BSES

BSES Yamuna Power Limited

Aggregate Revenue Requirement

BSES Yamuna Power Limited

True up Petition

for

FY 2008-09

Revised ARR &Tariff Adjustment

for

FY 2010-11

Submitted to:

Delhi Electricity Regulatory Commission

BSES

BSES Yamuna Power Limited

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PETITIONER

NEW DELHI:
DATE: 15th December 2009

BEFORE THE DELHI ELECTRICITY REGULATORY COMMISSION
C BLOCK, SHIVALIK, MALVIYA NAGAR, NEW DELHI

File No**.**___________

Case No**.**__________

<u>IN THE MATTER OF</u>:-

Petition/Application for approval of Aggregate Revenue Requirement (hereinafter referred to as “ARR”) and applicable Tariff for Wheeling and Retail Supply Business for the FY 2010-11 under the Multi Year Tariff (hereinafter referred to as “MYT”) framework for the financial year 2007-08 to FY 2010-11. The truing up Petition / Application for FY 2008-09 including the true up entitlement available pursuant to the order of the Hon’ble Appellate Tribunal for Electricity vide Order dated 30.10.2009 in Appeal 37 of 2008 and latest available information for FY 2009-10 is filed under Section 62 of the Electricity Act 2003 (hereinafter referred to as “**Act**”), read with Section 8.4, Section 8.5, Section 8.7, Section 8.8, Section 8.9, Section 11.1, Section 11.2, Section 11.3, Section 11.4 and Section 13.4 of the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2007 (hereinafter referred to as “MYT Regulations”), Section11 and section 28 of Delhi Electricity Reforms Act 2000 to the extent applicable, Conduct of Business Regulation 2001 and Section 24 of the Licence for Distribution and Retail Supply of Electricity issued by the Honourable Delhi Electricity Regulatory Commission (hereinafter referred to as “Hon’ble Commission”).

AND

<u>IN THE MATTER OF</u>:-

BSES Yamuna Power Limited (“BYPL”)
Shakti Kiran Building, Karkardooma,
New Delhi-110 092. … **PETITIONER**

The Petitioner named above most respectfully showeth:

I. That BSES Yamuna Power Limited (hereinafter referred to as “Petitioner”), a company incorporated under the Companies Act, 1956, and having its registered office at Shakti Kiran Building, Karkardooma, New Delhi – 110092, is a license holder for carrying on the business of Distribution and Retail Supply of electrical energy within the Area of Supply as specified in the “License for Distribution and Retail Supply of Electricity” issued by the

Honourable Commission which came into force on 12th day of March 2004. The said license is valid till 11th day of March 2029.

II. That the Petitioner in accordance with the license conditions and MYT Regulations is required to file ARR for the Wheeling Business and Retail Supply Business for FY 2010-11.

III. That the Hon'ble Commission had issued the Multi Year Tariff Order on 23.02.2008 for the control period of FY 2007-08 to FY 2010-11 (hereinafter referred to as the "**MYT Tariff Order**"). The Petitioner being aggrieved by certain findings of the Hon'ble Commission in the MYT Tariff Order appealed before the Hon'ble Appellate Tribunal for Electricity (hereinafter referred to as the "**ATE**") being Appeal No. 37/2008 seeking clarification and / or review and or reconsideration and or modifications of the MYT Tariff Order. The Hon'ble ATE subsequently issued its judgment in the matter vide its order dated 06.10.2009. The petition is to be viewed in the backdrop of the aforesaid judgment. To assist the Hon'ble Commission to take a considered and informed decision to implement the aforesaid order of the Hon'ble ATE, the Petitioner has represented before the Hon'ble Commission separately on certain issues and has reserved its rights to file separate Petition on the remaining issues.

IV. That the Hon'ble Commission has issued the Tariff Order on 28.05.2009 for FY 2009-10 (hereinafter referred to as the "**Tariff Order for FY 2009-10**"). The Petitioner has appealed before the Hon'ble ATE against the Tariff Order for FY 2009-10 being Appeal No. 147/2009.

V. That as per Section 11.2 and Section 8.8 of the MYT Regulations, the Petitioner is required to submit information as a part of annual review on actual performance to assess the performance vis-à-vis the targets approved by the Hon'ble Commission. Therefore, the Petitioner in this Petition has restricted itself to submissions of actual expenses for FY 2008-09. Moreover, the Petitioner reserves its right to submit additional audited information for FY 2009-10, if available at a later date for truing up before the issuance of the Tariff Order.

VI. That as per Section 11.1 of the MYT Regulations the Petitioner in this Petition requests the Hon'ble Commission to undertake a review of expenses approved in the MYT Order dated 23.02.2008 and 28.05.2009 and true up the uncontrollable expenses for the period FY 2009-10 and revised the ARR estimates for FY 2010-11 based on latest available information.

VII. The filing of the Petition should not be treated as curtailing any right or claim of the Petitioner, which it is permitted to recover in terms of its licence and Orders of the Hon'ble Commission, Hon'ble ATE and or any other statutory Authority.

VIII. That the Petitioner has filed herein the ARR for its Wheeling Business and ARR for its Retail Supply Business for FY 10-11 of the MYT first control period in terms of Section 62 of the Act, read with Section 8.4, Section 8.5, Section 8.7, Section 8.8, Section 8.9, Section 11.1, Section 11.2, Section 11.3, Section 11.4 and Section 13.4 of the MYT Regulations, Section11 and Section 28 of Delhi Electricity Reforms Act 2000 to the extent applicable, Conduct of Business Regulation 2001 and Section 24 of the Licence for Distribution and Retail Supply of Electricity issued by the Hon'ble Commission.

IX. That the Petitioner in the present ARR and MYT petition has stated the assumptions in relevant sections and has endeavoured to comply with the various applicable legal and regulatory directions of the Hon'ble Commission.

X. The Petitioner in the past has provided credit, equivalent to 50 percent of the increase in tariffs applicable to the domestic category since the Tariff Order for FY 2005-06 till the tariff Order issued on 23.02.2008. The balance 50% of the increase in Domestic tariff is being provided as subsidy to the Petitioner by the GoNCTD. The Petitioner submits that the adjustment/credit provided to the domestic consumers be first off-set against the consumer share in the additional revenue that may be generated as a result of over-achievement of the AT & C loss reduction targets during the control period under the MYT Regime as already communicated to the Hon'ble Commission earlier.

XI. That based on the information available, the Petitioner has made bona_fide efforts to comply with the directions of the Hon'ble Commission and in diligent discharge its obligations to the best of its abilities. However, should any other information be available in future, the Petitioner reserves the right to file such additional information and consequently amend / revise the Application / Petition. The Petitioner is ready and willing to provide any other and further information in respect of the filing that the Hon'ble Commission may require to determine its entitlement in the tariff fixation process. Nothing presented in the Petition should be treated as restricting, estopping, waiving or limiting the rights of the Petitioner to charges which it is permitted to recover under law.

Prayer

In view of the above facts and circumstances, the Petitioner prays before the Hon'ble Commission, each prayer being without prejudice to others, that it may be pleased:

a) To admit the Aggregate Revenue Requirement Application and Tariff Petition for the FY 2010-11 as submitted herewith.

b) To approve Aggregate Revenue Requirement upto the year FY 2010-11 under the MYT Regime including the revenue shortfall upto FY 2009 – 10 on account of uncontrollable variations, profit sharing mechanism for exceeding the targets, and implementation of performance framework for quality of supply targets, apart from variations of the Distribution Licensees upto FY 2006-07.

c) To allow the Tariff revision as proposed in this petition to recover the Aggregate Revenue Requirement for FY 2010-11 under the MYT Regime.

d) To device a suitable mechanism to recover the entire Revenue Gap of FY 2008-09 in a manner equitable to all stakeholders and in accordance with the applicable laws and regulations including refunds from M/s DTL in respect of Revenue Gap upto FY 2006-07.

e) To suitably amortize the variations in uncontrollable factors through Power Purchase Cost Adjustment Mechanism.

f) To allow the various Tariff rationalization measures as proposed.

g) To implement the directions issued by the Hon'ble ATE in the matter of BSES Yamuna Power Limited vs. Delhi Electricity Regulatory Commission & Others. (Appeal No. 37 of 2008) and recompute the targets of the MYT Tariff Order.

h) To approve all expenses in the truing up while determining Aggregate Revenue Requirement without deferring any expenses or part thereof in the form of Regulatory Asset, except those cited in this Petition.

i) To amortize the revenue from overachievement, at the end of the year FY 2008-09 against the adjustment / credit to Domestic consumers.

j) To allow additions / alterations / changes/ modifications to the application at a future date.

k) To allow any other relief, which the Hon'ble Commission deems fit.

l) Condone any inadvertent Omissions / errors/ rounding off difference / shortcomings.

Prayed accordingly

DEPONENT
Sai Krishna.
Head Regulatory (BYPL)
Authorized Signatory
BSES Yamuna Power Limited: Petitioner

BSES

BSES Yamuna Power Limited

Executive Summary

1. Executive Summary

This is Petitioner's Seventh Aggregate Revenue Requirement ("***ARR***") application and Third under the MYT Regime to the Hon'ble Commission. The truing up Petition / Application for FY 2008-09 including the true up entitlement available pursuant to the order of the Hon'ble Appellate Tribunal for Electricity vide Order dated 30.10.2009 in Appeal 37 of 2008 and latest available information for FY 2009-10 is filed under Section 62 of the Electricity Act 2003 (hereinafter referred to as "Act"), read with Section 8.4, Section 8.5, Section 8.7, Section 8.8, Section 8.9, Section 11.1, Section 11.2, Section 11.3, Section 11.4 and Section 13.4 of the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2007 (hereinafter referred to as "MYT Regulations"), Section11 and section 28 of Delhi Electricity Reforms Act 2000 to the extent applicable, Conduct of Business Regulation 2001 and Section 24 of the Licence for Distribution and Retail Supply of Electricity issued by the Hon'ble Delhi Electricity Regulatory Commission (hereinafter referred to as "Hon'ble Commission").

During the financial year, the Petitioner has performed better in terms of AT&C losses reduction. As against a target of 30.52% specified by Hon'ble Commission during the year, the Petitioner was able to achieve 24.02%. The Distribution losses for the year have been brought down from 33.42% to 24.95% during the year, i.e. an annual reduction of 8.5%. This is one of the highest loss level achieved in the sector in the said years. The total benefit on account of such better performance is Rs. 154.17 Crores the benefit of which will be provided to the consumers of the Petitioner in terms of the MYT Regulations. Further, the Petitioner has earned an additional Rs. 95.4 Crores over and above the Hon'ble Commission's estimates of Non-Tariff Income which has been accounted for reduction of the Revenue Gap, and consequently lower tariffs.

The Petitioner during the year has added 0.7 lac consumers to its billing fold. The above achievement of the Petitioner has resulted in generation of additional revenue, which to an extent mitigates the revenue gap caused due to increase in uncontrollable costs.

The Petitioner has trued up its revenue and expenses for the FY 2008-09 and has submitted the revised estimates for Uncontrollable Expenses and other statutory expenses which it is permitted to recover under law for FY 2008-09 and FY 2009-10. The Petitioner has enclosed all the relevant formats as desired by Hon'ble Commission at **Annexure – 1**. The audited account for FY 2008-09 has been enclosed as **Annexure – 2**.

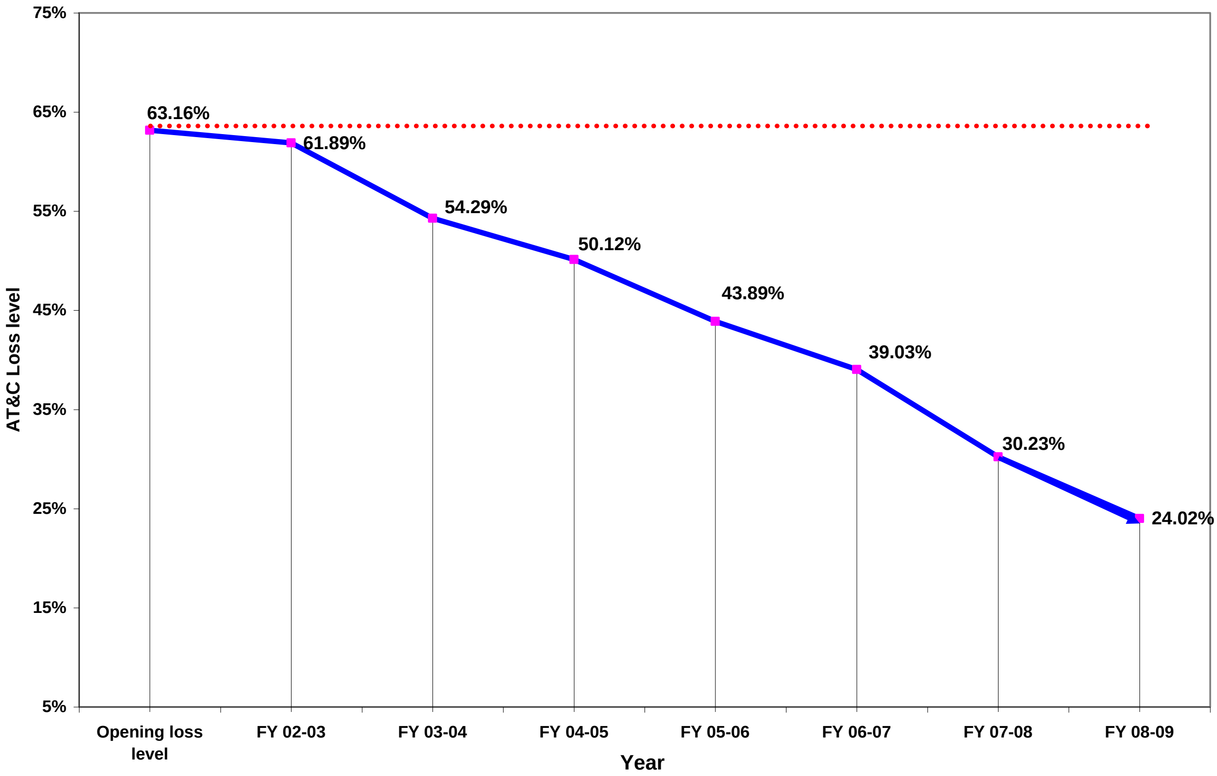
The Petitioner has segregated its accounts of FY 2008-09 into Wheeling Business and Retail Supply Business based on the cost audit report enclosed in **Annexure – 3**.

The Petitioner, being aggrieved by the Tariff Order dated 23rd February 2008 of the Hon'ble Commission (hereinafter referred to as "***MYT Order***") on some specific issues, appealed before the Hon'ble Appellate Tribunal for Electricity (hereinafter referred to as "***ATE***") seeking review and/or reconsideration and/ or modification of the MYT Order. The Hon'ble ATE while disposing of the Petition, in its order dated 30th October 2009 (hereinafter referred to as "***ATE Order***"), has reviewed and / or reconsidered and or modified certain cost elements of the MYT Order. The Petitioner has filed a separate petition before the Hon'ble Commission for implementation and Compliance of the ATE Order. Pending the Order of the Hon'ble Commission, nothing contained in this Petition should be treated as estopping, restricting or limiting or waiving the rights of the Petitioner to charges which it is permitted to recover under law. Since the Hon'ble ATE has directed the Hon'ble Commission to true up the entitlement of the Petitioner in terms of the directions set out in Para 118 of the ATE Order within 30 days, the Petitioner has considered the effect of truing up of expenses in terms of the ATE Order while projecting the expenses upto FY 2010-11, excepting for the issues as discussed in the Section 6.1.

The Petitioner has sought truing up for FY 2008-09 based on better performance of the Petitioner w.r.t. AT&C Loss reduction than the targets specified in the MYT Tariff Order. In terms of Section 4.2 (f) of the MYT Regulations, the variations in revenue / costs on account of uncontrollable factors like Sales and Power Purchase would be trued up. Consequently, the Petitioner has sought truing up of costs on account of uncontrollable factors only. However, as a part of Annual Performance Review the Petitioner has mentioned the actual costs incurred for the controllable factors in the relevant formats.

The Petitioner has been able to bring down its AT&C loss to 24.02%, thereby contributing additional Rs. 154.17 Crores towards tariff reduction. The Y-o-Y AT&C loss reduction by the Petitioner as against the opening loss levels since takeover is shown below:

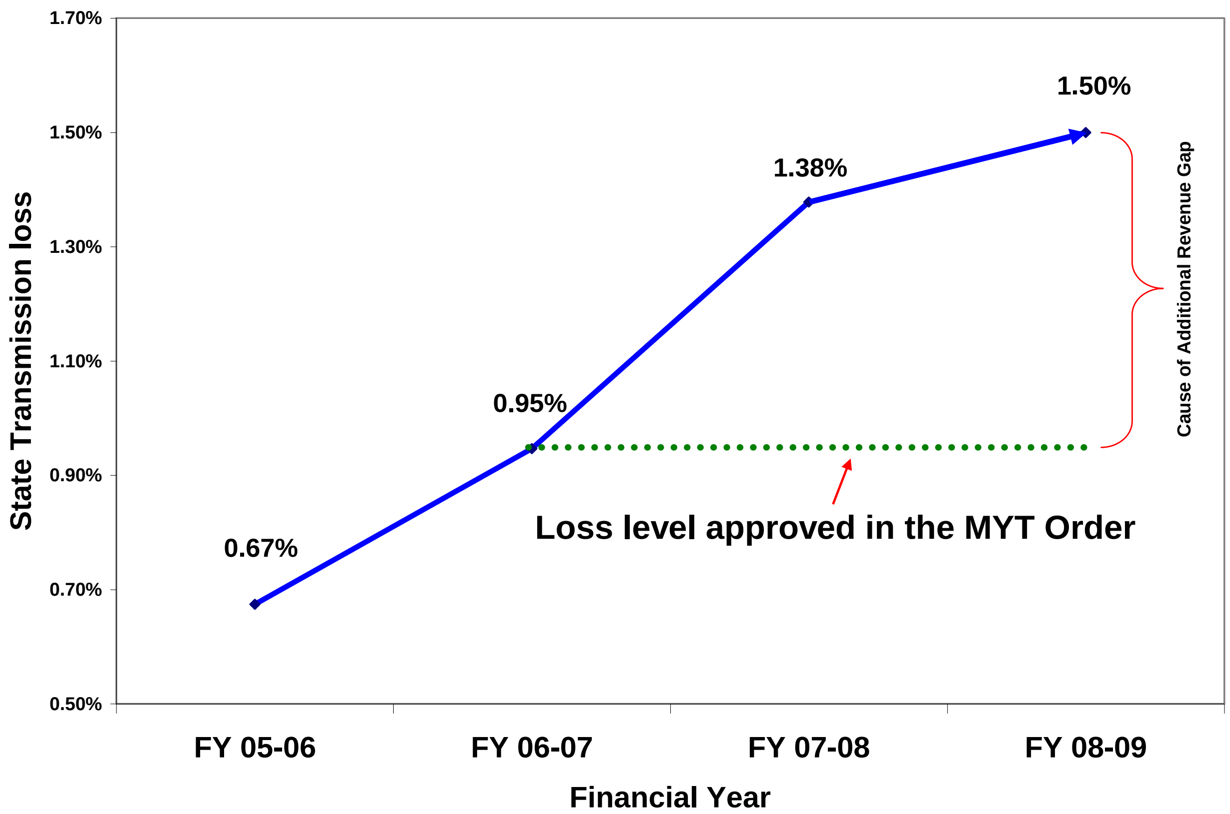
Figure 1: Year on Year reduction of AT&C losses.



The major contributor to the increase in Revenue Gap has been the Transmission Charges paid by the Petitioner. During FY 2008-09, the Inter State Transmission charges of the Central Transmission Utility have increased by 49.7% over the estimates of the Hon'ble Commission in the MYT Tariff Order. The Petitioner during FY 2008-09 has paid a sum of Rs. 147.69 Crores as compared to Rs. 98 Crores approved in the MYT Order. The primary reason for increase in Transmission charges is due to a steep increase in Inter State Transmission Charges, which had increased by 94% vis-à-vis the Hon'ble Commissions estimates.

