Loss target from 10% to 9% resulting into lesser procurement of additional 12 MU (G-D).
- d) 1/3rd of Incentive to Distribution Licensee = $(12 \times 5) / 10 \times (1/3) = \text{Rs. } 2 \text{ Cr.}$
- e) 2/3rd of Incentive to Consumers = $(12 \times 5) / 10 \times (2/3) = \text{Rs. } 4 \text{ Cr.}$

CASE 3 [Actual < [Loss Target - 50% * (Previous Year Target - Current Year Target)]

- f) Actual Distribution Loss (F) = 8%
- g) Actual Power Purchase done by the Distribution Licensee $[G = A / (1 - F)] = 1087 \text{ MU}$

Incentive up to overachievement of loss target minus [50%*(Previous Year Target-Current Year Target)] 2/3rd of Incentive to Consumers = $[(1111-1099)*5]/10]*2/3 = \text{Rs. 4 Cr.}$ ----- (i)

Balance 1/3rd to Distribution Licensee = $[(1111-1099)*5]/10]*1/3 = \text{Rs. 2 Cr.}$ — (ii)

Incentive for overachievement less than loss target minus [50%*(Previous Year Target-Current Year Target)] 1/3rd of Incentive to Consumers = $[(1099-1087)*5]/10]*1/3 = \text{Rs. 2 Cr.}$ ----- (iii)

Balance 2/3rd to Distribution Licensee = $[(1099-1087)*5]/10]*2/3 = \text{Rs. 4 Cr.}$ --- (iv)

Total incentive to Consumers (i) + (iii) = Rs. 6 Cr. Total incentive to Distribution Licensee (ii) + (iv) = Rs. 6 Cr."

5. In view of the above, Hon'ble Commission is requested to kindly consider the following statement and calculation as mentioned in para 3.4.6 and Table 3.6 of Petition for truing up upto FY 2017-18, Aggregate Revenue Requirement (ARR) for FY 2019-20:-

"Corrected Para 3.4.6 – As per Regulation 25(4)(ii) of Business Plan Regulations 2017, the methodology for incentive Calculation on account of overachievement of Distribution Loss Target for FY 2017-18 is as follows:-

A. Current Year Distribution Loss Target	- 13.00%
B. Previous Year's Distribution Loss Target	- 12.90%
C. Actual Distribution Loss Achieved	- 10.77%
D. Loss Target-50%*(Previous year's target-current year's target)	- 13.05%

As per S.No D above, BYPL actual Distribution Loss is lower than Loss Target minus 50%*(previous Year's Target – Current Year's Target) i.e. 10.77% is lower than 13.05%. Hence, BYPL falls under case 3 of the illustration as specified in Regulation 25(4) of the Business Plan Regulations 2017. Accordingly, the calculation of incentive on account of Overachievement of Distribution Loss Target for FY 2017-18 is tabulated below:-

Corrected Table 3.6 Impact of Overachievement in Distribution Loss Target for FY 2017-18.

S.No	Particulars	UOM	Formula	Figures
A	Units Billed for FY 2017-18	MU	A	6,503.87
B	Actual Distribution Loss for FY 2017-18	%	B	10.77%
C	Target of Distribution Loss for FY 2017-	%	C	13.00%

S.No	Particulars	UOM	Formula	Figures
	18			
D	Previous Year's Distribution Loss Target (FY 2016-17)	%	D	12.90%
E	Loss target - 50%(Previous year's target - current year's target)	%	$E=C-50\%*(D-C)$	13.05%
F	Actual Energy Requirement for FY 2017-18	MU	$F=A/(1-B)$	7,289.05
G	Energy Requirement as per Distribution Loss Target	MU	$G=A/(1-C)$	7,475.72
H	Saving in power procurement	MU	$H=G-F$	186.67
I	Power Purchase cost	Rs/KWh	I	4.63
J	Total Incentive on overachievement of Distribution Loss Target	Rs Cr	$J=H*I/10$	86.43
K	BYPL's Share Incentive	Rs Cr	$K=J*2/3$	57.62

Hon'ble Commission is requested to kindly consider the above incentive of Rs 57.62 Cr, instead of Rs 50.13 Cr for truing up of of ARR and revenue (Gap)/Surplus in Table 3.6, 3.42, 3.43 & 5.1 for FY 2017-18.

Thanking you,

Yours faithfully,

For BSES Yamuna Power Limited



Gagan B Swain
Head- Regulatory Affairs.