Further, the Hon'ble Commission had in the MYT order estimated a Transmission loss of 0.95% for the State Transmission Utilities network, which during the period has increased to 1.5%. The trend in loss level at the State Transmission Utility's network has also been increasing as shown below:

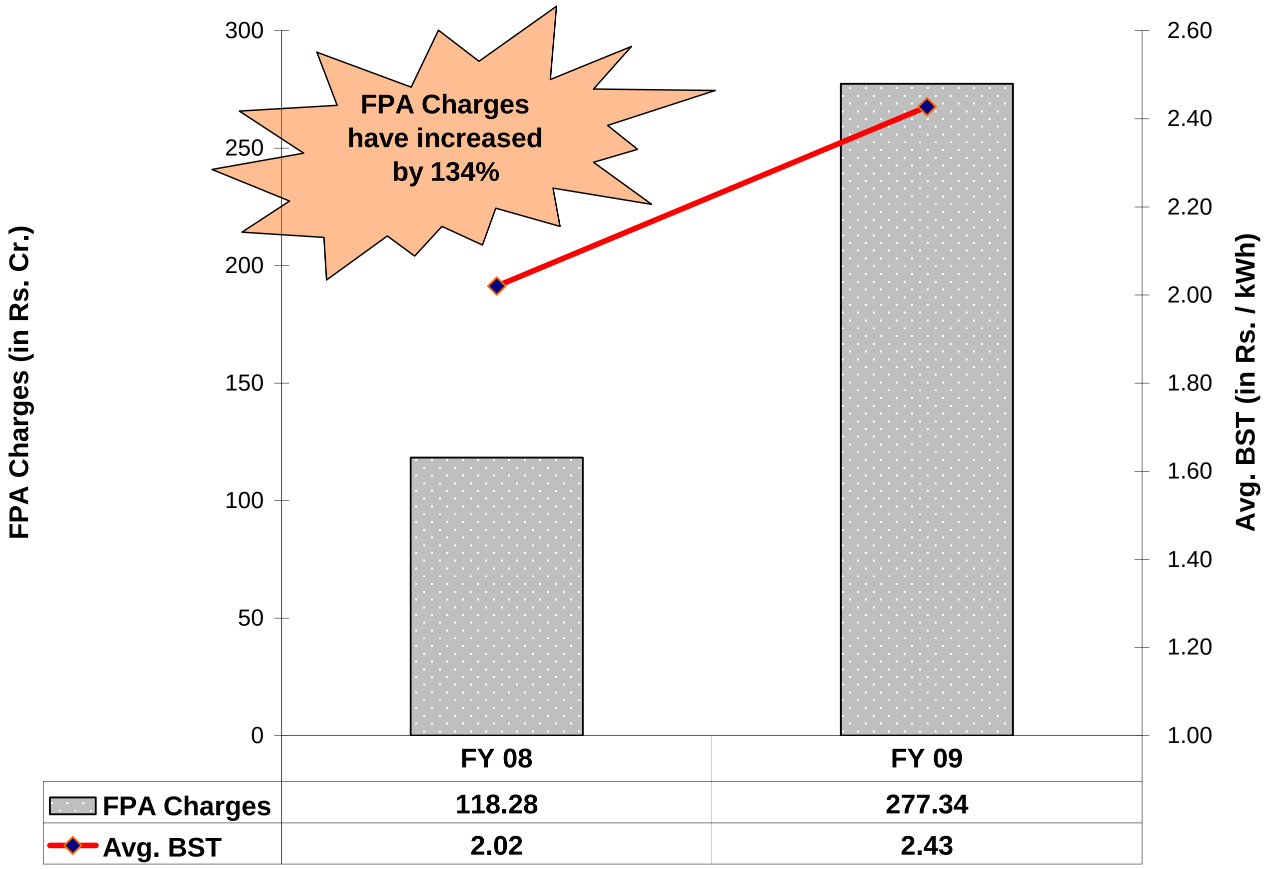
Figure 2: Increase trend in Transmission Loss of STU.



It is noteworthy that in the event the Transmission Utility losses were maintained at 0.67%, it would have saved Rs. 40.77 Crores towards Power Purchase Costs, in turn the Revenue Gap for FY 2008-09.

It is also noteworthy that during FY 2008-09, the Power Purchase costs would have been lower, but for the increase in FPA Charges payable to Central Generating Stations as shown in figure below:

Figure 3: Increase in FPA Charges in FY 2008-09.



The ARR for FY 2008-09 is tabulated below:

Table 1 : Aggregate Revenue Requirement for FY 2008-09

Sl. No.	Particulars	As per MYT Order	FY 08-09	Diff.
		A	B	C = (B - A)
1	Cost of Power Purchase	1169.18	1134.31	-34.87
2	Inter State Transmission Charges	53.3	103.47	50.17
3	Intra State Transmission Charges (including SLDC fees)	45.36	44.22	-1.14
4	Operation & Maintenance Costs	223.76	270.31	46.55
	As per MYT Order	*223.76*	*223.76*	
	Additional Impact due to ATE Order		*46.55*	
5	Depreciation including AAD	87.31	87.31	0.00
6	Other Expenditure	0	7.49	7.49
	DVB Arrears		*3.89*	
	CISF		*3.46*	
	New Initiatives		*0.13*	
7	Past period expenses due to implementation of ATE Order		100.62	100.62
8	Return on Capital Employed including Additional Return	119.58	119.58	-
9	Additional Expenses due to uncontrollable factors		0.16	0.16
	Incremental Bill Printing Expenses		*0.07*	
	License fee paid to DERC		*0.09*	
10	Income Tax	2	9.29	7.29
	Less:			0.00
11	Interest Capitalised	10.54	10.54	0.00
12	Non-Tariff Income	44.09	139.52	95.43
	Aggregate Revenue Requirement	**1,645.86**	**1,726.71**	**80.85**

The Petitioner has forecasted the variations in uncontrollable items like Sales, Power Purchase Costs, and other Expenses for FY 2009-10 and FY 2010-11. For projection of Sales for the period October '09 to March'10 and FY 2010-11, the Petitioner has relied on the report on 17th EPS. The Petitioner has maintained the same growth rate in demand as projected in the 17th EPS for all categories of consumers as specified in the Tariff Order, excepting for Industrial, Irrigation, DMRC and Railways.

Pending the Hon'ble Commission's decision on the Petitioner's representation in light of the ATE Order and without prejudice to the contentions raised therein, the Petitioner in this Petition has assumed the

T&D loss and AT&C loss level targets in accordance with the MYT Regulations read with the MYT Tariff Order.

The Petitioner for the purpose of estimation of firm power purchase has considered the Power availability from Generating Stations within Delhi, Central Generating Stations, New plants expected to be commissioned as per CEA Report, Power purchase through short term and banking arrangements. In view of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009, read with the CRISIL Research Report on the "*Impact analysis on CERC Regulations (2009-14)"* the Petitioner for all CSGS stations has considered 8% increase in the Annual Fixed Charges (AFC), every year, over the AFC for FY 2008-09 as approved by CERC in the last Tariff Order. For SGS stations, the AFC has been considered as per the approved AFC for respective years in the MYT Tariff Order issued by the Hon'ble Commission.

The Petitioner has considered actual power purchase cost upto September '09, as per power purchase bills furnished by Generators as on 30.09.2009. The Petitioner has considered an escalation of 8.75% over actual variable charges for respective months while considering the Variable Charges for second half of FY 2009-10 & FY 2010-11. The Petitioner has considered an escalation of 10% and 15% in the FPA Charges for the remaining period of FY 2009-10 and FY 2010-11 respectively.

PLF of existing thermal and nuclear plants and availability factor for Hydro stations in a particular month has been considered as per the NRPC methodology for projection of demand.

For FY 10 and FY 11, the intra state losses have been assumed at the same level as that of FY 09. For the second half of FY 10 and FY 11, the interstate losses for respective months have been considered as the average of last two actual monthly interstate losses. The Petitioner has estimated the Transmission charges payable to DTL considering the escalation of 5% year on year. Inter-State transmission charges have been estimated by first calculating per MW transmission charges paid to PGCIL in FY 09 and multiplying it with total MW capacity allocation for the Petitioner in the respective years in projects located outside Delhi.

The revised estimates for FY 2009-10 and FY 2010-11 are tabulated below:

Table 2: Aggregate Revenue Requirement for FY 2009-10 and FY 2010-11

Sl. No.	Particulars	FY 09-10	FY 10-11
1	Cost of Power Purchase	1927.27	1538.10
2	Inter State Transmission Charges	131.47	217.81
3	Intra State Transmission Charges (including SLDC fees)	106.98	48.75
4	Operation & Maintenance Costs	335.52	287.06
5	Depreciation including AAD	101.13	114.36
6	Other Expenditure	5.36	20.95
	CISF	*3.60*	*3.75*
	Training Expenses	*1.62*	*9.06*
	Expenses towards bifurcation of Shared Services	-	*8.00*
	New Initiatives	*0.13*	*0.13*
8	Return on Capital Employed including Additional Return	143.84	160.38
9	Additional Expenses due to uncontrollable factors	0.24	0.29
	Incremental Bill Printing Expenses	*0.12*	*0.16*
	Licence fee paid to DERC	*0.12*	*0.13*
10	Energy Conservation	*10.00*	
11	Income Tax	2.00	2.00
	Less:		
12	Interest Capitalised	10.31	9.06
13	Non-Tariff Income	46.81	49.76
	Aggregate Revenue Requirement	**2,706.69**	**2,330.89**

As per the Electricity Act 2003 determination of electricity tariff to be charged from a category of consumer for Wheeling of Electricity and Retail Supply of Electricity is the prerogative of the Hon'ble Commission. Therefore, in the materialization of Tariff Proposal or tariff rationalization measures proposed by the Petitioner, the Hon'ble Commission has the final say while finalizing tariff for Wheeling of Electricity and Retail Supply.

The Petitioner in this Petition has sought truing up of expenses for FY 2008-09 based on its audited accounts. Further, it has projected the revised estimates for FY 2009-10 and FY 2010-11 for uncontrollable parameters. Based on the audited accounts and revised estimates the Revenue Gap upto FY 2010-11 is tabulated below:

Table 3: Revenue Gap upto FY 2010-11 (in Rs. Crores)

Computation of Revenue Gap	FY 2008-09	FY 2009-10	FY 2010-11
Opening Gap as per Tariff Order for FY 2009-10*	116.62	235.50	1,056.34
Prior Period Gap due to ATE Order (i.e. upto 31.03.08)	100.62	-	-
Gap during the Year	172.77	765.61	151.06
Aggregate Revenue Requirement during the year	*1,726.71*	*2,706.69*	*2,330.89*
Less:			
Revenue available towards ARR	*1,553.93*	*1,941.09*	*2,179.83*
Carrying Cost @ 9%	22.80	55.24	101.46
Gap adjusted during the year	76.70	-	-
Closing Gap	**235.50**	**1,056.34**	**1,308.86**

(*Note: The Opening Gap is as determined by the Hon'ble Commission in Table 61 of the Tariff Order for FY 2009-10)

The Opening Revenue Gap for FY 2008-09 was anticipated to be Rs. 116.62 Crores by the Hon'ble Commission in the Tariff Order for FY 2009-10. The Revenue Gap along with Revenue Gap during FY 2008-09, past period expenses as allowed in the ATE Order and carrying costs stands at Rs. 235.50 Crores as on 31.03.2009. A major component of this Revenue Gap pertains to the Period ending FY 2006-07. In terms of the Policy Directions issued by GoNCTD vide Notification No. F.11 (118)/2001–Power/187 and dated 31.05.2002, read with the Hon'ble Commission's Tariff Order dated 22.02.2002, the Revenue Gap upto FY 2006-07 needs to be recovered by adjusting downward the Bulk Supply Tariff that has already been paid to DTL, as per the "*Paying Capacity*" principle for the distribution companies.

The same stance finds mention in the Hon'ble Commission's writ (in the Appeal No. 5863-5864 of 2009) before the Hon'ble Supreme Court in the matter of DVB Arrears where the Hon'ble Commission has stated that "*burdening existing consumers for past period liability is against the Policy Directions*" and that "*past period liability should be funded by GoNCTD*".

In this background, it is proposed that the past claims, including claims arising due to the ATE Order, upto FY 2006-07, be trued up by re-computing the Petitioner's paying capacity to DTL, and creating / increasing the Revenue Gap in the books of Transco by the corresponding amount. Creation of Revenue Gap (based on the "*Paying Capacity*" principle) in the books of Transco is in accordance with the Policy Directives of GoNCTD. However, in the event the Hon'ble Commission decides alternatively, the Hon'ble Commission may device a suitable mechanism for recovery of the Revenue Gap upto FY 2006-07 so that the same doesn't burden the Petitioner's Consumer's.

Although the Petitioner in FY 2008-09 has performed better vis-à-vis the Regulatory MYT Target, the major reason for increase in Revenue Gap is due to Over-estimation of Revenue in the MYT Tariff Order, Increase in Power Purchase Costs and Increase in Transmission Costs as compared to the MYT Tariff Order. The Petitioner respectfully states that whilst the ATE Order Impact has been sought by it separately in the form of an independent Petition, however, the same is included herein for the sake of a consolidated understanding of the tariff proposal. The Petitioner respectfully states and submits that whilst giving effect to the ATE Order Impact it trusts the Hon'ble Commission to proceed in terms of the directions set out in the ATE Order, without treating the same as a new Annual Revenue Requirement proposal.

The Revenue Gap of Rs. 235.5 Crores at the end of FY 2008-09, remains unamortized during FY 2009-10, since as per the revised estimates of the Petitioner, there would be a Revenue Gap during FY 2009-10 instead of Revenue Surplus as projected in the Hon'ble Commission's order dated 28.05.2009. Therefore the Revenue Gap of FY 2008-09 amounting to Rs. 235.5 Crores including carrying costs during FY 2009-10 amounting to Rs. 55.24 Crores is carried forward in FY 2010-11 as a part of the opening Gap for the year. The Opening Revenue Gap for FY 2010-11 due to the Revenue Gap upto FY 2008-09 is Rs. 256.69 Crores.

Since a major portion of the aforestated Revenue Gap is due to the Revenue Gap upto FY 2006-07, it is submitted that the Hon'ble Commission may device a suitable mechanism to recover the entire Revenue Gap of FY 2008-09 (i.e. Rs. 257 Crores at the beginning of FY 2010-11) in a manner equitable to all stakeholders and in accordance with the applicable laws and Regulations.

As per the revised estimates and based on the half yearly accounts, the Petitioner estimates that during the FY 2009-10 there would be a Revenue Gap of Rs. 765.61 Crores. The Hon'ble Commission in Section 5.24 of its Tariff Order dated 28.05.2009 had estimated a revenue surplus of Rs 151.17 Crores. **Therefore for the purpose of determination of Opening Revenue Gap for FY 2010-11, the Petitioner has not considered any Revenue Gap and or Surplus during FY 2009-10.** The Petitioner proposes that the Hon'ble Commission may amortize the Revenue Gap through a suitable Power Purchase Cost Adjustment Mechanism.

As per the revised estimates, the Petitioner estimates that during the FY 2010-11 there would be a Revenue Gap of Rs. 180.96 Crores, which includes Rs. 29.9 Crores towards carrying cost of revenue gap arising out of uncontrollable expenses upto 01.04.2010.

The cumulative revenue gap for FY2010-11 including truing up of FY 2008-09 based on actual audited accounts, estimated gap for the year FY 2009-10 and FY 2010-11 along with carrying cost of the past period upto FY 2010-11 is shown in the **Table 3**.

To prevent tariff shock to the consumers, the petitioner has proposed tariff increase of 8.30% only to recover Rs. 180.96 Crores towards revenue gap for FY 2010-11 of Rs. 151.06 core and carrying cost of Rs. 29.90 Crores. The petitioner request Hon'ble commission to devise suitable mechanism to recover the balance gap up to FY 2010-11 so that consumers are not burdened with carrying cost for the past period recovery.

To summaries, the Petitioner proposes to recover the Revenue Gap for FY 2010-11 through uniform increase in Retail supply tariff of 8.30% across all categories.

The Other Tariff Rationalization measures proposed in this Petition include the following:

- Tariff intervention to address under declaration of load
- Billing polyphase consumers (NDLT & SIP) with sanctioned load < 10 kW on kVAh tariff whose MDI has recorded a load greater than 10 kW continuously for three billing cycles.
- Public Hoardings/ display boards using electricity for lighting to be charged on separate tariff
- Consideration of Introduction of time differential tariffs for Consumers with Load > 10 kW for demand side management through informed deliberations with stakeholders

2. Structure of this Petition

This Petition has been bifurcated into two volumes for ease of Reference:

- Volume I contains the following sections:
  - Performance during FY 2008-09
  - Compliance to Directives issued by the Hon’ble Commission
  - Basis for segregation of Wheeling & Retail Supply Business
  - Truing up in terms of ATE Order
  - Truing up of Uncontrollable Factors for FY 2008-09
  - Revised estimates for FY 2009-10 and FY 2010-11
  - Cost of Supply Model
  - Tariff Rationalisation Proposals
  - List of Annexure
  - Abbreviations used in the Petition.
  - **Annexure – 1** i.e. MYT Formats as specified by Hon’ble Commission
  - **Annexure - 2** - Audited Balance Sheet of the Petitioner.
- Volume II contains the following:
  - Annexure – 3 to Annexure-19 to the Main Petition

3. Performance during FY 2008-09

BSES Yamuna Power Limited (BYPL) has striven hard for reducing AT&C losses and strengthening its operating system. The major highlights of the FY 2008-09 are as follows:-

- During the financial year, the Petitioner has overachieved its AT&C losses reduction target. As against a target of 30.52% specified by Hon'ble Commission in the MYT Order for the year, the Petitioner was able to achieve 24.02%.
- The Distribution losses for the year have been brought down from 33.42% to 24.95% during the year, i.e. an annual reduction of 8.5%.
- The Petitioner during the year has added 0.7 lakh consumers to its billing fold.
- The above achievement of the Petitioner has resulted in generation of additional revenue, which to an extent mitigates the revenue gap caused due to increase in uncontrollable costs.
- The Petitioner during the year has also augmented its distribution network apart from achieving the Performance Standard yardstick specified by the Hon'ble Commission, the details of which are discussed in the following sections.

3.1. Augmentation / Maintenance of Network

Table 4: Augmentation of Distribution Network

Sl. No.	Description	FY 2008-09	FY 2007-08
1	Number of power transformers	131	130
2	EHV capacity(MVA)	2658	2638
3	Shunt capacitors (MVAr)	878	850
4	Number of distribution transformers	3223	3189

Sl. No.	Description	FY 2008-09	FY 2007-08
5	Distribution transformer capacity(MVA)	2272	2249
6	Number of 11kV feeders	673	673
7	11kv cables laid (km)	1735	1731
8	Total number of LT feeders	13224	13201
9	LT lines laid (km)	5512	5459

3.2. Peak Demand Met

Peak demand of 956 MW was met in FY 08-09 as against the Peak demand of 954 MW met in FY 07-08.

3.3. Actual vis-à-vis Performance standards during FY 2008-09

3.3.1. Normal fuse-off calls

This head of complaints comprises the complaints made by the consumers to rectify their fuse which had blown out. The timeline set by the Hon'ble Commission for rectification of such complaints and the achievement by the Petitioner is tabulated below:

Table 5: Performance Standard – Normal Fuse Call

Prescribed Time Limit/ Measure	Overall Standard of Performance	Number of complaints received	Number of complaints attended within specified timelines	% Complied
Within three hours for Urban areas	At least 99% calls received should be rectified within prescribed time limits in both Cities and Towns and in Rural areas.	404861	402523	99.42%
Within eight hours for Rural areas				

3.3.2. Complaints w.r.t. Line breakdown

This head of complaints comprises the complaints made by the consumers to rectify their service line connections which have either broken and / or have snapped from the pole. The timeline set by the Hon'ble Commission for rectification of such complaints and the achievement by the Petitioner is tabulated below:

Table 6: Performance Standard – Line breakdown

Prescribed Time Limit/ Measure	Overall Standard of Performance	Number of complaints received	Number of complaints attended within specified timelines	% Complied
Within six hours for Urban areas Within twelve hours for Rural areas	At least 95% calls received should be rectified within prescribed time limits in both Cities and Towns and in Rural areas.	1543	1542	99.94%

3.3.3. Complaints w.r.t. Distribution Transformer Failure

This head of complaints comprises the complaints made by the consumers to restore their power supply which have been caused due to a failure of distribution transformer. The timeline set by the Hon'ble Commission for rectification of such complaints and the achievement by the Petitioner is tabulated below:

Table 7: Performance Standard – Distribution Transformer Failure

Prescribed Time Limit/ Measure	Overall Standard of Performance	Number of complaints received	Number of complaints attended within specified timelines	% Complied
Temporary supply to be restored within four hours from alternate source, wherever feasible. Rectification of fault and thereafter restoration of normal power supply within twelve hours.	At least 95% of DTR's to be replaced within prescribed time limits in both Cities and Towns and in Rural areas.	404861	402524	99.4%

The Petitioner submits that two Transformers of rating 630 KVA failed on 17.07.2008 at substation No 8, Patparganj Industrial Area, Laxmi nagar due to theft of transformer oil by the miscreants resulting into failure of Transformer. One transformer of rating 990 KVA Transformer failed on 28.08.2008 at 30 Block, West Nagar due to fire on outside the Transformer & LT side leads resulting into burning of Transformer.

3.3.4. Complaints w.r.t. Scheduled outages

This includes the complaints made by the consumers for rectification of power supply caused due to interruptions due to scheduled outages, other than load shedding. The timeline set by the Hon'ble Commission for rectification of such complaints and the achievement by the Petitioner is tabulated below:

Table 8: Performance Standard – Scheduled Outage

Prescribed Time Limit/ Measure	Overall Standard of Performance	Number of complaints received	Number of complaints attended within specified timelines	% Complied
Maximum duration in a single stretch shall not exceed 12 hours.	At least 90% of cases should be complied within prescribed time limits.	Complied		
Restoration of supply by 6:00 P.M.				

3.3.5. Reliability Indices

The Reliability Indices based on long duration interruptions are the primary benchmark used to identify service quality of the distribution utility. The Hon'ble Commission has adopted the reliability / outage indices as prescribed by the Institute of Electrical and Electronics Engineers (IEEE) standard 1366 of 1998. As per the methodology prescribed by the Hon'ble Commission, Licensee has submitted the data on reliability indices for FY2007-08 and FY2008-09 vide its letter dated RCM/BYPL/08-09/416 dated 03 July 2009. The indices for FY 08-09 vis-à-vis FY 07-08 are given below:

Table 9: Performance Standard – Reliability Indices

Reliability Indices	FY 2007-08	FY 2008-09
SAIFI	3.42	2.68
SAIDI	4.08	3.10
MAIFI	0.07	0.01

3.3.6. Frequency variation

In an integrated system operation the frequency constraints with the other network constraints viz. DTL, SLDC etc to maintain the supply frequency within specified time limits to maintain grid safety.

3.3.7. Complaints w.r.t. Billing Mistakes

This includes the complaints made by the consumers for rectification of their monthly consumption bills. The timeline set by the Hon'ble Commission for rectification of such complaints and the achievement by the Petitioner is tabulated below:

Table 10: Performance Standard – Billing Mistakes

Prescribed Time Limit/ Measure	Overall Standard of Performance	Number of bills modified	Number of bills generated during the period	% Modified
Licensee shall maintain the percentage of bills requiring modifications following complaints to the total number of bills issued.	Not exceeding 0.2%	9035	6012131	0.15

3.3.8. Complaints w.r.t. Faulty Meters

The Supply code requires that the percentage of defective meters to the total number of meters installed should be less than 3%. The performance as on 31.03.2009 is as follows:

Table 11: Performance Standard – Faulty Meter

Prescribed Time Limit/ Measure	Overall Standard of Performance	Number of defective meters	Number of meters in service	% Defective
Licensee shall maintain the percentage of defective meters to the total number of meters in service.	Not exceeding 3%	2773	1486343	0.19

3.4. New Initiatives during FY 2008-09

3.4.1. Customer Care Initiatives

During FY 2008-09, the Petitioner had continued with the customer care initiatives undertaken since takeover and has also added new initiatives during FY 2008-09.These have not only benefited the customers in terms of saving time and effort but have also ensured a stronger and valuable customer relationship.

- Deployment of CISF personnel for control of theft.
- Payment Options:
    - Automated Payment KIOSKS at our Customer Care Centers
    - Collection boxes placed at all Metro Stations
- Queue Management System has been initialized in some of the customer care center which witness high footfalls. This coupled with multi tasking at CHDs ensures faster and efficient service to customers.
- Universal Complaint Number for all complaints.
- **Vishisht Sahyogi Initiative:** A one of its kind partnership initiative with eminent citizens and opinion makers of the society so as to make them our Brand Ambassadors and be our channel to understand the

issues at the ground level. Regular interactions and priority actions have resulted in making a strong bond between us and our ambassadors. These are continuously updated about all the customer centric activities taking place in the organization.

- **Bijli Gyan Abhiyan:** The Petitioner has undertaken Demand Side Management (DSM) Activities such as spreading awareness about Energy Conservation in schools. The objective of the effort is to ensure that our future generation learns how to use it properly. The Petitioner has already approached 700 schools in its licensed area.

3.4.2. Corporate Social Responsibility

BSES's Employees has donated Rs. 25 lacs and Rs. 50 Lacs for Bihar Flood victims. The amount was contributed by all willing employees of the organization.

These initiatives have been dealt with in detail subsequently in the present Petition, including by way of a cost benefit analysis for tariff purposes.

4. Compliance to Directives

The Hon'ble Commission in its Tariff Order dated 28th May 2009 for the Petitioner had issued various directives. The Petitioner through various submissions had provided to the Commission the information / status report sought on the directives issued. The Petitioner herein provides the status of compliances against all the directives issued by the Hon'ble Commission:

1. *Directive on Energy conservation and Demand Side management (Ref: Para 2.28 of Tariff Order for FY 09 - 10):*

   The Commission has approved a provisional expenditure of Rs.10 Crs for BYPL for the year FY 09-10 towards energy conservation and demand side management program. It has directed the Petitioner to submit various schemes of the energy conservation program for approval of the Commission. This expenditure will be trued-up at the end of FY 09-10.

   Compliance:

   The Petitioner has complied with the directive and has submitted a project report on Implementation of Demand Side Management to the Hon'ble Commission. The Hon'ble Commission has desired that the cost of DSM Scheme to be submitted with some additional information for consideration. Appropriate action is being taken already.

2. *Directive on recording of features like supply outages/interruptions in the meter, the Commission holds that the consumers having load above 100 KW could be provided with this information by the distribution companies. (Ref: Para 2.61 of Tariff Order for FY09-10):*

   The Commission has directed the DISCOMs to approach the Commission with the proposal regarding information that can be captured by the Electronic meters and are useful to consumers, and can be provided to them, for approval of the Commission. Regarding recording of features like supply outages/interruptions in the meter, the Commission holds that the consumers having load above 100 KW could be provided with this *information by the distribution companies. The Commission has directed that the proposal regarding this should be sent to the Commission within two months of issue of this Tariff Order.*

Compliance:

In line with the above directive of Hon'ble Commission Petitioner has submitted the details of current meter protocols/standards (load above 100kw) and requested the Hon'ble Commission to evolve a mutually agreed workable mechanism including the component of cost for the providing the service vide our letter no COO(BYPL)/09-10/22/200 dated 28/07/2009. However it may appreciated that all our consumer meters are displaying all the relevant parameter in line with CEA Regulations.

3. *Directive on dealing with Burnt meter cases (Ref: Para 2.62 of Tariff Order for FY09-10):*

Regarding dealing with the cases of burnt meters etc., the Commission directs the distribution company to strictly follow the procedure in accordance with the relevant provisions of Delhi Electricity Supply Code and Electricity Act 2003.

Compliance:

In line with the above directive of Hon'ble Commission Petitioner has submitted vide letter no RCM/09-10/Directive/BYPL/457 dated 28.07.2009 confirming to the Hon'ble Commission that all cases of burnt meters etc being dealt with in terms of the provisions of Performance Standards Regulation 2007 and Act.

4. *Directive on Status of Street light metering (Ref: Para 2.71, of Tariff Order for FY09-10):*

The Commission has also directed the Petitioner to meter all the street lights at the earliest and submit the status of the street lights metered in their *respective distribution area to the Commission by the end of first quarter of the respective financial year.*

Compliance:

The Petitioner has complied with the directive and has submitted a report containing the status of metering streetlight vide letter no RCM/09-10/Directive/BYPL/482 dated 17.08.2009. It is to be submitted that for DDA and PWD, the meters have been installed, in case of MCD, the demand notes have been issued against the applications and payment is still awaited.

In addition to the above, Petitioner has been constantly pursuing with road owning agencies – PWD, DDA, MCD for completion of the commercial formalities.

Further, the Petitioner had held a meeting with the Special Commissioner of Police (Traffic) for metering all Traffic Signals at various intersections on 8th December 2009. In the meeting it was decided that all the Traffic Signals would be metered with Polycarbonate box at the feeding point and all the commercial formalities would be done at DCP Traffic HQ.

5. *Directive on Regulatory Accounts (Ref: Para 2.76 of Tariff Order for FY 09 - 10):*

The Commission has directed the Petitioner to submit the Regulatory Accounts to the Commission for scrutiny every year along with the filing of petition.

Compliance:

In line with the above directive of the Hon'ble Commission Petitioner has submitted the Regulatory Accounts for FY 08-09 vide letter no RCM/09-10/Directive/BYPL/560 dated 09.10.2009.

6. *Directive on bounced cheque payment option (Ref: Para 2.81 of Tariff Order for FY 09 - 10):*

The Commission is of the view that one instance of bounced cheque should not be considered sufficient to stop receiving payment through cheque from the consumer. The Commission has asked to stop receiving payment through cheque only when the cheque bounces for three consecutive instances wherein the Consumers will have to pay their bills through Cash for next two years.

Compliance:

The Petitioner has complied with the directive and has prepared the relevant policy as per the clarification. The directive have been implemented forthwith after due modification in the process of billing software. Reply submitted vide letter no RCM/09-10/Directive/BYPL/461 dated 28.07.2009, wherein the Petitioner appraised the Hon'ble Commission informed that the payment policy with regard to dishonoured cheque has been revised for implementation accordingly.

7. *Directive on Cash payment limit (Ref: Para 2.82 of Tariff Order for FY 09 - 10):*

In regard to the cash payment limit, the Commission has directed the Petitioner to accept the cash payment of above Rs.4000/- for payment of electricity bills by the blind consumers

Compliance:

The Petitioner has complied with the directive vide letter no RCM/09-10/Directive/BYPL/462 dated 28.07.2009.

However, Petitioner requested Hon'ble Commission to kindly reconsider its decision to limit of cash payment of electricity bills up to Rs.4,000/- only and enhance the cash limit to Rs. 20,000/- which is in line with statutory provisions (Section 269SS & Section 40A of the income Tax Act, 1961). This would reduce the inconvenience of the Petitioner's consumers.

8. *Directive on railway metering (Ref: Para 2.94 of Tariff Order for FY 09 - 10):*

The Commission noted the submissions of the railways that metering is not done at its premises. The Commission directs the Petitioner to abide by the supply code Regulation in respect of installation of meter at consumer's premises.

Compliance:

In response to the above directive, Licensee has submitted the status of the metering of Northern Railway vide its letter no RCM/09-10/Directive/BYPL/460 dated 29.07.2009. It is to be submitted that Licensee has requested through letter dated 23/07/09 to Northern Railway to provide suitable space for installation of metering equipment at their premises. The matter is under process.

9. *Directive on issue of refund of Security Deposit (Ref: Para 2.104 of Tariff Order for FY 09 - 10):*

Regarding the issue of refund of Security Deposit from the Petitioner, the Commission has asked all the DISCOMs to work out the procedure and implement it so that consumer is not put to inconvenience. The Commission has asked the DISCOMs to approach it for approval of the same within two months of the issue of Tariff Order.

Compliance:

In response to the above directive, the Petitioner has compiled a common proposal in discussion with M/s NDPL and M/s BRPL regarding the procedure for refund of security deposit and same has been conveyed to Hon'ble Commission vide letter no RCM/09-10/Directive/BYPL/475 dated 05.08.2009. DERC has framed a common procedure for security refund which is being implemented.

10. *Directive on arrange/procure power from long term sources (Ref: Para 2.108 of Tariff Order for FY 09 - 10):*

The Commission directs the DISCOMs to make all efforts to arrange/procure power from long term sources as well as expedite the setting up of power plants to have reliable and regular supply of power.

Compliance:

The Petitioner has complied with the above directive and submitted the list of upcoming projects vide letter no RCM/09-10/Directive/BYPL dated 22.08.2009.

The list of Upcoming projects benefiting the Petitioner has been listed at Table 51.

11. *Directive on installation of meters in JJ Cluster (Ref: Para 2.122 of Tariff Order for FY 09 - 10):*

The process of installation of meters in JJ Clusters is an important issue. The DISCOMs are directed to carry out the necessary mandate in this regard and ensure compliance to the Directives issued earlier.

Compliance:

The Petitioner has complied with the above directive. The Petitioner has taken conscious effort towards metering JJ cluster consumers and 80 nos are left for metering as on 10th December, 2009.

12. *Directive on Rules and Regulations of civic agencies regarding renovation/construction of premises (Ref: Para 2.182 of Tariff Order for FY 09 - 10):*

The Commission directs the petitioners to comply with Rules and Regulations of civic agencies regarding renovation/construction of their premises and also adhere to Regulations/Rules & Directions of the Commission and the GoNCTD in this regard.

Compliance:

The Petitioner has complied with above directive vide letter no RCM/09-10/Directive/BYPL/463 dated 28.07.2009 and submitted that the Petitioner will comply with the Rules and Regulations of Civic agencies with regard to the Petitioner's premises, as may be required, and also adhere to Regulations/Rules and Directions of the Commission and the GoNCTD in this regard.

13. *Directive on Energy Audit (Ref: Para 2.192 of Tariff Order for FY 09 - 10):*

The Commission has directed the DISCOMs to furnish the reports of all energy audits done by them so far. It will issue further directions regarding energy audit in due course of time separately.

Compliance:

This is being complied. In line with above directive of the Hon'ble Commission, the Petitioner has carried out the energy audit for FY08-09 and has submitted a report to the Hon'ble Commission.

14. *Directive on advance intimation to the consumers regarding load shedding (Ref: Para 2.195 of Tariff Order for FY 09 - 10):*

The Commission has directed the Petitioner to provide advance intimation to the consumers regarding load shedding through RWAs, news items or any other means

Compliance:

The above directive is being compiled. The Petitioner has informed Hon'ble Commission regarding the various steps that have been initiated for advance intimation to the consumers regarding load shedding through RWAs, news items or any other means vide letter no RCM/09-10/Directive/BYPL/474 dated 06.08.2009. We would like to inform that this process is being carried out for forthcoming planned shutdowns in the affected areas. Further, load shedding schedules for the month is uploaded in BSES website and information being given to RWA members and various Consumer forums. Information of planned shutdown is also made available to RWA members through SMS.

15. *Directive on carry out a special drive for education the consumer on the functioning of new electronic meters (Ref. Para 2.203 of Tariff Order for FY09-10)*

The Commission has directed the DISCOMs to carry out a special drive under the supervision of District Manager to educate the consumer on the functioning of new electronic meters installed by the DISCOMs (including the Earth Leakage). Each connection where the meter has been replaced may be checked for Common Neutral problem and a list of electrician's area-wise; who are trained to rectify the problem of Common Neutral may be published along with the rates for services of such electrician

Compliance:

The Petitioner has complied with the same. The Petitioner has taken conscious efforts towards educating consumers regarding the functioning of the new electronic meters installed by DISCOMs. The Petitioner has trained electricians in respective divisions. List of the trained electricians is also displayed on the Petitioner's website for ensuring that quality service is made available to its consumers. Also we are intimating through letters to consumers regarding "EL LED light ON" whenever we found during the time of meter reading.

16. *Directive on maintain information regarding category wise/slab wise energy sales on a monthly basis (Ref. Para 3.4 of Tariff Order for FY09-10)*

The Commission has directed the Petitioner to maintain information regarding category wise/slab-wise energy sales on a monthly basis in future, and the monthly information should be submitted to the Commission within three weeks of the succeeding month. (Automating form 2.1)

Compliance:

The Petitioner has complied with the same. The Petitioner has automated the form 2.1a from its IT -SAP system and has submitted the monthly information up to Sep'2009.

17. *Directive on distribution loss level (Ref. Para 3.47 of Tariff Order for FY09-10)*

However, in view of the high actual distribution loss level compared to the level approved in the MYT Order, the Commission directs the Petitioner to bring the distribution loss level to the approved levels in future years.

Compliance:

The Petitioner during the year has reduced its distribution losses from 33.42% in FY 2007-08 to 24.95% in FY 2008-09, a reduction of 8.5% during the year.

18. *Directive on separate schedule of category wise revenue realized in the Audited Account (Ref. Para 3.143 of Tariff Order for FY09-10)*

The Commission has directed the Petitioner to create a separate schedule of category wise revenue realized in the Audited Accounts from sale of energy from FY 09-10 and onwards.

Compliance:

The Petitioner is in process of compiling as per the above directive for its FY09-10 Accounts

19. *Directive on GFA at different voltage level (Ref. Para 5.34 of Tariff Order for FY09-10)*

The Commission directs the Petitioner to submit GFA at different voltage level by June 30, 2009.

Compliance:

The Petitioner has complied with the same. The GFA as per audited accounts at various voltage levels is enclosed at Table 34.

20. *Directive on bill the consumers using Wheeling Tariff, Retail Supply charge and Supply Margin charge (Ref. Para 5.34 of Tariff Order for FY09-10)*

The Commission directs the Petitioner to bill the consumers using Wheeling Tariff, Retail Supply charge and Supply Margin charge instead of the existing practice of billing the consumers on energy charges.

Compliance:

The Petitioner vide its letter RCM/09-10/Directive/BYPL/458 dated 28.07.2009, has highlighted that the break up of energy charges may render it difficult for the consumer to understand the billing logic and may lead to avoidable confusion. Hence the Petitioner requested the Hon'ble Commission to issue necessary clarification in this regard. The Hon'ble Commission vide its letter dated August 18, 2009 has clarified that the details of break-up of approved energy charges. i.e., Wheeling Tariff, Retail Supply charges & Supply margins charges need not be given in the bills issued to all Consumers for the year FY09-10. However, the Distribution Licensee would capture and maintain break up of energy charges and this break up of energy charges should be indicated in the bills of those consumers who have sanctioned load more than 1 MW and all the Open Access consumers.

21. *Directive on Power kits in Street light Tower Wagons (Ref. Para 2.70 of Tariff Order for FY09-10)*

Providing Power Kits in Street light Tower Wagons and use of the same for testing of street light point without energizing the whole stretch.

Compliance:

The Licensee made detailed submissions regarding issues relating to implementation vide its letter no RCM/09-10/Directive/BYPL/464 dated 28.07.2009 for consideration of Hon'ble Commission. However, as the

Hon'ble Commission has directed for compliance, necessary steps have been initiated.

22. *Directive on Separate of two companies and separate of two CEOs of BRPL and BYPL (Ref. Para 2.196 of Tariff Order for FY09-10)*

The Commission has directed that since the two companies are separate, there will have to be separate CEOs for the BRPL and BYPL and this should be done now urgently.

Compliance:

The Petitioner has complied with the same. Detailed submissions to this effect have been made to the Hon'ble Commission, the last reference being letter No VP/BYPL/2009-10 dated 16.11.2009, confirming the appointment of separate CEO and separation of the Corporate office/Personnel of the Company.

5. Basis for segregation of Wheeling and Retail Supply Business

As per the MYT Regulations notified by the Hon'ble Commission, the distribution licensee is required to segregate its accounts into Wheeling Business and Retail Supply Business. The Hon'ble Commission in the MYT Regulation has stated that "*The Distribution Licensee shall segregate the accounts of the Licensed business into Wheeling Business and Retail Supply Business*". (Ref: Section 4.3 of MYT Regulations).

The Petitioner has segregated its accounts of FY 2008-09 into Wheeling Business and Retail Supply Business based on the cost audit report enclosed in **Annexure - 3**.

6. Truing up in terms of ATE Order

The Petitioner, being aggrieved by the Tariff Order dated 23rd February 2008 of the Hon'ble Commission (hereinafter referred to as "***MYT Order***") on some specific issues, appealed before the Hon'ble Appellate Tribunal for Electricity (hereinafter referred to as "***ATE***") seeking review and/or reconsideration and/ or modification of the MYT Order. The Hon'ble ATE while disposing of the Petition, in its order dated 30th October 2009 (hereinafter referred to as "***ATE Order***"), has reviewed and / or reconsidered and or modified certain cost elements of the MYT Order. The Petitioner has filed a separate petition before the Hon'ble Commission for implementation and Compliance of the ATE Order. Pending the Order of the Hon'ble Commission, nothing contained in this Petition should be treated as estopping, restricting or limiting or waiving the rights of the Petitioner to charges which it is permitted to recover under law. Since the Hon'ble ATE has directed the Hon'ble Commission to true up the entitlement of the Petitioner in terms of the directions set out in para 4 of ATE order in Appeal No 37 of 2008 read with para 118 of ATE order in Appeal No 36 of 2008 within 30 days, the Petitioner has considered the effect of truing up of expenses in terms of the ATE Order while projecting the expenses upto FY 2010-11, excepting for the following issues as discussed in the Section 6.1.

6.1. Cost elements yet to be trued up in terms of the ATE Order:

6.1.1. Resetting of Distribution Loss Targets/ Revising AT&C Loss Reduction Trajectory:

The Petitioner has already requested the Hon'ble Commission to reconsider the distribution loss targets in terms of the ATE Order. Pending the decision of the Hon'ble Commission and without prejudice to the contentions raised in the Petition for enforcement and compliance of the ATE Order, the Petitioner only for the purpose of computation of the Annual Revenue Requirement, has restricted itself to the targets specified in the MYT Tariff Order. The reliance on the said targets does not amount to waiver of any claim, right or entitlement of the Petitioner to seek new targets for which it has already filed a separate Petition before the Hon’ble Commission. The Petitioner has already filed a separate Petition for revising the AT&C Loss Reduction Trajectory for the Petitioner. The contents of the Petition are reiterated and should be considered as a part of the submissions above and not repeated herein for the sake of brevity.

6.1.2. Expenses arising out of payment made to DTL w.r.t. Rebate

It is most respectfully submitted that the Petitioner vide its Petition dated 29.04.2005 before this Hon’ble Commission had requested this Hon’ble Commission to adjudicate upon the dispute between DTL and the Petitioner. In the said Petition, the Petitioner had prayed for suitable directions from this Hon’ble Commission, to be given to DTL, to refund the amount of Rs. 3.25 Crores that the Petitioner had paid to DTL. The said amount was paid by the Petitioner to the DTL, when DTL had insisted for an immediate release of payment and had threatened the Petitioner that on non-payment it would proceed to recover the amount by invoking the letter of credit and Escrow account that had been created in favour of DTL.

It is pertinent to note that the said Petition is still pending before this Commission. In the absence of the determination by this Hon’ble Commission, the Petitioner included the amount of Rs. 3.25 Crores in its ARR filed before this Hon’ble Commission on 01.10.2007. However, this Hon’ble Commission in its MYT order dated 23.02.2008 disallowed the said amount on the ground that the Petition was pending before this Commission and that the amount of Rs. 3.25 Crores would be allowed depending on the final outcome in the Petition filed by the Petitioner herein before this Hon’ble Commission.

At the time of the hearing of Appeal No. 37 of 2008 before the Hon’ble ATE, counsel appearing on behalf of this Hon’ble Commission had stated that the Commission would decide the dispute expeditiously.

The Hon'ble ATE, based on the submissions on behalf of this Commission in Appeal No. 37 of 2008, had concluded that this Hon'ble Commission shall make suitable adjustments in the entitlement of the Petitioner as soon as the decision in the above mentioned Petition is taken. Further, the ATE directed that the matter be decided expeditiously.

The Hon'ble Commission to decide the dispute between the parties has already heard the matter on 19.11.2009. In view of the above, it is respectfully prayed that this Hon'ble Commission may be pleased to pass an order post the hearing as soon as possible and post the order make suitable adjustments in the entitlement of the Petitioner herein depending upon the outcome of the matter.

6.1.3. Capital Expenditure and Capitalization disallowance

The Petitioner most respectfully submits that in accordance with ATE Order, the Petitioner has been given an opportunity to justify the reasonableness of the rates at which it had procured goods from its related company, REL. The said exercise has to be undertaken by comparing the rates at which the Petitioner had procured goods with rates at which NDPL had procured similar goods. The issue of comparison of rates for the goods procured by the Petitioner with the rates of similar goods procured by NDPL involves collation of substantial amount of data and is a time consuming process. The Petitioner is in the process of collation of data for comparison of rates and approval of applications by electrical inspector.

The Petitioner vide its letter no. RCM/09-10/639 dated 01.12.09 has requested the Hon'ble Commission to:

- Indicate the items procured by the Company against which the Hon'ble Commission has found rates charged by REL to the Petitioner to be excessive.

- Forward the rates approved for NDPL by the Hon'ble Commission for the items in its tariff order.

The Petitioner craves leave of this Hon'ble Commission to file a separate petition for the same, on receipt of the above details.

It is submitted that approval of capital expenditure and capitalization incurred by the Petitioner, in accordance with the directions given by the ATE would have an impact on certain other issues also. The Petitioner craves leave of this Hon'ble Commission to raise such issues along with the above stated separate Petition.

In the event any and or all of the above issues being adjudicated prior to the issuance of the Tariff Order determining the ARR for FY 2010-11, it is requested that the Hon'ble Commission takes into account the impact of the same, retrospectively, while approving the tariff adjustments for the year.

6.2. Cost elements trued up in terms of the ATE Order (37 of 2008):

6.2.1. Sales and Power Purchase

The Hon'ble ATE in its order in Appeal No 37 of 2008 read with the order in Appeal No 36 of 2008 has observed the following:

"…..

We are unable to approve the methodology adopted by the Commission which projects the sale of all the DISCOMs together and divides the projection amongst the areas of the different licensees depending upon the proportion of their business.

We do feel that the Commission should determine the sale projection based on the data of a particular area of each distribution agency rather than taking into account the data of the entire city. While doing so the Commission should pay due regard to the projections made by the licensee who is *responsible for supplying electricity to the consumers in its area and also has to face the consequences of failure in discharging his responsibility.*

For the year in question, the Commission has to make up the difference in projection and actual in the truing up exercise. However, it will do well if it abides by our advice for the remaining MYT period.

…."

In view of the above directive of the Hon'ble ATE, the Petitioner states that the Hon'ble Commission has already trued up the Sales and Power Purchase figures of the Petitioner as per the actual figures for the year 2007-08. The Petitioner, without prejudice to its contentions in the appeal against the tariff order of the Hon'ble Commission dated 29.5.2009, states that as this Hon'ble Commission has already allowed the sales and Power Purchase for FY 2007-08, the Hon'ble Commission may be pleased to allow the actual and certified sales of the Petitioner for FY 2008-09 submitted. In addition to the above, the Petitioner states that the Hon'ble Commission may be pleased to revise the sales and Power Purchase projections for the Financial Years FY 2009-10 & FY 2010-11 as has been projected in this Petition.

6.2.2. Reactive Energy Charges

It is submitted that Hon'ble ATE in its order in Appeal No 37 of 2008 read with the order in Appeal No 36 of 2008 has in express terms allowed the Petitioner herein, to recover the Reactive Energy charges incurred by it. The relevant extract of the ATE Order is produced herein below for the reference of this Hon'ble Commission:

"The appellant has claimed reactive energy charge to the tune of Rs. 66 Crores (sic). It is contended by the appellant that the obligation to

pay reactive energy charge is a constituent of the obligation of power procurement charge to be borne by the appellant. This Tribunal vide the judgment in appeal No. 266 & 267 of 2006 allowed inclusion of the payment towards reactive energy charges in the power purchase cost. The Commission itself recognized the admissibility of the reactive energy charge of DTL. The Commission does not seriously dispute the admissibility of such amount as reactive energy charge. It has allowed reactive energy charge of Rs. 85 Crores (sic) for FY 2006. The Commission merely says that for the FY 2007 such amount was not given to the appellant as no such amount was claimed by it. It is said by the Commission that neither table 64 nor form A1 of the MYT petition indicated any reactive energy charges. In fact, there was no column in the prescribed form Ao indicated the reactive energy charges. This cannot disentitle the appellant from claiming the same. The Commission will have to allow the appellant to recover the reactive energy charges amounting to Rs. 66 Crores (sic) through tariff"

The above extract of the ATE Order makes it evident that the reactive energy charges incurred by the Petitioner herein may be allowed.

In view of the ATE Order and the past practice followed by this Hon'ble Commission of allowing the reactive energy charges, it is most respectfully prayed that this Hon'ble Commission may be pleased to allow the reactive energy charges incurred by the Petitioner to the tune of Rs. 0.98 Crores.

6.2.3. R&M Expenses

The Hon'ble ATE in its order in Appeal No 37 of 2008 read with the order in Appeal No 36 of 2008 has in express terms stated that the expenditure incurred by the Petitioner were not found to be imprudent by the Hon'ble Commission and has been merely denied on technical grounds. The relevant extract of the ATE Order is produced herein below for the reference of this Hon'ble Commission:

"The next question is whether any expense towards R&M expenses can be denied on the ground that approval of the Commission had not been taken before incurring expenses. Now R&M expense is directly related with capital works and gross fixed assets. The Commission does not say that the expense incurred were imprudent or unnecessary. Since the sole purpose of tariff fixation is to recover the cost and reasonable profit it will not be prudent to be technical on such issues. We are of the opinion that R&M expenses properly incurred should be approved and in case there is any gap between the demand made by the appellant and the amount sanctioned by the Commission, the Commission should enter into exercise of a prudent check and grant the approval to such expenses."

It is most respectfully submitted that the Petitioner had incurred R&M expenses of Rs. 64.59 Crores, Rs. 55.48 Crores and Rs. 47.83 Crores in FY 04-05, FY 05-06 and FY 06-07 respectively as shown in its audited accounts. However, this Hon'ble Commission in its MYT Order dated 23.02.2008 had approved the R&M expenses only to the extent of Rs. 46.88 Crores, Rs. 48.04 Crores and Rs. 47.73 Crores for respective years. In view of the ATE Order and in accordance with the order of the ATE dated 30.10.2009 wherein the Hon'ble ATE had held that truing up can only be limited to adjusting provisional accounts and audited accounts, it is most respectfully prayed that this Hon'ble Commission may be pleased to approve the R&M Expenses as tabulated below:

Table 12: R&M Expenses incurred during FY 2004-05 to FY 2006-07

R&M Expenses	UoM	FY 05	FY 06	FY 07
As per Audited Accounts	Rs. Cr.	64.59	55.48	47.83
As approved by DERC	Rs. Cr.	46.88	48.04	47.73
Amount to be trued up in terms of ATE Order	**Rs. Cr.**	**17.71**	**7.44**	**0.10**

In view of the above, it is most respectfully prayed that this Hon'ble Commission may be pleased to approve the R&M Expenses for the period upto FY 2006-07 as shown in the above table, which is a consequent to the ATE Order.

6.2.4. Employee Expenses

The Petitioner most respectfully submits that this Hon'ble Commission may be pleased to give effect to the order in Appeal No 37 of 2008 read with the order in Appeal No 36 of 2008. Relevant extract of the ATE Order with respect to the issue of employee expenses is produced below for the sake of convenience of this Hon'ble Commission:

> *"Employee expenses:*
>
> *69) The Commission shall allow the expenses incurred towards retirement of SVRS optees pending decision of the Actuarial Arbitration Tribunal and shall true up the employees expenses to the extent of increased cost by increase in consumer base. So far as salary hike is concerned to the extent of hike comparable to the Sixth Pay Commission's recommendations for employees other than the erstwhile DVB employees shall also be allowed in true up process in case expenditure in that account has already been incurred.*
>
> *……*
>
> *74) Having gone through the impugned order we do find that the Commission has not considered the issue of possible increase in the number of employees consequent on increase in the consumer base. Nor has the Commission ruled on the appellant's proposal to increase the salaries etc. The Commission has nonetheless assured to true up the employees expenses subject to prudence check. The Commission shall also take care of the related carrying cost. This should satisfy the appellant."*

In view of the above, the Petitioner most respectfully submits that this Hon'ble Commission may be pleased to allow the expenses incurred by the Petitioner towards the payments made to the SVRS optees as shown in the table given below:

Table 13: SVRS Expenses in terms of High Court Order.

Particulars	UoM	FY 08	FY 09
SVRS Payment (in terms of High Court Order)	**Rs. Cr.**	**44.64**	**14.89**

The Petitioner most respectfully states that to cater to the increase in demand due to rise in its consumer base during the MYT Period, it will have to deploy additional resources. Consequently, it is submitted that the Hon'ble Commission may be pleased to consider the employee expenses incurred by the Petitioner on account of an increase in the consumer base of the Petitioner. The Petitioner states that this Hon'ble Commission may be pleased to allow the employee expenses based on actual increase in consumer base of the Petitioner during the MYT Period. The amount projected after factoring in the increase in consumers upto FY 2010-11 is tabulated below:

Table 14: Revised Employee Expenses in terms of ATE Order.

Particulars	UoM	Formula	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11
Index (n)/ Index (n-1)		A	-	-	1.0415	1.0415	1.0415	1.0415
Number of Consumers	Lakhs	B		8.95	9.68	10.45	11.33	12.11
Increase in Consumers %	%	C = ($B_{(n)}$ / $B_{(n-1)}$ - 1)*100			8.17%	7.93%	8.49%	6.83%
Employee Cost with Revised Base	Rs. Cr.	D	92.95	107.09				
10% Escalation due to Pay Commission Recommendations on all employees w.e.f. 1st Jan 2006	Rs. Cr.	E = D * 10%	3.10	10.71				
Revised Employee Expenses with Inflation and after factoring Increase in Consumers	Rs. Cr.	F = $F_{(n-1)}$ X (1+C) X A	96.05	117.80	132.71	149.18	168.56	187.54
Arrears	Rs. Cr.	G	(3.10)	(10.71)	(11.15)	24.96	-	-
Employee Cost with Revised Base	Rs. Cr.	H = F + G	92.95	107.09	121.55	174.14	168.56	187.54
Less: Capitalised	Rs. Cr.	I	-	-	4.23	8.27	6.23	6.38
Net Employee Costs in	Rs. Cr.	J = H - I	92.95	107.09	117.32	165.87	162.33	181.16

Particulars	UoM	Formula	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11
terms of ATE Order								
Employee Costs allowed in the MYT Order	Rs. Cr.	K			107.29	133.57	123.42	128.66
Gross Additional amount added to O&M Costs	Rs. Cr.	L = J - K			10.03	32.30	38.91	52.50
Efficiency factor	%	M			0%	2%	3%	4%
Net Additional amount added to O&M Costs	**Rs. Cr.**	**N = L X (1-M)**			**10.03**	**31.66**	**37.74**	**50.40**

Further, it is submitted that with regard to the expenses incurred on account of salary hike due to the 6th Pay Commission for employees other than the employees of the erstwhile DVB, the ATE Order has directed this Hon'ble Commission to allow such expenses in the truing up exercise. Accordingly, the Petitioner for computing Employee Expenses has adopted the same methodology as prescribed by this Hon'ble Commission in the MYT Order, i.e. assuming that the impact of the 6th pay Commission Recommendation would be to the extent of 10%. The impact has been calculated by the Petitioner as per the MYT Regulations and set out in Table 14.

The Petitioner most respectfully submits that this Hon'ble Commission may be pleased to allow the expenses incurred by the Petitioner on account of implementing the 6th Pay Commission, on actual, for all its employees as and when incurred. Accordingly, the Petitioner craves the leave to file a separate petition before this Hon'ble Commission for the same.

Therefore, in view of the above, the Petitioner most respectfully states and submits that this Hon'ble Commission may be pleased to allow the expenses incurred by the Petitioner (a) on account of payments made to SVRS employees; and (b) true up the expenses incurred by the Petitioner on account of the implementation of the Report of the 6th Pay Commission.

6.2.5. A&G Expenses

The Petitioner most respectfully submits that this Hon'ble Commission may be pleased to give effect to the order in Appeal No 37 of 2008 read with the order in Appeal No 36 of 2008. Relevant extract of the ATE Order with respect to the issue of A&G expenses is produced below for the sake of convenience of this Hon'ble Commission:

" ….

The appellant claimed a total A&G expense of Rs.37.37 Crores for the FY 2004-05. Out of the total A&G expenses the Commission has allegedly allowed only Rs.29.04 Crores and has also disallowed bank charges of Rs.1.17 Crores. In reply the Commission submits that the plea is frivolous as the A&G expenses as claimed for the FY 2004-05 in the MYT petition has been approved. It is contended further that the appellant itself mentioned the wrong figure in the MYT petition and sought to replace the figures given in the petition vide a letter dated 12.02.08 on the ground that the new figures were the audited figures. The letter dated 12.02.08 was issued only a week before the impugned order was passed. ***It appears that the Commission is yet to true up the accounts for the year 2004-05 on the basis of the audited accounts and whenever such truing up is done the appellant's grievance of denial of administrative and general expenses of 2004-05 should disappear***.

……

The Commission contends that the appellant would be free to take any new initiative during the MYT period provided the appellant is justified in new initiatives by the cost benefit analysis.

…."

The Petitioner most respectfully submits that this Hon'ble Commission may be pleased to allow the expenses incurred by the Petitioner during FY 2004-05 and FY 2005-06 on account of A&G Expenses as per its audited accounts as shown in the table below:

Table 15: A&G Expenses in terms of ATE Order

A&G Expenses	UoM	FY 2004-05	FY 2005-06
As per Audited Accounts	Rs. Cr.	22.62	30.44
As approved by DERC	Rs. Cr.	16.62	29.69
Amount to be trued up in terms of ATE Order	**Rs. Cr.**	**6.00**	**0.75**

It is submitted that the Hon'ble Commission in its submissions before the Hon'ble ATE had stated that it is willing to consider additional expenditure on new initiatives taken by the Petitioner during the MYT period and that the same shall be allowed if such expenditure are found to be justified. It was further clarified that the new initiatives also includes initiatives that are intended to cope with increased consumer base. The said submissions of the Hon'ble Commission also find mention in the Order of the Hon'ble ATE dated 30.10.2009 in Appeal No. 37 of 2008. The relevant part of the Order is set out below for the sake of convenience of this Hon'ble Commission:

> *"Mr. Haskar appearing for the Commission stated that the Commission has already contented that the appellant would be free to take any new initiatives in the MYT period provided such new initiatives are justified on cost benefit analysis. In other words, the Commission is willing to consider additional expenditure on new initiatives during the MYT Period if the new initiatives are found to be justified. New initiatives also include the initiatives that are needed to cope with the increased consumer base."*

The Petitioner submits that it has duly taken certain initiatives, inter alia for dealing with acquisition of new consumers and fulfilling its Universal Supply Obligation qua them and has incurred prudent expenditure for the same. The said expenditure may be allowed by the

Hon'ble Commission. The new initiatives undertaken by the Petitioner and its costs are discussed at relevant years.

It is further submitted that the Hon'ble Commission whilst approving the expenditure incurred by the Petitioner may also take into consideration that the Petitioner brought certain class of consumers within its billing net who were initially left unbilled. This, it is submitted would result in a simultaneous increase in cost for the Petitioner as the Petitioner will have to incur additional expenditure on account of bill printing, delivery and postage, vehicle usage etc. The benefits resulting from increase in these expenditures are in form of AT&C loss reduction. It is noteworthy that a portion of the benefit accruing due to AT&C loss reduction is also passed on to the consumers in the Retail Tariff. In view of the above, it is most respectfully submitted that Hon'ble Commission may be pleased to allow the expenditure incurred by the Petitioner to cope with the increased consumer base.

The year on year impact due to implementation of ATE Order, except for the items mentioned in Section 6.1 above, is tabulated below:

Table 16: Y-o-Y impact due to implementation of ATE Order

Particulars	UoM	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11
Reactive Energy Charges	Rs. Cr.	-	-	0.98				
R&M Expenses	Rs. Cr.	17.71	7.44	0.10				
SVRS Payment (in terms of High Court Order)	Rs. Cr.				44.64	14.89		
Net O&M Expenses for the MYT Period	Rs. Cr.				10.03	31.66	37.74	50.40
Employee Expenses					*10.03*	*31.66*	*37.74*	*50.40*
A&G Expenses	Rs. Cr.	6.00	0.75	-				
Total		**23.71**	**8.19**	**1.08**	**54.67**	**46.54**	**37.74**	**50.40**

7. Truing up for FY 2008-09

The truing up for FY 2008-09 is sought based on better performance of the Petitioner w.r.t. AT&C Loss reduction than the targets specified in the MYT Tariff Order.

In terms of Section 4.2 (f) of the MYT Regulations, the variations in revenue / costs on account of uncontrollable factors like Sales and Power Purchase would be trued up. Consequently, the Petitioner has sought truing up of costs on account of uncontrollable factors only. However, as a part of Annual Performance Review the Petitioner has mentioned the actual costs incurred for the controllable factors in the relevant formats.

7.1. Sales and Average Billing Rate

The category wise Sales for FY 2008-09 and the average billing rate vis-à-vis as approved by the Hon'ble Commission in the MYT Tariff Order are tabulated below:

Table 17: Sales for FY 2008-09

Sl. No.	Category	FY 2008-09			
		Actual		MYT Order	
		Sales	ABR	Sales	ABR
		MU	Rs. /kWh	MU	Rs. /kWh
1	Domestic	1,917	3.34	1,631	
2	Non-Domestic	1,293	6.10	1,281	
3	Industrial	449	5.24	386	
4	Agriculture & Mushroom	0	1.93	0	
6	Public Lighting	85	4.39	103	
7	Railway Traction	-	-	-	
8	DMRC	65	3.46	33	
9	Others	155	3.70	82	
TOTAL		3,965	4.49	3,516	4.79

7.2. AT&C Loss

During the financial year FY 2008-09, the Petitioner has performed better than the Regulatory targets set by the Hon'ble Commission in the MYT Tariff Order, as shown in the Table below:

Table 18: Loss levels achieved during FY 2008-09

Sl. No.	Category	UoM	FY 2008-09		
			Actual	MYT Order	Better Achievement
1	AT & C Loss Targets	%	24.02%	30.52%	6.50%
2	Distribution loss targets	%	24.95%	29.99%	5.05%
3	Collection Efficiency	%	101.23%	99.25%	1.98%

The total benefit on account of such better performance is Rs. 154.17 Crores the benefit of which will be provided to the consumers of the Petitioner in terms of the MYT Regulations.

7.3. Debtor Reconciliation

7.3.1. Reconciliation of Billing Amount

Table 19: Reconciliation of Billing Amount for FY 2008-09

Sl. No.	Particulars	Amount Rs. Cr.
1	**Income from operations - Gross**	**2,445.2**
	Less:	
2	Income from Sale of Power	629.9
3	Income from Operations (Non-Energy)	26.3
4	Subsidy	105.3
5	Theft	28.3
	Add:	
6	Theft E Tax	1.1
7	Street Light Material	1.7
8	Service Tax	2.7
9	Prior Period Income	3.2
10	**Sale (incl. E. Tax)**	**1,664.1**
	Add:	
11	Subsidy	105.3
12	Theft	28.3
13	Rebate	0.3
	Less:	
14	Street Light Material	1.7
15	Service Tax	2.7
16	Prior Period Income	3.2
17	Street Light Maintenance Charges	9.1
18	**Billing Considered for AT&C Loss**	**1,781.3**

7.3.2. Reconciliation of Collection Amount

Table 20: Reconciliation of Collection Amount for FY 2008-09

Sl. No.	Particulars	Amount Rs. Cr.
1	**Opening Debtors as per Accounts**	**749.9**
2	Less: Opening Power purchase debtors	439.8
3	Opening Debtors for Revenue	310.0
	Add:	-
4	Sale (incl. Etax)	1,669.6
5	**Closing Debtors as per Accounts**	**471.5**
6	Less: Closing Power Purchase debtors	127.0
7	Closing debtors for Revenue	344.6
8	**Total Collections as per Accounts**	**1,635.0**
9	**Total Collections (excluding Theft)**	**1,635.0**
10	Rebate	0.3
11	LPSC	20.7
12	DVB arrears collected (Govt.)	3.9
13	Theft Collection	28.3
14	Subsidy	105.3
15	Subsidy FY 07-08 considered in FY 08-09	9.7
16	**Total Collections (incl. E Tax)**	**1,803.2**

7.4. Energy Requirement

The actual energy requirement of the Petitioner vis-à-vis as estimated by the Hon'ble Commission in the MYT Tariff Order is shown below:

Table 21: Energy Balance for FY 2008-09

Sl. No.	Category	UoM	FY 2008-09	
			Actual	MYT Order
1	**Sales**	**MU**	3,964.79	3,516.09
2	**Distribution Loss**	**%**	24.95%	29.99%
3	**Energy Input (E2 level)**	**MU**	5,282.59	5,022.26

7.5. Power Purchase & Transmission Cost

The actual Power Purchase cost, including Transmission Charges, incurred by the Petitioner vis-à-vis as estimated by the Hon'ble Commission in the MYT Tariff Order is shown below:

Table 22: Power Purchase Costs for FY 2008-09

Sl. No.	Generating Stations	FY 2008-09					
		Actual			MYT Order		
		Quantum	Amount	Avg. Rate	Quantum	Amount	Avg. Rate
		MU	Rs. Cr.	Rs. /kWh	MU	Rs. Cr.	Rs. /kWh
A	**NTPC**						
1	ANTA GAS	71.5	20.4	2.85	88.0	24.1	2.74
2	AURAIYA GAS	111.3	38.4	3.45	135.9	43.3	3.19
3	BTPS	1,186.7	343.2	2.89	628.3	182.3	2.90
4	DADRI GAS	141.5	43.9	3.10	167.3	57.9	3.46
5	FARAKKA	80.1	17.1	2.14	79.3	21.0	2.65
6	KAHALGAON	146.8	32.1	2.19	158.3	38.0	2.40
7	NCPP	1,565.7	444.1	2.84	1,817.7	424.6	2.34
8	RIHAND -I	229.2	42.3	1.85	213.0	37.7	1.77
9	RIHAND -II	306.6	56.3	1.83	287.7	49.4	1.72
10	SINGRAULI	343.0	45.2	1.32	334.7	43.6	1.30
11	UNCHAHAR-I	49.3	11.4	2.31	53.1	10.9	2.05
12	UNCHAHAR-II	107.4	22.4	2.09	104.7	20.7	1.97
13	UNCHAHAR-III	61.5	16.2	2.64	60.6	13.4	2.21
	NTPC Total	4,400.7	1,133.2	2.57	4,128.6	966.9	2.34
B	**NHPC**						
1	BAIRA SIUL	20.0	1.9	0.95	23.1	1.9	0.83
2	CHAMERA-I	46.0	6.7	1.46	42.6	5.3	1.24
3	CHAMERA-II	56.3	16.9	2.99	64.5	17.6	2.72
4	DHAULIGANGA	44.1	8.4	1.90	42.8	8.2	1.91
5	DULHASTI	83.9	24.5	2.92	64.6	21.5	3.33
6	SALAL	95.1	7.5	0.79	96.6	7.0	0.73
7	TANAKPUR	11.8	1.7	1.46	14.4	2.0	1.38
8	URI	90.3	12.4	1.37	77.0	10.9	1.41
	NHPC Total	447.5	80.0	1.79	425.6	74.3	1.74
C	**TEHRI HEP**	95.1	43.33	4.55	82.6	28.9	3.50
D	**NJPC (SATLUJ)**	186.3	51.64	2.77	177.1	49.1	2.77
E	**TALA HEP**	30.6	5.63	1.84	31.9	11.2	3.50
F	**NUCLEAR**						
1	NPCIL - RAPS - 3	3.5	1.02	2.88	4.1	1.1	2.77
2	NPCIL - RAPS - 4	3.9	1.03	2.66	4.1	1.1	2.77
3	NPCIL - NAPS	18.9	3.60	1.91	37.3	7.2	1.93
	Nuclear Total	26.3	5.7	2.15	45.4	9.5	2.08
G	**SGS**						
1	IP Station	175.1	60.97	3.48	202.4	64.4	3.18
2	Rajghat	236.9	73.43	3.10	230.6	67.7	2.93
3	GAS TURBINE	389.4	127.91	3.29	526.8	111.8	2.12
4	Pragati -I	504.8	105.12	2.08	704.5	142.9	2.03

Sl. No.	Generating Stations	FY 2008-09					
		Actual			MYT Order		
		Quantum	Amount	Avg. Rate	Quantum	Amount	Avg. Rate
		MU	Rs. Cr.	Rs. /kWh	MU	Rs. Cr.	Rs. /kWh
	SGS Total	1,306.1	367.4	2.81	1,664.2	386.7	2.32
H	**Future Stations**						
1	KAHALGAON STAGE-II	80.5	19.75	2.45	165.0	42.5	2.58
2	NPCIL - RAPS - 5 & 6				52.0	14.4	2.77
3	Chandrapura U-7&8				266.1	82.2	3.09
	Future Stations Total	80.5	19.7	2.45	483.0	139.1	2.88
I	**Power Purchase from other Sources**						
1	Intra State Power Purchase	19.3	6.00	3.11	62.8	17.3	2.75
2	BILATERAL PURCHASE/UI Purchase	72.0	23.07	3.20	188.3	120.5	6.40
3	UI Purchase	34.5	30.59	8.88	-	-	
	Other Purchases Total	125.8	59.7	4.74	251.1	137.8	5.49
J	**Power Sold to other Sources**						
1	Intra State Power Sale	171.3	52.00	3.03	-	-	-
2	BILATERAL SALE	591.3	395.90	6.70	2,083.4	633.1	3.04
3	UI Sale	377.3	149.18	3.95	-	-	-
	Sale Total	1,139.9	597.1	5.24	2,083.4	633.1	3.04
K	**Gross Total**	5,559.1	1,169.2	2.10	5,206.3	1,170.2	2.25
L	**Transmission Losses/Charges**						
1	Interstate	110.0	103.47		193.4	53.3	
2	Intra State	166.5	44.22		69.9	43.4	
3	Past Period expenses pertaining to FY 08		(34.84)		-	-	
	Net Power Purchase Costs	**5,282.6**	**1,282.01**	**2.43**	**4,943.0**	**1,266.8**	**2.56**

7.6. Tax Expenses

The Hon'ble Commission in the MYT Regulations has treated Income tax as an expense recoverable from consumers through tariff. However, the tax on income is to be limited on the equity component of capital employed.

The Hon'ble Commission in its MYT Tariff Order had considered the income tax provisionally at Rs 2 Crores per annum. The actual expenses on income tax, wealth tax and fringe benefit tax are Rs 9.3 Crores for the FY 2008-09 which is considered for calculating the ARR.

7.7. Non-Tariff Income

The Petitioner for the purpose of computation of Non-Tariff Income has considered all incomes incidental to distribution business. Income from disposal of scrap, rents, delayed payment surcharge, investments other than contingency reserves, miscellaneous receipts, etc. are included while considering the Non-Tariff Income.

The Hon'ble Commission in its MYT Tariff Order dated 23.02.08 had preferred to true up the Non-Tariff Income at the end of the control period. Subsequently, the Hon'ble Commission in its Tariff Order dated 28.05.09 recognised that the joint reading of Clause 5.25 and Clause 5.27 of the MYT Regulations indicates that NTI being an integral part of the revenue requirement which is an uncontrollable parameter, shall be trued up at the end of each year of the Control Period. The Petitioner in this petition had adopted the same methodology.

The Petitioner for the purpose of computation of Non-Tariff Income has considered all incomes incidental to its distribution business. However the Petitioner has not considered book entries in its accounts which include "Liabilities written back" (corresponding to the Consumer contribution) to avoid double counting since the Hon'ble Commission has already considered the amount of Consumer contribution as a part of Means of Finance in the earlier Tariff Orders. The Petitioner has not included the portion of the consumer contribution, which was outstanding in the

Petitioner's Books of Accounts as liability. It is noteworthy that the transfer of amount from the liability side to Non- Energy Income is merely a book entry in the financial books. Moreover, the whole of consumer contribution received by the company has been utilised fully by the Hon'ble Commission on global basis towards financing of capital investment and the benefits of these contributions has therefore been entirely passed on to the consumers through tariff in the earlier Tariff Orders.

Further, without prejudice to our contentions and issues agitated before the ATE in the Appeal number 147 of 2009, wherein the Petitioner has challenged the inclusion of late payment surcharge and unutilised return of past period and the inclusion of rebate obtained on power purchase as non-tariff income, the Petitioner included the amount of interest earned on unutilised return and rebate earned on early payment of Power Purchase costs as a part of Non-Tariff Income. This has been done solely to ensure that there is no delay in the next tariff order. However, nothing in the present response constitutes a waiver or abandonment of any claim and issue raised by us in Appeal No. 147 of 2009 before the ATE and of any issue, argument or contention that the company is entitled to raise in law. Further, the submissions raised in Appeal No. 147 of 2009 before the ATE, form part of the Response and are not repeated herein for the sake of brevity. We crave leave to place the order of the ATE in Appeal No. 147 of 2009 before the Hon'ble Commission, as and when a copy of the same is received. We would seek revision of our revenue entitlement in terms of the ATE order.

The Non-Tariff Income considered by the Petitioner is tabulated below:

Table 23: Non-Tariff Income (in Rs. Cr.)

Sl. No.	Particulars	FY 08-09	
		MYT Tariff Order	Actual
1	Interest on fixed deposits		0.01
2	Interest on Govt. of India Securities		0.35

Sl. No.	Particulars	FY 08-09	
		MYT Tariff Order	Actual
3	Interest on loans and Advances to staff		0.01
4	Interest on Loans and Advances to other Licensee		0.49
5	Street light maintenance charges		9.06
6	Miscellaneous charges from consumers		26.27
7	Delayed payment surcharge from consumers		20.68
8	Commission on collection of Electricity Duty for MCD		2.16
9	Write back of miscellaneous provisions		20.16
10	Penalties from Contractors		0.25
11	Sale of Scrap		7.33
12	Sale of Material		8.44
13	Miscellaneous income		22.82
14	Rebate earned on early payment of power purchase bills		21.49
	Total	**44.09**	**139.52**

Further, the Petitioner states and submits that the Hon'ble ATE in its order dated 12.11.2009 in Appeal No. 52 of 2008 has permitted the DISCOM to claim any additional cost for earning the rebate power purchase bills. The relevant order is extracted here for the considered perusal of this Hon'ble Commission:

"However, if the Commission treats this rebate as non-tariff income similar and equivalent treatment will have to be given to rebates granted by the appellant to its own consumers and others, if any. It is pointed out by the appellant that the appellant has to incur additional cost for making early payment in order to earn rebate. ***This may entail some cost over and above rule 5.37. it is for the appellant to include such additional cost in its ARR for consideration of the Commission.*** [emphasis added]."

The Petitioner reserves its right to submit the details of the additional costs for earning the rebate on power purchase bills.

7.8. Effect of Sixth Pay Commission pay scales

The Hon'ble Commission in its MYT Order has recognised the uncontrollable nature of 6th Pay Commission recommendations in determination of Employee Expenses during the Control Period and considered a provisional increase @10% in the total employee expenses w.e.f. January, 2006 in respect of erstwhile DVB employees. The Hon'ble Commission has also mentioned that the impact on account of 6th Pay Commission recommendation shall be trued up based on actual impact.

Further, it is submitted that with regard to the expenses incurred on account of salary hike due to the 6th Pay Commission for employees other than the employees of the erstwhile DVB, the ATE Order has directed this Hon'ble Commission to allow such expenses in the truing up exercise. Therefore, for the purpose of computation of Employee Expenses the Petitioner has adopted the same methodology as followed by the Hon'ble Commission in the MYT Order, as shown in the Table 14.

Since the arrears are to be paid by the end of FY 09-10, the Petitioner has started making interim payments to employees of erstwhile DVB. The Petitioner has disbursed the payment of Rs. 7.26 Corers against the provisionally approved amount of Rs. 17.00 Crores (i.e. Rs. 17.35 Crores less Efficiency Factor) in FY 2008-09. Further in FY 09-10, the Petitioner has provisionally paid an additional amount of Rs. 60.52 Crores as on 30th November 2009. The Petitioner is yet to release any amount on account of salary hike due to the 6th Pay Commission for employees other than the employees of the erstwhile DVB.

Since the Petitioner has already paid a sum of Rs. 67.78 Crores as explained above, it has considered Rs. 24.5 Crores in FY 2008-09 in terms of the methodology adopted by Hon'ble Commission read with the ATE Order The balance for erstwhile DVB employees will be paid in FY 2009-10 and has been considered accordingly.

7.9. Costs towards new Initiatives

7.9.1. CISF Expenses

The Petitioner has deployed CISF forces from FY 2007-08 to help curbing theft in its licensed area. The cost of the CISF forces includes salary and other allowances, vehicles, arms and ammunition, equipments and accommodation, etc., together with the impact of recommendations of the VIth Pay Commission. It is worthwhile to point out that the theft collection, which forms a part of the revenue, have considerably increased due to the deployment of these forces. This has resulted in better collection efficiency, which has been above 99.25% efficiency prescribed by this Hon'ble Commission in its MYT Order.

As this is an expenditure that is being incurred only from FY 2007-08 onwards, it has not formed part of the base expenditure for FY 2006-07. Consequently the said prudent and cost effective expenditure has not been factored in the normal escalation applied by the Hon'ble Commission while allowing O&M costs. Thus, this expenditure needs to be allowed separately.

The actual cost incurred by the Petitioner for FY 08-09 is Rs. 3.46 Crores.

7.9.2. New Initiatives

It is submitted that the Hon'ble Commission in its submissions before the Hon'ble ATE had stated that it is willing to consider addition expenditure or new initiatives taken by the Petitioner during the MYT period and that the same shall be allowed if such expenditure are found to be justified. It was further clarified that the new initiatives also includes initiatives that are intended to cope with increased consumer base. The said submissions of the Hon'ble Commission also finds mention in the Order of the Hon'ble ATE dated 30.10.2009 in Appeal No. 37 of 2008. It is submitted that the Petitioner has duly taken certain initiatives and has incurred prudent expenditure for the same and the same may be allowed by the Hon'ble Commission.

The Petitioner has provided its consumers the following additional payment options in FY 2008-09 which have additional costs, not included in the base of FY 2006-07.

i. Kiosk machines – The Petitioner has installed kiosk machines at all its division offices and at Gandhi Market. The bills are accepted in cash (upto Rs 4000/- only) and through cheque / DD. The timings of collection acceptance are 08.00 am to 08.00pm. An attendant is provided by M/s Transaction Solutions International (India) Private Ltd with all the kiosks for helping consumers. The Petitioner has incurred Rs.1341697 during FY 2008-09 for the new initiative. This initiative has improved collection, as consumers can pay bills even beyond office hours of the Petitioner.

ii. Minc Bill Box (hereinafter referred as BBX) - BBX has installed drop boxes at all the Metro Stations. Valid Cheque / DD are accepted along with Stubs. The Petitioner has incurred Rs.4196 during FY 2008-09 for the new initiative. This initiative has improved collection by making trips to the Petitioner's office to pay bills unnecessary and greatly added to consumer convenience.

iii. Project Jeevan: Project Jeevan is an initiative of IT - department, GoNCTD. Around 520 counters are to be opened by Delhi Govt. at selected easy locations and multi-utility payments (electricity, water, telephone, taxes, property tax etc) are to be accepted at a single window. Around 220 counters are already opened up in Delhi so far. This initiative has also significantly contributed to consumer convenience.

The benefits from all these initiatives have greater economic/social values and far outweigh the costs associated with these activities, besides generating higher revenue from loss reduction, etc. These steps have been viewed positively by many stakeholders and are also in line with best utility practices. All these measures, essential for efficient operations of the licensee and enhanced customer satisfaction, have resulted in additional expenses than the budget stipulated by the Honourable Commission in the MYT Tariff Order dated 23.02.2008.

7.10. Carrying Cost for Prior period expenses upto FY 2008-09

The carrying cost in the Electricity Distribution Business is in essence the cost associated with borrowing money in order to fund additional working capital requirement arising out of the Revenue Gap that is created during the course of the business due to mismatch in the actual cost/revenue with the projections in the Tariff Orders. Since in practice this revenue gap is created for a short period, therefore the value of “carrying costs” should be equivalent to the interest cost required to fund the revenue gap for a short term. It is submitted that the interest on short term borrowing is always substantially more than of a long term borrowing, and is mostly above the SBI PLR rate, hence the carrying cost should also be in proximity with the interest cost of a short term loan.

The Hon'ble Commission while disposing of the Petition No. 30/2008 in the matter of Application under Section 86 (i) (f) of the Electricity Act, 2003 for Recovery of interest on cost incurred towards installation of 66/11 kV Power Transformer along with associated equipments at Pappankalan – II 220 kV Grid sub station from M/s BSES Rajdhani Power Limited, enclosed as **Annexure – 4**, had directed M/s BRPL to pay interest on the principal amount @ 11.5% to M/s DTL. It is submitted that the Hon'ble Commission on one hand allows M/s DTL a carrying cost of 11.5% and on the other allows the Petitioner a carrying cost of 9% only in the Tariff Order for FY 2009-10.

Aggrieved by the decision of the Hon'ble Commission, the Petitioner has appealed before the Hon'ble ATE seeking modification of the stance adopted by the Hon'ble Commission in the Tariff Order for FY 2009-10. The Petitioner would like to once again request the Hon'ble Commission to consider a carrying cost rate equivalent to the short term borrowing rate which is always higher than 9%, and is mostly above the SBI PLR rate.

Pending the Order of the Hon'ble ATE, the Petitioner has considered carrying cost of 9%. However, nothing contained in this Petition should be treated as estopping, restricting or limiting or waiving the rights of the Petitioner to charges which it is permitted to recover under law. The net effect of the ATE Order along with carrying costs due to the implementation Petitioner upto 1st April 2008 is shown table below:

Table 24: Revenue Gap as on 1st April 2008 due to ATE Order (in Rs. Cr.)

Particulars	UoM	FY 05	FY 06	FY 07	FY 08
Net Impact of ATE Order	Rs. Cr.	23.71	8.19	1.08	54.67
Computation of Revenue Gap with Carrying costs					
Opening Revenue Gap	Rs. Cr.	-	24.77	35.57	39.90
Expenses Incurred during the year	Rs. Cr.	23.71	8.19	1.08	54.67
Carrying Costs@9%	Rs. Cr.	1.07	2.60	3.25	6.05
Closing Revenue Gap	**Rs. Cr.**	**24.77**	**35.57**	**39.90**	**100.62**

7.11. Additional Costs due to uncontrollable factors

7.11.1. License Fee paid to Hon'ble Commission

As per the MYT Regulations Sales is an uncontrollable factor. As per Section 12 of the license condition, the Petitioner is liable to pay a license fee equivalent to 0.05% of the amount billed during previous financial year. Since the Sales and the amount Billed during the previous financial year is uncontrollable in nature, the License Fee paid to the Hon'ble Commission over and above the License Fee paid in FY 2006-07, consequently also becomes uncontrollable.

The incremental License Fee incurred by the Petitioner due to increase in Sales, which is uncontrollable expense in terms of MYT Regulations, for FY 08-09 is tabulated below:

Table 25: Incremental License Fee (in Rs. Cr.)

Particulars	FY 06-07 Rs. Cr.	FY 07-08 Rs. Cr.	FY 08-09 Rs. Cr.
Sales of Previous Year	1224.33	1362.5	1548
License Fee during the year	0.61	0.68	0.77
Incremental License fee over the base year		**0.07**	**0.09**

7.11.2. Incremental Bill Printing Expenses

As per the MYT Regulations Sales is an uncontrollable factor. Consequently, the increase in number of consumers is also uncontrollable in nature. Since the increase in number of consumers is uncontrollable in nature, the bill printing expenses incurred by the Petitioner to cater to the new consumers over and above the Bill Printing Expenses incurred by the Petitioner in FY

2006-07, consequently also becomes uncontrollable. Consequently, the same should be allowed in view of the observations of the ATE in Appeal No. 37 of 2008, as initiatives to meet with increased consumers.

The incremental Bill Printing Expenses incurred by the Petitioner for FY 08-09 is tabulated below:

Table 26: Incremental Bill Printing Expenses (in Rs. Cr.)

Particulars	UoM	FY 06-07	FY 07-08	FY 08-09
Bill Printing Expenses in the Base Year	Rs. Cr.	0.40		
Number of Consumers	Numbers	894,928		
Average annual Printing Cost	Rs.	4.43		
Inflation Index			1.0415	1.0415
Projected Average Bill Printing Costs	Rs.		4.61	4.80
Number of Consumers			968,015	1,044,821
Bill Printing Costs over the Base Year	Rs. Cr.		0.45	0.50
Bill Printing Cost allowed in the MYT Tariff Order as a part of the A&G Expenses	Rs. Cr.		0.41	0.43
Incremental Cost now sought	**Rs. Cr.**		**0.03**	**0.07**

7.12. Controllable Factors

As per Section 11.2 and Section 8.8 of the MYT Regulations, the Petitioner is required to submit information as a part of annual review on actual performance to assess the performance vis-à-vis the targets approved by the Hon'ble Commission. Therefore, the Petitioner in this Petition has restricted itself to submission of actual expenses for FY 2008-09 for controllable factors.

7.12.1. Employee Expenses

As per MYT Regulations, employee expense is classified as a controllable expense. The actual cost incurred by the Petitioner during FY 2008-09 is tabulated below:

Table 27: Actual Employee Expenses for FY 2008-09 (in Rs. Cr.)

Particulars	FY 08-09
Salaries	62.45
DA	19.21
HRA	12.22
Other Allowances and Relief	8.20
Honorarium/Overtime	3.42
Bonus/Ex-gratia	6.32
Other Costs such as Medical, LTA etc	29.72
Gross Employee Expenses	**141.54**
Add:	
Interim amount paid due to implementation of 6th Pay Commission	7.26
Pension Payments	7.60
Less:	
Capitalization	8.29
Net Employee Expenses	**148.11**

Table 28: Bifurcation of Employee Costs in FY 2008-09 (in Rs. Cr.)

Employee Expenses	EHV	HV	LV	Total
Wheeling Business	0.22	10.80	73.72	84.75
Retail Business	0.08	8.13	55.15	63.36

7.12.2. A & G Expenses

These expenses are incurred by the Petitioner for meeting the day-to-day expenses relating to the administration, tax liability and working of the offices. The actual cost incurred by the Petitioner during FY 2008-09 is tabulated below:

Table 29: A&G Expenses for FY 2008-09(in Rs. Cr.)

Particulars	FY 08-09
Rates & Taxes	0.72
Insurance	2.19
Telephone and Postage Charges	4.69
Consultancy Charges	7.88
Conveyance And Travel	1.80
License fee (incl. DERC)	1.51
Vehicles Running Expenses	3.47
Vehicle and Equipment hire charges	2.51
Security / Service Charges	3.75
Fee & Subscriptions for Books And Periodicals	0.01
Printing And Stationery	2.59
Advertisement Expenses	2.04
Contributions/Donations	0.23
Water Charges	0.32
Entertainment Charges	0.02
Computer Expenses	0.48
Training Expenses	0.08
House Keeping Charges	1.81
Satellite / Call Centre Expenses	1.18
Loss on Foreign Exchange Fluctuation	1.09
Directors Fee	0.03
Lodging and Boarding	0.12
Legal Charges	2.31
Auditor's Fee	0.14
Transit Insurance	0.07
Bank Charges	2.31
Other Miscellaneous Expenses	1.81
Net A&G expenses	**45.19**

Table 30: Bifurcation of A&G Expenses (in Rs. Cr.)

A&G Expenses	EHV	HV	LV	Total
Wheeling Business	0.02	2.59	18.56	21.16
Retail Business	0.02	2.94	21.08	24.03

7.12.3. R & M Expenses

These expenses are incurred by the Petitioner to maintain the system in healthy condition and secure the useful life of assets by carrying out preventive maintenance activity and attending to faults / breakdowns. The actual cost incurred by the Petitioner during FY 2008-09 is tabulated below:

Table 31: R&M Expenses for FY 2008-09 (in Rs. Cr.)

Particulars	FY 08-09
Plant and Machinery	11.04
Building	0.91
Lines, Cables Net Works etc.	11.71
Vehicles	1.73
Lease Rental	1.37
Labour	17.97
Net R&M Expenses	**44.72**

Table 32: Bifurcation of R&M Expenses for FY 2008-09 (in Rs. Cr.)

R&M Expenses	EHV	HV	LV	Total
Wheeling Business	0.08	4.96	36.01	41.05
Retail Business	0.00	0.38	3.29	3.67

7.13. Expenses to be trued up at the end of the Control Period

7.13.1. Capital Expenditure and Capitalisation

The Hon'ble Commission in its MYT Tariff Order has approved a net Capital Investment of Rs. 300 Crores which includes IDC and Establishment Expenses for FY 2008-09. The Petitioner in the year FY 2008-09 has incurred Rs 209.68 towards Capital Schemes.

The Hon'ble Commission in the MYT Tariff Order has considered an Investment capitalization amount of Rs 350 Crores for the FY 2008-09, wherein the investment capitalized out of opening CWIP (of Rs 354.84

Crores) was considered at Rs 200 Crores and investment capitalized out of fresh schemes was assumed at Rs 150 Crores.

The Petitioner for FY 08-09 has derived the Opening CWIP considering the Opening CWIP approved by the Hon'ble Commission for FY 07-08 and the actual addition and Capitalization during the Year. The Investment capitalized by the Petitioner during FY 2008-09 is shown in the table below:

Table 33: Investment capitalized during FY 2008-09 (in Rs. Cr.)

Particulars	FY 07-08	FY 08-09
Opening CWIP	554.86	474.42
Capital Expenditure	111.32	210.97
Capitalization of Asset	191.76	276.74
Closing CWIP	474.42	408.65

7.13.2. Depreciation

For FY 08-09, the Petitioner has applied the depreciation rates as stipulated in the MYT Regulations on average GFA. The Asset wise details are provided in Form F2a in the format specified by the Hon'ble Commission.

The Petitioner has considered the opening GFA as determined by the Hon'ble Commission in the MYT Tariff Order for FY 2007-08 and has added the Assets Capitalised during the year. The Petitioner has then segregated the GFA between the Wheeling and Retail Business. The details are tabulated below:

Table 34: OGFA across different voltages as per audited Accounts (in Rs. Crores)

Sl. No.	Particulars	EHV	HV	LV	Total
1	TRANSFORMERS +100KVA	60.09	65.69	4.45	130.23
2	TRANSFORMERS -100KVA	-	50.56	49.33	99.89
3	SWITCHGEAR	62.13	111.87	30.08	204.08
4	LIGHTNING ARRESTOR	3.84	0.02	2.54	6.40

Sl. No.	Particulars	EHV	HV	LV	Total
5	BATTERIES	0.41	-	9.18	9.59
6	UNDERGROUND CABLES	141.04	196.51	83.16	420.71
7	OVERHEAD LINES	18.14	14.29	250.39	282.82
8	ENERGY METERS	0.01	25.22	198.40	223.63
9	VEHICLES	0.01	-	5.07	5.08
10	OFFICE EQUIPMENT, FURNITURE & FIXTURES	-	-	12.37	12.37
11	COMPUTERS	-	-	22.55	22.55
12	MOTORS / PUMPS etc.	0.01	-	6.37	6.37
13	COMMUNICATION EQUIPMENT	-	-	0.38	0.38
14	OFFICES, SHOWROOMS & Temporary Structures	16.06	0.01	41.53	57.60
15	PUCCA ROADS	-	-	0.31	0.31
16	FAULT LOCATING EQUIPMENTS	-	0.12	6.93	7.05
17	MISC. EQUIPMENTS	0.89	0.70	6.22	7.81
	Total	**302.63**	**465.00**	**729.25**	**1,496.88**

Table 35: OGFA – (Wheeling Business) as per audited Accounts (in Rs. Crores)

Sl. No.	Particulars	EHV	HV	LV	Total
1	TRANSFORMERS +100KVA	60.09	65.69	4.45	130.23
2	TRANSFORMERS -100KVA	-	50.56	49.33	99.89
3	SWITCHGEAR	62.13	111.87	30.08	204.08
4	LIGHTNING ARRESTOR	3.84	0.02	2.54	6.40
5	BATTERIES	0.41	-	9.18	9.59
6	UNDERGROUND CABLES	141.04	196.51	83.16	420.71
7	OVERHEAD LINES	18.14	14.29	250.39	282.82
8	ENERGY METERS	-	-	-	-
9	VEHICLES	0.00	-	3.24	3.25
10	OFFICE EQUIPMENT, FURNITURE & FIXTURES	-	-	7.92	7.92
11	COMPUTERS	-	-	11.28	11.28
12	MOTORS / PUMPS etc.	0.00	-	4.07	4.08
13	COMMUNICATION EQUIPMENT	-	-	0.19	0.19
14	OFFICES, SHOWROOMS & Temporary Structures	10.28	0.01	26.58	36.87
15	PUCCA ROADS	-	-	0.31	0.31
16	FAULT LOCATING EQUIPMENTS	-	0.12	6.93	7.05
17	MISC. EQUIPMENTS	0.89	0.70	6.22	7.81
	Total	**296.83**	**439.77**	**495.87**	**1,232.47**

Table 36: OGFA – (Retail Supply Business) as per audited Accounts (in Rs. Crores)

Sl. No.	Particulars	EHV	HV	LV	Total
1	TRANSFORMERS +100KVA	-	-	-	-
2	TRANSFORMERS -100KVA	-	-	-	-
3	SWITCHGEAR	-	-	-	-
4	LIGHTNING ARRESTOR	-	-	-	-
5	BATTERIES	-	-	-	-
6	UNDERGROUND CABLES	-	-	-	-
7	OVERHEAD LINES	-	-	-	-
8	ENERGY METERS	0.01	25.22	198.40	223.63
9	VEHICLES	0.00	-	1.82	1.83
10	OFFICE EQUIPMENT, FURNITURE & FIXTURES	-	-	4.45	4.45
11	COMPUTERS	-	-	11.28	11.28
12	MOTORS / PUMPS etc.	0.00	-	2.29	2.29
13	COMMUNICATION EQUIPMENT	-	-	0.19	0.19
14	OFFICES, SHOWROOMS & Temporary Structures	5.78	0.00	14.95	20.74
15	PUCCA ROADS	-	-	-	-
16	FAULT LOCATING EQUIPMENTS	-	-	-	-
17	MISC. EQUIPMENTS	-	-	-	-
	Total	**5.80**	**25.23**	**233.39**	**264.41**

The depreciation across various voltage level and asset categories as per audited accounts is tabulated below:

Table 37: Depreciation for Wheeling and Retail Business (in Rs. Cr)

Depreciation	EHV	HV	LV	Total
Wheeling Business	16.68	25.06	33.61	75.35
Retail Business	0.18	2.71	23.99	26.89

The Hon'ble Commission in the MYT Tariff Order has stated that "*As per the MYT Regulations, 2007 Clause 4.16 (b) (ii), Depreciation shall be trued up at the end of the Control Period*". Therefore the Petitioner for the purpose of computation of the ARR has assumed the depreciation as allowed by the Hon'ble

Commission in the MYT Tariff Order. For the purpose of allocation of costs between Wheeling and Retail supply, the Petitioner has segregated the same in the ratio as determined in the above Table.

7.13.3. Means of Finance

The MYT Tariff Order was issued by the Hon'ble Commission on 23.02.2008. The Petitioner while considering the funding arrangement for its Investment Plan has adopted the same methodology as elaborated in the MYT Regulations. As the Regulations provides only for Means of Finance for Investments Capitalised during the year to be considered for RoCE computations, the Petitioner has considered funding of Assets Capitalized in the normative debt : equity ratio of 70:30 after utilizing the Consumer Contribution for funding Capital Investments. The consumer contribution received during the year relates to the capital investment. Therefore the consumer contribution utilized for funding of capitalization is considered to the extent of asset capitalized during the year of the capital investment, as shown in the table below.

Table 38: Consumer Contribution Capitalised (in Rs. Crores)

Particulars	FY 08-09
Consumer Contribution as per Accounts	74.99
Consumer contribution capitalized	37.50
Balance Consumer contribution	37.50

Considering the above aspects, the Petitioner's Means of Finance for FY 2008-09 may be computed as shown in the table below:

Table 39: Means of Finance (in Rs. Crores)

Particulars	FY 08-09
Capitalization out of fresh investments	213.59
Means of Finance	
Consumer Contribution	37.50
Internal Accruals	52.83
Commercial Borrowings	123.27

The Hon'ble Commission in the MYT Tariff Order has stated that "*Since all elements of RoCE are subject to true up, the Commission shall also true-up the RoCE approved above at the end of the Control period*". Therefore the Petitioner for the purpose of computation of the ARR has assumed the Means of Finance as allowed by the Hon'ble Commission in the MYT Tariff Order.

7.13.4. Return on Capital Employed

The Petitioner has computed the Return on Capital Employed (RoCE) as per the principles laid down by the Hon'ble Commission in the MYT Regulations. The Petitioner has considered the RoCE in accordance with the approval of the Hon'ble Commission in the MYT Order as explained in the following methodology:

7.13.4.1. Computation of Regulated Rate Base

The Regulated Rate Base (RRB) includes the Original Cost of Fixed Assets, Working Capital less the accumulated depreciation. The RRB for the base year and for the first control period under the MYT Regime has been computed after considering the methodology specified by the Hon'ble Commission in the MYT Regulations.

The computation of RRB for FY 2008-09 under the MYT regime are tabulated below:

Table 40: Computation of RRB for FY 2008-09 (in Rs. Crores)

Sl. No.	Particulars	FY 08-09
A	RRB for FY 2008-09 (A = 1+2+3)	941.08
1	Opening during the Year (1 = 1a + 1b)	847.77
a	RRB for FY 2007-08	786.88
b	Change in RRB during FY 2007-08	60.89
2	Change in RRB = (2 = (2a-2b-2c)x0.5)	68.50
a	Investment Capitalised	276.74
b	Depreciation for the year including AAD	102.24
c	Consumer contribution	37.50
3	Change in Working Capital (WC) (3=4-5)	24.81
4	Computation of WC for FY 2007-08 (4=4a+4b-4c)	210.54
a	Receivables for two months	296.89
b	Operation and maintenance expenses for one month	20.49
c	Power Purchase cost for One month	106.83
5	WC for previous year	185.73

(Note: The above calculations are considered with the opening levels as per MYT Order)

7.13.5. Weighted Average Cost of Capital

The Weighted average cost of Capital (WACC) for each year of the control period has been computed as per the principles laid down by the Hon'ble Commission in the MYT Regulations.

The petitioner has computed the Cost of Debt (R_d) as per the MYT Regulations and the same has been shown at Form F3(b).

The WACC considered for FY 2008-09 is tabulated below:

Table 41: Weighted Average Cost of Capital (in Rs. Crores)

Sl. No.	Particulars	FY 08-09
1	Rd	11.44%
2	Re	14.00%
3	Computation of Average Debt	1,045.31
	Opening Debt	1,022.39
	Additions during the Year	294.24
	Repayment during the Year	248.40
	Closing Debt	1,068.23
4	Computation of Average Equity	294.32
	Opening Equity	267.91
	Additions during the Year	52.83
	Closing Equity	320.74
5	**WACC (5= (1x(3/(4+3))+(2x(4/(4+3))**	**12.00%**

7.13.6. Return on Capital Employed

The Petitioner has considered the Return on Capital Employed (RoCE) as per the principles laid down by the Hon'ble Commission in the MYT Regulations. As per the regulations the RoCE shall be calculated as follows

$$RoCE = WACCi * RRBi$$

Accordingly the petitioner has calculated the RoCE which is as follows:

Table 42: Computation of RoCE (in Rs. Crores)

Sl. No.	Particulars	FY 08-09
1	RRB*i*	941.08
2	WACC*i*	12.00%
3	RoCE	112.94

7.13.7. Additional Return

As per the MYT regulations the supply margin to be allowed for the Retail Supply business shall cover all the expenses of the Retail Supply Business, RoCE allocated to the retail supply business and shall also provide additional return such that the total returns from the Wheeling and Retail business shall not exceed 16% of equity.

RoCE calculated for the FY 2008-09 assuming return on equity and the revised RoCE calculated by considering 16% return on equity is given below:

Table 43: Computation of Supply Margin (in Rs. Crores)

Sl. No.	Particulars	FY 08-09
1	RoCE	112.94
2	Return for Wheeling Business	112.94
a	Re	14.00%
b	Average Equity	294.32
c	Average Debt	1,045.31
d	RRB for FY 2008-09	941.08
3	RoCE @ Re = 16%	117.08
a	Rd	11.44%
b	Re	16.00%
c	Average Equity	294.32
d	Average Debt	1,045.31
e	RRB for FY 2008-09	941.08
4	Return for Supply Business	4.14
5	**Total Return**	**117.08**

The Hon'ble Commission in the MYT Tariff Order has stated that "*Since all elements of RoCE are subject to true up, the*

Commission shall also true-up the RoCE approved above at the end of the Control period". Therefore the Petitioner for the purpose of computation of the ARR has assumed the Additional Return as allowed by the Hon'ble Commission in the MYT Tariff Order.

7.14. ARR and Revenue Gap upto FY 2008-09

The variations in the ARR with the MYT Tariff Order as approved by the Hon'ble Commission are tabulated below:

Table 44: Computation of Annual Revenue Requirement (in Rs. Crores)

Sl. No.	Particulars	As per MYT Order	FY 08-09	Diff.
		A	B	C = (B - A)
1	Cost of Power Purchase	1169.18	1134.31	-34.87
2	Inter State Transmission Charges	53.3	103.47	50.17
3	Intra State Transmission Charges (including SLDC fees)	45.36	44.22	-1.14
4	Operation & Maintenance Costs	223.76	270.31	46.55
	As per MYT Order	*223.76*	*223.76*	
	Additional Impact due to ATE Order		*46.55*	
5	Depreciation including AAD	87.31	87.31	0.00
6	Other Expenditure	0	7.49	7.49
	DVB Arrears		*3.89*	
	CISF		*3.46*	
	New Initiatives		*0.13*	
7	Past period expenses due to implementation of ATE Order		100.62	100.62
8	Return on Capital Employed including Additional Return	119.58	119.58	-
9	Additional Expenses due to uncontrollable factors		0.16	0.16
	Incremental Bill Printing Expenses		*0.07*	
	License fee paid to DERC		*0.09*	
10	Income Tax	2	9.29	7.29
	Less:			0.00
11	Interest Capitalised	10.54	10.54	0.00
12	Non-Tariff Income	44.09	139.52	95.43
	Aggregate Revenue Requirement	**1,645.86**	**1,726.71**	**80.85**

7.15. ARR and Revenue Gap for Wheeling Business upto FY 2008-09

The ARR and Revenue Gap for Wheeling Business upto FY 2008-09 is tabulated below:

Table 45: ARR – Wheeling Business (in Rs. Crores)

Sl. No.	Particulars	As per MYT Order	FY 08-09			
			EHV	HV	LV	Total
1	O&M & Expenses	133.80	0.37	20.71	144.25	165.33
2	Depreciation (incl. AAD)	75.87	14.24	21.40	28.70	64.35
3	RoCE	85.47	1.83	10.14	102.58	114.54
4	Income Tax	0.4	0.15	0.82	8.32	9.29
5	Past Period Expenses due to Implementation of ATE Order		0.13	7.75	54.17	62.05
6	Less: Non-Tariff Income	6.09	2.94	16.13	120.45	139.52
7	Less: Interest Capitalised	9.05	0.02	0.77	5.25	6.03
	Aggregate Revenue Requirement	**280.4**	**13.77**	**43.92**	**212.32**	**270.01**

7.16. ARR and Revenue Gap for Retail Supply Business upto FY 2008-09

The ARR and Revenue Gap for Retail Supply Business upto FY 2008-09 is tabulated below:

Table 46: ARR – Retail Supply Business (in Rs. Crores)

Sl. No.	Particulars	As per MYT Order	FY 08-09			
			EHV	HV	LV	Total
1	Cost of Power Purchase	1169.18	18.09	100.39	1,015.83	1,134.31
2	Inter State Transmission Charges	53.3	1.65	9.16	92.67	103.47
3	Intra State Transmission Charges (incl. SLDC Fees)	45.36	0.71	3.91	39.60	44.22
4	Supply Margin	97.62	0.58	21.31	152.80	174.69
	Aggregate Revenue Requirement	**1365.46**	**21.02**	**134.78**	**1,300.89**	**1,456.70**

8. Estimates of Uncontrollable Factors for FY 2009-10 & FY 2010-11

8.1. Sales Forecast

- The Hon'ble Commission in its Tariff Order dated 28.05.2009 has opined that "*the factors affecting the actual consumption of electricity are numerous and often beyond the control of the licensee including factors such as Government Policy, economic climate, weather conditions and force majeure events like natural disasters, etc. Under such a situation, the attempt is to look into various factors and estimate the interrelationships to arrive at a reasonably accurate forecast within a range and use a single point-estimate within the range for the purpose of estimating future costs/ revenues*".

- The report on 17th Electric Power Survey of India published by the Central Electricity Authority (hereinafter referred to as "**17th EPS**") takes into account the above mentioned factors, International forecasting methodologies and the end use method.

- The actual consumption for the period April'09 to September '09, which has been submitted to the Hon'ble Commission has been considered, while estimating the sales for FY 2009-10.

- For projection of Sales for the period October '09 to March'10 and FY 2010-11, the Petitioner has relied on the report on **17th EPS**. The Petitioner has maintained the same growth rate in demand as projected in the **17th EPS** for all categories of consumers as specified in the Tariff Order, excepting for Industrial, Irrigation and DMRC.

- For DMRC, the Petitioner has relied on the anticipated consumption data furnished by DMRC for FY 2009-10 and FY 2010-11. A copy of the letter furnished by DMRC is enclosed in **Annexure 5**.

- For Industrial and Irrigation categories of consumers, the Petitioner has assumed similar consumption pattern as in the first half of FY 2009-10 while projecting the consumption level for FY 2009-10 and FY 2010-11.

- The sales growth projected by the Petitioner is either due to growth in consumption from existing consumers or growth from new consumers. Therefore to determine the growth in number of consumers corresponding to the increase in Sales projected, the Petitioner has reduced the growth in specific consumption of existing consumers from the projected Sales growth.

- The load has been projected for FY 2009-10 and FY 2010-11 assuming that the average load per consumer remains same as in the first half of FY 2009-10.

- Based on the above assumption, Sales, Consumers and Load is tabulated below:

Table 47 : Number of Consumers, Load (MW) and Sales (MU)

Sl. No.	Category	FY 09-10			FY 10-11		
		Cons.	Load MW	Sales MU	Cons.	Load MW	Sales MU
1	**Domestic**	823,075	1,413	2,255	862,480	1,481	2,519
2	**Non-Domestic**	282,438	924	1,360	320,402	1,048	1,543
3	**Industrial**	20,413	272	467	20,413	272	467
a	SIP	20,376	255	417	20,376	255	417
c	LIP	37	18	50	37	18	50
4	**Agriculture**	69	0	0	69	0	0
5	**Mushroom Cultivation**	7	0	0	7	0	0
6	**Public Lighting**	1	-	90	1	-	95
7	**Railway Traction**	-	-	-	-	-	-
8	**DMRC**	1	19	100	1	20	100
9	**Temporary Supply**	-	-	-	-	-	-
10	**Enforcement**	-	-	40	-	-	45
11	**Own Consumption**	1	-	22	1	-	23
12	**Others**	7,477	60	171	7,483	65	218
a	Worship/Hospital	19	28	57	22	31	64
b	Staff	7,396	12	24	7,396	12	27
c	DJB	62	21	90	65	22	127
d	DIAL	-	-	-	-	-	-
TOTAL		**1,133,482**	**2,688**	**4,506**	**1,210,857**	**2,887**	**5,009**

- The category wise Revenue billed and Average Billing Rate (ABR) considered for the ARR is tabulated below:

Table 48 : Category-wise Revenue billed and Average Billing Rate

Sl. No.	Category	FY 09-10			FY 10-11		
		Sales	Rev. Billed	ABR	Sales	Rev. Billed	ABR
		MU	Rs. Cr.	Rs. / kWh	MU	Rs. Cr.	Rs. / kWh
1	**Domestic**	2,255	778	3.45	2,519	894	3.55
2	**Non-Domestic**	1,360	842	6.19	1,543	954	6.18
3	**Industrial**	467	244	5.23	467	243	5.20
a	SIP	417	217	5.20	417	217	5.20
c	LIP	50	28	5.50	50	26	5.14
4	**Agriculture**	0	0	1.91	0	0	1.75
5	**Mushroom Cultivation**	0	0.0	3.51	0	0.0	3.45
6	**Public Lighting**	90	42	4.64	95	44	4.65
7	**Railway Traction**	-	-	-	-	-	-
8	**DMRC**	100	33	3.26	100	33	3.30
9	**Temporary Supply**	-	-	-	-	-	-
10	**Enforcement**	40	18	4.52	45	21	4.56
11	**Own Consumption**	22	-	-	23	-	-
12	**Others**	171	80	4.70	218	101	4.62
a	Worship/Hospital	57	27	4.74	64	28	4.37
b	Staff	24	4	1.80	27	4	1.47
c	DJB	90	49	5.45	127	69	5.43
TOTAL		**4,506**	**2,037**	**4.52**	**5,009**	**2,289**	**4.57**

8.2. Loss Reduction Target

- The Hon'ble Commission in the MYT Regulations has normatively set the target for Aggregate Technical & Commercial ("AT&C" hereinafter) Losses to be achieved by the Petitioner at the end of the Control Period. Further the Hon'ble Commission has set the loss level targets in its MYT Tariff Order.

- The Petitioner had appealed before the Hon'ble ATE stating that "*The Hon'ble Commission instead of following the Regulations should have exercised its discretion to amend the Regulations*".

- The Hon'ble ATE vide its order in Appeal No 37 of 2008 dated 30.10.2009 read with the order in Appeal No 36 of 2008 dated 06.10.2009 has held the following:

  "There is however, no bar on the Commission reconsidering the target that has been set and amend the relevant Regulation, if necessary. The target for MYT period needs to be set on the basis of losses at the beginning of the MYT period and not on the basis of loss level on the date of privatization when the policy target period began. The consequences of failure or success in reaching the loss reduction target have already been borne by the licensee. Hence reference to the initial level of loss at the time of privatization is not necessary. The Commission may itself consider the plea of any amendment in the target set in this regard in case the appellant makes out a case. Therefore, we direct that the appellant may make an appropriate representation to the Commission in this regard within one month hereof and that if a representation is so made the Commission shall dispose it of in two months".

- The Petitioner has made separate representation to the Hon'ble Commission. Pending the Hon'ble Commission's decision on the representation and without prejudice to the contentions raised therein, the Petitioner in this Petition has assumed the T&D loss and AT&C loss level targets in accordance with the MYT Regulations read with the MYT Tariff Order. The Y-o-Y target is as tabulated below:

Table 49 : AT&C Loss Targets

Particulars	FY 09-10	FY 10-11
Sales	4,506.01	5009.35
Distribution Loss - MYT Regulations	25.89%	21.61%
Power Purchase at Periphery	6,080.12	6390.13
Collection Efficiency - MYT Regulations	99.50%	99.50%
AT&C Loss - MYT Regulations	**26.26%**	**22.00%**

- Based on the aforestated, the Revenue considered for the purpose of the ARR is tabulated below:

Table 50 : Revenue for the purpose of Annual Revenue Requirement

Sl. No.	Category	UoM	FY 08-09	FY 09-10	FY 10-11
1	Energy Input at DISCOM Periphery	MU	5,282.59	6,080.12	6,390.13
2	Units Realized	MU	4,013.49	4,483.48	4,984.30
3	ABR	Rs. / Unit	4.49	4.52	4.57
4	AT & C loss achieved	%	24.02%	26.26%	22.00%
5	AT & C Incentive level as per MYT Order	%	30.52%	26.26%	22.00%
6	Over Achievement / (Under achievement)	%	6.50%	-	-
7	Total benefit on account of overachievement	Rs. Cr.	154.17	-	-
8	Amount to be retained by DISCOMs	Rs. Cr.	77.09	-	-
9	Amount to be passed to the consumers	Rs. Cr.	77.09	-	-
10	DISCOM adjustment	Rs. Cr.	0.39	-	-
11	Net amount to be passed on to the Contingency Reserve	Rs. Cr.	76.70	-	-
12	Revenue Realized	Rs. Cr.	1,708.10	1,941.09	2,179.83
13	**Revenue available towards ARR**	**Rs. Cr.**	**1,553.93**	**1,941.09**	**2,179.83**

8.3. Power Purchase

8.3.1. Sources of Power

- The Petitioner for the purpose of estimation of firm power purchase has considered the Power availability from Generating Stations within Delhi, Central Generating Stations, New plants expected to be commissioned as per CEA Report, Power purchase through short term and banking arrangements.

8.3.2. Allocation from Generating Stations

- The Petitioner’s share from the Generating stations has been considered as per the Hon’ble Commission Order No F.17 (115)/Engg./DERC/2006-07/4757 dated 31.03.2007.

- The Petitioner has considered the allocation of unallocated power as per the GoNCTD order No F.11 (41)/2007/Power/1590 dated 29th June'2009 till Dec'09 and has assumed the same allocation to continue further upto March 2011.

- The Petitioner has considered allocation of firm and unallocated power of CSGS as per the actual allocations upto September 2009 and for the remaining period i.e. October 2009 – November 2009 & April 2010 – November 2010 the revised allocations as per the Notification no. NRPC/SE (O)/Allocations/2009-10 dated 21.08.2009 (enclosed in **Annexure 6**). For December 2009 – March 2010 and December 2010 – March 2011, Petitioner has considered the allocations applicable for winter months as per NRPC notification no. NRPC/SE (O)/Allocations/2008-09 dated 07-01-2009 (enclosed in **Annexure 7**).

- The details of banking arrangements of the Petitioner is enclosed as **Annexure – 19**.

8.3.3. Existing Plant Maintenance program of Generating Stations

- The Petitioner has considered the latest plant Maintenance program of the Generating stations from the following sources:
    - Minutes of 41st OCC Meeting of NRPC (enclosed in **Annexure – 8**)
    - Load Generation Balance Report for FY 2009-10 for Northern Region (enclosed in **Annexure – 9**)
    - Load Generation Balance Report for FY 2009-10 for Eastern regions (enclosed in **Annexure – 10**).

8.3.4. New Projects considered

- Without prejudice the contentions of the Petitioner in Appeal No. 147 of 2009, the Petitioner has the following submissions.
- The Petitioner has considered the Commissioning Date and Capacity of the future generating stations from the following Reports:
    - EDWPCL, Ghazipur – Project profile & background note (enclosed as **Annexure – 18**)

  CEA Reports

    - Broad status of Thermal Power projects in Delhi (enclosed in **Annexure – 11**)
    - Broad status of Central Sector Thermal Power projects – NTPC (enclosed in **Annexure – 12**)
    - Status of Hydro Electric Projects under execution as on 30.09.2009 (enclosed in **Annexure – 13**)
    - 11th plan capacity addition programme (enclosed in **Annexure – 14**).

The Petitioner's Share and Commissioning date of the new stations are tabulated below:

Table 51 : New Power Plants Considered in FY 2009-10 and FY 2010-11

Sl. No.	Plant	Owning Agency	Capacity (MW)	Delhi Share (MW)	Petitioner's Share (MW)	Commissioning Month
			A	B	C: B*27.24%	D
1	**Dadri Ext Stage -II**					
a	Unit -5	**NTPC**	490.00	440.00	119.86	April-10
b	Unit -6		490.00	440.00	119.86	May-10
2	**Aravali Power Corporation Ltd**					

Sl. No.	Plant	Owning Agency	Capacity (MW)	Delhi Share (MW)	Petitioner's Share (MW)	Commissioning Month
			A	B	C: B*27.24%	D
a	Unit -1		500.00	250.00	68.10	November-10
b	Unit -2		500.00	250.00	68.10	February-11
c	Unit -3		500.00	250.00	68.10	June-11
3	**Kahalgaon Stage -II Unit 7**		500.00	31.67	8.63	October-09
4	**Chamera-III**	NHPC	231.00	26.00	7.08	January-11
5	**Parbati -III**		520.00	42.00	11.44	January-11
6	**Uri -II**		240.00	19.00	5.18	January-11
7	**Sewa -II**					
a	Unit -1		40.00	3.33	0.91	January-10
b	Unit -2		40.00	3.33	0.91	February-10
c	Unit -3		40.00	3.33	0.91	March-10
8	**Koteshwar**	THDC				
a	Unit -1		100.00	10.00	2.72	October-10
b	Unit -2,3,4		300.00	30.00	8.17	March-11
9	**Pragati -III, Bawana**	SGS				
a	Block-I					
a i	GT -1		228.50	139.13	37.90	August-10
a ii	GT -2		228.50	139.13	37.90	August-10
a iii	ST		228.50	139.13	37.90	August-10
b	Block-II					
b i	GT -1		228.50	139.13	37.90	December-10
b ii	GT -2		228.50	139.13	37.90	December-10
b iii	ST		228.50	139.13	37.90	December-10
10	**EDWPCL Ghazipur***	**GMR Infra**	10.00	10.00	4.90	September-10
10	**RAPP - 5 & 6**	NPCIL				
a	Unit 5		220.00	27.50	7.49	December-09
b	Unit 6		220.00	27.50	7.49	February-10

8.3.5. Energy Availability

Without prejudice the contentions of the Petitioner in Appeal No. 147 of 2009, the Petitioner has the following submissions:

- While projecting the energy availability from generating stations, the Petitioner has considered the actual energy available (firm and unallocated) from the generating stations for the period April'09 to September'10.

- For the rest of the period, the Petitioner has estimated the energy availability with the following assumptions:

    - PLF of existing thermal and nuclear plant in a particular month has been considered as per the NRPC methodology for projection of demand. For new thermal stations, the Petitioner has considered the PLF of 80% as considered by the Hon'ble Commission in MYT Tariff order dated 23.02.2008. For upcoming nuclear power station, the Petitioner has considered the average PLF of existing nuclear plants for respective months.

    - Availability factor for existing Hydro plant in a particular month has been considered as per the NRPC methodology for projection of demand. For upcoming hydro power stations, the Petitioner has considered the average availability factor of existing hydro plants of that region for respective months.

    - Auxiliary Consumption of an existing plant has been considered as per the appropriate Commission's Tariff Order for the Generating plant. Auxiliary Consumption of new generating plants has been considered at the same levels as approved by the Hon'ble Commission in the MYT Tariff Order dated 23.02.2008.

- Deficit or Surplus power in a particular month, if any, after considering the long term sources, has been considered as a part of Bilateral Purchase or Sale for that month.

8.3.6. Projection of Power Purchase Charges

- In view of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009, read with the CRISIL Research Report on the "Impact analysis on CERC Regulations (2009-14)" the Petitioner for all CSGS stations has considered 8% increase in the Annual Fixed Charges (AFC), every year, over the AFC for FY 2008-09 as approved by CERC in the last Tariff Order.

- For SGS stations, the AFC has been considered as per the approved AFC for respective years in the MYT Tariff Order issued by the Hon'ble Commission.

- The Petitioner has considered actual power purchase cost upto September '09, as per power purchase bills furnished by Generators as on 30.09.2009. The Petitioner has considered an escalation of 8.75% over actual variable charges for respective months while considering the Variable Charges for second half of FY 2009-10 & FY 2010-11.

- For Nuclear plants the tariff has been assumed as projected by Department of Atomic Energy.

- Incentives payable are calculated as applicable for generation above target PLF.

- Other charges payable have been considered at the same level as actual paid in FY 09. The Petitioner has assumed the escalation of costs for the April 2009 to September 2009 at the same levels as considered for October 2009 to March 2010 and has considered it in other charges in the month of March 2010.

- The Petitioner has considered an escalation of 10% and 15% in the FPA Charges for the remaining period of FY 2009-10 and FY 2010-11 respectively.

- For new generating stations, the Petitioner has considered the following:

- The energy charge for new Hydro power stations has been considered at the same level as that of the existing stations of the State.

- The Petitioner has considered the fixed and variable charges for Aravali Power Corporation Ltd and Kahalgaon Stage II Unit-7 at the same level of existing Kahalgaon Stage II Plant.

- The fixed and variable charges for Dadri Ext and Pragati III have been considered at the same level of NCPP and Pragati I respectively.

- For Nuclear RAPP-unit 5&6, single part tariff as that of the existing units of RAPS (unit 3&4) is considered.

- For EDWPCL Ghazipur, single part tariff at Rs 3.15/Unit has been considered.

- Power Purchase costs from bilateral sources for October 2009 to March 2010 have been considered as per the average cost of actual bilateral purchase agreements executed for the latter half of FY 2009-10. The bilateral purchase cost for FY 2010-11 has been increased by 10% over the bilateral cost of Oct’09 to Mar’10. In FY 2008-09, the Petitioner had sold Power through bilateral sources at an average rate of Rs 5.24/Unit which has fallen to Rs 5.06/Unit in the first half of FY 2009-10. The Petitioner expects to sell Power through bilateral sources at an average rate of Rs 4.70/Unit in the event it is able to enter into short term arrangements for selling. Thus, the Petitioner has considered the average rate of Rs 4.70/Unit for selling through bilateral sources in FY 2010-11.

8.3.7. Summary of Power Purchase Cost

- The Summary of Power Purchase costs for the FY 2008-09, FY 2009-10 and FY 2010-11 is tabulated below:

Table 52: Summary of Power Purchase Cost (Rs./unit)

Stations	FY 2009-10			FY 2010-11		
	Energy (E1)	Amt.	Avg. Cost (E1)	Energy (E1)	Amt.	Avg. Cost (E1)
	MU	Rs. Cr.	Rs./ kWh	MU	Rs. Cr.	Rs./ kWh
NTPC	4,209	1,228	2.92	4,303	1,358	3.16
NHPC	432	119	2.76	427	134	3.15
Other Hydro*	417	141	3.38	415	144	3.46
NPCIL	29	6	2.19	32	7	2.12
SGS	1,165	363	3.11	1,081	344	3.18
Future Stations	30	7	2.39	2,583	599	2.32
Other Sources						
Short Term Purchase	609	323	5.31	238	95	4.00
Short Term Sale	573	261	4.55	2,431	1,143	4.70
Past Period Expenses/ Other Expenses	-	-		-	-	
Total	**6,317**	**1,927.27**	**3.05**	**6,649**	**1,538.10**	**2.31**

**Other Hydro Stations includes DVC.*

8.4. Transmission and Load Dispatch Charges

The Petitioner has considered these charges for FY 09 as per the bills raised by various Transmission utilities and Load despatch centres. The transmission losses (both intra state and inter state) have been taken as per respective reports of the Load despatch centres.

For FY 10 and FY 11, the intra state losses have been assumed at the same level as that of FY 09. For the second half of FY 10 and FY 11, the interstate losses for respective months have been considered as the average of last two actual monthly interstate losses. The Petitioner has estimated the Transmission charges payable to DTL considering the escalation of 5% year on year. Inter-State transmission charges have been estimated by first calculating per MW transmission charges paid to PGCIL in FY 09 and multiplying it with total MW capacity allocation for the Petitioner in the respective years in projects located outside Delhi.

The summary of Power Purchase cost including Transmission Costs at E2 level as estimated by the Petitioner is given in the table below:

Table 53: Summary of Power Purchase Costs including Transmission Charges at E2 level

Sl. No.	Particulars	UoM	FY 09-10	FY 10-11
1	Power Purchase Cost at E1 level	Rs. Cr.	1,927.27	1,538.10
2	Inter State Transmission Costs	Rs. Cr.	131.47	217.81
3	Intra State Transmission Costs	Rs. Cr.	106.98	48.75
4	Total Power Purchase Cost at E2 level	Rs. Cr.	2,165.73	1,804.67
5	Units Received at E2 level	MU	6,080	6,390
6	**Average Cost**	**Rs. / kWh**	**3.56**	**2.82**

The Petitioner would like to submit that PGCIL has filed a petition before the CERC on 20.03.09 seeking permission to recover Service Tax on Transmission & other charges recovered by GoI. In the event of CERC upholding the views of PGCIL, there may arise an additional liability than those mentioned in the aforestated table, which may be provisioned in the Tariff's.

8.5. Inflation Index

Without prejudice to the contentions that the A&G expenses and Employee Expenses have to be determined as per the principles set out in the ATE Order, Regulation 5.4 of the MYT Regulations provides the Employee Expenses and A&G Expenses of any particular year is dependent on the actual Employee Expenses and A&G Expenses of the Petitioner for the preceding year and the Inflation Factor. The inflation factor is a combination of the Consumer Price Index (CPI) and the Wholesale Price Index (WPI) for immediately preceding five years. It is submitted that determination of Employee Costs and A&G Expenses for a financial year based on the Inflation factor for that year is a common Regulatory practice and is also in line with Section 5.3 (h) 4 of the National Tariff Policy (NTP).

The Hon'ble Commission in its Tariff Order dated 28.05.09 observed that movements in inflation are cyclic in nature and hence hasn't trued up the Inflation Index. The matter of non-truing up of Inflation Index has been appealed before the Hon'ble ATE. However, without prejudice to our contentions and issues agitated before the ATE in the Appeal number 147 of 2009, we have assumed the same inflation index as assumed by Hon'ble Commission in the Tariff Order dated 28.05.09, solely to ensure that there is no delay in the next tariff order. Nothing in the present response constitutes a waiver or abandonment of any claim and issue raised by us in Appeal No. 147 of 2009 before the ATE and of any issue, argument or contention that the Petitioner is entitled to raise in law. Further, the submissions raised in Appeal No. 147 of 2009 before the ATE, form part of the Response and are not repeated herein for the sake of brevity. We crave leave to place the order of the ATE in Appeal No. 147 of 2009 before the Hon'ble Commission, as and when a copy of the same is received. We would seek revision of our revenue entitlement in terms of the ATE order. Thus, the Response is subject to determination on the issues by the ATE, as and when the same is made and are submissions before the Commission stand modified to the extent decided upon by the ATE.

The Petitioner states and submits that the Hon'ble ATE in Appeal No. 52 of 2008 has considered the issue of truing up of the inflation factor and has opined as follows:

> *"This issue relates to determination of inflation figures for allowing the employee and A&G expenses for the MYT Period. Regulation No. 5.4 of the MYT Regulation says that the R&M expenses are linked to gross fixed assets while employee expenses are linked to inflation index as shown in the formula incorporated in the Regulation. So far as the inflation index is concerned, clause (c) of 5.4 says that inflation factor to be used for indexing can be taken as a combination of the Consumer Price Index (CPI) and the Wholesale Price Index (WPI) for immediate preceding five years. The Commission has admittedly*

taken the index for five years of 2000-01 to 2005-06 although for the year 2008 the immediately preceding five years would end in 2006-07. The Commission has taken the figures for 2001-02 to 2005-06 because the figure for the subsequent 2006-07 year was not available. While we understand the compulsion faced by the Commission we cannot say that now that the figure for 2006-07 is available we cannot correct the indexation and bring it closer to accuracy. We are aware that this is not truing up which requires estimates to be replaced by actuals. What is required to be done is to replace the provisional figures with the confirmed figures. In our opinion this is not in conflict with Regulation 4.16 which gives certain parameters to be trued up but no O&M expenses as the same is controllable. We, accordingly direct that the Commission will correct the computation of tariff for the year 2008 by taking the figure of consumer price index and wholesale price index as declared by the Ministry of Labour and the Central Statistical Organization for the year 2006-07."

A bare perusal of the above indicates that the Hon'ble Commission ought to true up the inflation factor regularly. This would be in accordance with the Hon'ble ATE's directions in this regard and the principle of parity in treatment of the DISCOMs in the sector by the Commission.

8.6. Other Expenses

8.6.1.1. CISF / Delhi Police Expenses

The Petitioner has deployed CISF forces from FY 2007-08 to help curbing theft in its licensed area. Since this is an expenditure that is being incurred only from FY 2007-08 onwards, it has not formed part of the base expenditure for FY 2006-07 and has consequently not been factored in the normal escalation applied by the Hon'ble Commission while allowing O&M costs; consequently, this expenditure needs to be allowed separately.

On the eve of general elections, 2009, the CISF contingents with the Petitioner were withdrawn for election duties. Pending further instructions from Ministry of Home Affairs, GoI, CISF personnel are yet to provide security coverage. The Petitioner approached GoNCTD to take up the matter with the Ministry of Home Affairs, GoI. In the meeting held with GoNCTD on 1st October 2009, it was decided that Delhi Police was willing to consider raising a force exclusively for the use of DISCOMs on a permanent basis, provided the DISCOMs bears the cost of the deployment of such force on a permanent basis. The copy of the minutes of meeting is enclosed as **Annexure – 15**.

The Petitioner has already conveyed its willingness for the same. The estimates for FY 09-10 and FY 10-11 for deployment of such forces is tabulated below:

Table 54: CISF/ Delhi Police (in Rs. Cr.)

Particulars	FY 08-09	FY 09-10	FY 10-11
	Rs. Cr.	Rs. Cr.	Rs. Cr.
CISF/ Delhi Police	3.46	3.60	3.75

8.6.2. New Initiatives undertaken in FY 2008-09

The Petitioner proposes to continue the new initiatives undertaken in FY 2008-09, which include installation of Kiosk Machines, MINC Bill box, Project Jeevan, etc. as discussed in Section 7.9.2. The estimated cost for these initiatives is Rs. 0.13 cr. each for FY 2009-10 and FY 2010-11.

8.6.3. Training Expenses

A National Training Policy for the Power Sector has been formulated by CEA. The salient features of the Policy are as under:

- All organizations should adopt a formal written training policy to ensure training for all personnel for a minimum period of one week annually.

- A comprehensive training plan should be formulated by each power utility based on periodic training needs analysis

- A minimum of 1.5% of the salary budget of the organization may be allocated for training to begin with & this should gradually be increased to 5% of the salary budget

- Networking amongst various organizations under the Ministry and other reputed institutes should be done for optimal use of training infrastructure and intellectual resources.

- Induction level training should be made mandatory for transmission & distribution (T&D) personnel similar to the generation personnel.

- Adequate infrastructure for training including hydro power, transmission and distribution and non-conventional energy should be developed.

- Simulator training at suitable intervals should be made mandatory for operation staff of the power plants.

The policy emphasizes the idea that money spent on training is an investment & not and expenditure. The National Training Policy (NTP) also highlights the need for planning for training as an integrated Human Resource Development (HRD) activity with a commitment to imparting training for all in the power sector at entry level as well as in-service.

Accordingly, the Petitioner has proposed to earmark Rs. 1.62 cr. and Rs. 9.06 cr towards Training and Development of its personnel's and setting up adequate infrastructure during FY 2009-10 and FY 2010-11 respectively.

8.6.4. Process validation

The Petitioner proposes to hire the services of reputed consulting firm during FY 10-11 for validating its internal processes. Such a process validation exercise is needed to streamline the internal processes so as to meet future requirements. Accordingly, the Petitioner has proposed to earmark Rs. 2 cr. during FY 2010-11.

8.6.5. Expenses towards shared services

The petitioner has vertically bifurcated its operations between BRPL and itself, wherein the shared facilities and services would also be bifurcated. The above stated segregation would call for an additional expenditure towards various spheres of capital and revenue expenses. Therefore the petitioner has provided for a one time expense towards such segregation of Rs 6 Crores in the FY 2010-11.

Since all these initiatives are new and doesn't form a part of the expenses approved for the Petitioner in the MYT Period, the Petitioner request the Hon'ble Commission to approve the aforestated costs.

8.7. Additional Costs due to uncontrollable factors

8.7.1. License Fee paid to Hon'ble Commission

As per the MYT Regulations Sales is an uncontrollable factor. As per Section 12 of the license condition, the Petitioner is liable to pay a license fee equivalent to 0.05% of the amount billed during previous financial year. Since the Sales and the amount Billed during the previous financial year is uncontrollable in nature, the License Fee paid to the Hon'ble Commission over and above the License Fee paid in FY 2006-07, consequently also becomes uncontrollable.

The incremental License Fee incurred by the Petitioner due to increase in Sales, which is uncontrollable expense in terms of MYT Regulations. The Petitioner requests the Hon'ble Commission to approve the incremental costs incurred by the Petitioner on actual over and above the approval in the MYT Tariff Order. The Petitioner has provisionally assumed the amount to be Rs. 0.12 cr. and Rs 0.13 cr. for FY 2009-10 and FY 2010-11 respectively.

8.7.2. Incremental Bill Printing Expenses

As per the MYT Regulations Sales is an uncontrollable factor. Consequently, the increase in number of consumers is also uncontrollable in nature. Since the increase in number of consumers is uncontrollable in nature, the bill printing expenses incurred by the Petitioner to cater to the new consumers over and above the Bill Printing Expenses incurred by the Petitioner in FY 2006-07, consequently also becomes uncontrollable.

The incremental Bill Printing Expenses incurred by the Petitioner as estimates for FY 09-10 and FY 10-11 are tabulated below:

Table 55: Incremental Bill Printing Expenses (in Rs. Cr.)

Particulars	UoM	FY 09-10	FY 10-11
Bill Printing Expenses in the Base Year	Rs. Cr.		
Number of Consumers	Numbers		
Average annual Printing Cost	Rs.		
Inflation Index		1.0415	1.0415
Projected Average Bill Printing Costs	Rs.	5.00	5.21
Number of Consumers		1,133,482	1,210,857
Bill Printing Costs over the Base Year	Rs. Cr.	0.57	0.63
Bill Printing Cost allowed in the MYT Tariff Order as a part of the A&G Expenses	Rs. Cr.	0.45	0.47
Incremental Cost now sought	**Rs. Cr.**	**0.12**	**0.16**

Table 56: Revised Estimates: ARR for FY 2009-10 and FY 2010-11 (in Rs. Crores)

Sl. No.	Particulars	FY 09-10	FY 10-11
1	Cost of Power Purchase	1927.27	1538.10
2	Inter State Transmission Charges	131.47	217.81
3	Intra State Transmission Charges (including SLDC fees)	106.98	48.75
4	Operation & Maintenance Costs	335.52	287.06
5	Depreciation including AAD	101.13	114.36
6	Other Expenditure	5.36	20.95
	CISF	*3.60*	*3.75*
	Training Expenses	*1.62*	*9.06*
	Expenses towards bifurcation of Shared Services	-	*8.00*
	New Initiatives	*0.13*	*0.13*
8	Return on Capital Employed including Additional Return	143.84	160.38
9	Additional Expenses due to uncontrollable factors	0.24	0.29
	Incremental Bill Printing Expenses	*0.12*	*0.16*
	Licence fee paid to DERC	*0.12*	*0.13*
10	Energy Conservation	*10.00*	
11	Income Tax	2.00	2.00
	Less:		
12	Interest Capitalised	10.31	9.06
13	Non-Tariff Income	46.81	49.76
	Aggregate Revenue Requirement	**2,706.69**	**2,330.89**

9. Cost of Supply Model

As per Section 8.7 (c) of the MYT Regulations "*Each tariff proposal submitted by the Distribution Licensee shall be supported with a cost-of-service model allocating the costs of the Licensed business to each category of consumers based on voltage-wise costs and losses*";

The Petitioner in the following Sections has attempted to estimate the voltage wise cost (EHV, HV and LV) of Supply for FY 2009-10 in line with the approach adopted by the Hon'ble Commission in the MYT Tariff Order. For the purpose of bifurcation ARR across different Wheeling and Retail Supply and across different Voltage Level, the Petitioner has relied on the cost audit report enclosed in **Annexure - 3**.

9.1. Allocation of Wheeling ARR

The Gross Energy Sales, Distribution Loss and Energy Input across different Voltages are tabulated below:

Table 57 : Gross Energy Sales, Distribution Loss and Energy Input across different Voltages

	EHV	HV	LV	Total
Energy Sales				
FY 09	83.47	458.33	3,422.99	3,964.79
FY 10	141.96	482.70	3,881.34	4,506.01
FY 11	145.31	569.00	4,295.04	5,009.35
Distribution Loss				
FY 09	0.92%	1.97%	27.64%	24.95%
FY 10	0.91%	1.95%	28.71%	25.89%
FY 11	0.90%	1.93%	24.16%	21.61%
Energy Input				
FY 09	84.24	467.54	4,730.81	5,282.59
FY 10	143.27	492.30	5,444.55	6,080.12
FY 11	146.63	580.19	5,663.31	6,390.13

The Wheeling cost allocation asset-wise is tabulated below:

Table 58 : Wheeling Cost Allocation Asset Wise

Voltage Level	Unit	FY 09	FY 10	FY 11
EHV	Rs. Cr.	13.77	18.76	21.14
HV	Rs. Cr.	43.92	56.21	58.41
LV	Rs. Cr.	212.32	292.82	285.93
Total	**Rs. Cr.**	**270.01**	**367.78**	**365.48**

The Wheeling cost apportioned above to a particular assets category is thereby reallocated to different voltage levels in proportion of their contribution to the energy input at that level as shown below:

Table 59 : Estimated Wheeling Cost Allocated to different Voltage

Voltage Level	Unit	FY 09	FY 10	FY 11
EHV	Rs. Cr.	0.22	0.44	0.49
HV	Rs. Cr.	5.11	6.07	7.22
LV	Rs. Cr.	264.69	361.27	357.77
Total	**Rs. Cr.**	**270.01**	**367.78**	**365.48**

Based on the energy sales at the respective voltage level the Petitioner has estimated the Wheeling Charge per unit for different voltages as tabulated below:

Table 60 : Estimated Wheeling Charge

Voltage Level	Unit	FY 09	FY 10	FY 11
EHV	p/kWh	2.63	3.11	3.34
HV	p/kWh	11.14	12.57	12.69
LV	p/kWh	77.33	93.08	83.30
Average	p/kWh	**68.10**	**81.62**	**72.96**

9.2. Allocation of Supply Margin and Balance of Retail Supply ARR.

The Petitioner has further allocated the Retail Supply ARR (excluding Supply Margin) and the Supply Margin in the ratio of energy input as determined above for different voltage levels. The Petitioner thereafter has determined the Retail Supply charge and Supply Margin charge for a particular voltage level by considering energy sales at that particular voltage level as shown below:

Table 61 : Retail Supply Charge

Voltage Level	Unit	FY 09	FY 10	FY 11
EHV	p/kWh	251.89	366.69	292.99
HV	p/kWh	294.06	406.33	321.56
LV	p/kWh	380.05	538.66	405.09
Average	p/kWh	**367.41**	**519.07**	**392.35**

Table 62 : Supply Margin Charge

Voltage Level	Unit	FY 09	FY 10	FY 11
EHV	p/kWh	6.95	7.21	8.01
HV	p/kWh	46.50	43.05	33.58
LV	p/kWh	44.64	39.00	32.71
Average	**p/kWh**	**44.06**	**38.43**	**32.09**

The Cost of Supply as estimated by the Petitioner is tabulated below:

Table 63 : Cost of Supply

Cost of Supply	Unit	Wheeling	RST	SM	Total
FY 09					
EHV	p/kWh	2.63	251.89	6.95	261.47
HV	p/kWh	11.14	294.06	46.50	351.70
LV	p/kWh	77.33	380.05	44.64	502.01
Average	**p/kWh**	**68.10**	**367.41**	**44.06**	**479.57**
FY 10					
EHV	p/kWh	3.11	366.69	7.21	377.01
HV	p/kWh	12.57	406.33	43.05	461.96
LV	p/kWh	93.08	538.66	39.00	670.74
Average	**p/kWh**	**81.62**	**519.07**	**38.43**	**639.12**
FY 11					
EHV	p/kWh	3.34	292.99	8.01	304.34
HV	p/kWh	12.69	321.56	33.58	367.83
LV	p/kWh	83.30	405.09	32.71	521.09
Average	**p/kWh**	**72.96**	**392.35**	**32.09**	**497.40**

10. Tariff Proposal

As per the Act determination of electricity tariff to be charged from a category of consumer for Wheeling of Electricity and Retail Supply of Electricity is the prerogative of the Hon'ble Commission. **Therefore, in the materialization of Tariff Proposal or tariff rationalization measures proposed by the Petitioner, the Hon'ble Commission has the final say while finalizing tariff for Wheeling of Electricity and Retail Supply. However, the Petitioner respectfully states that any tariff rationalization measures adopted by this Hon'ble Commission needs to provide for the prudent and reasonable tariff entitlement of the Petitioner to be recovered by the Petitioner in the manner provided for in the MYT Regulations.**

The Petitioner in this Petition has sought truing up of expenses for FY 2008-09 based on its audited accounts. Further, it has projected the revised estimates for FY 2009-10 and FY 2010-11 for uncontrollable parameters. Based on the audited accounts and revised estimates the Revenue Gap upto FY 2010-11 is tabulated below:

Table 64: Revenue Gap upto FY 2010-11 (in Rs. Crores)

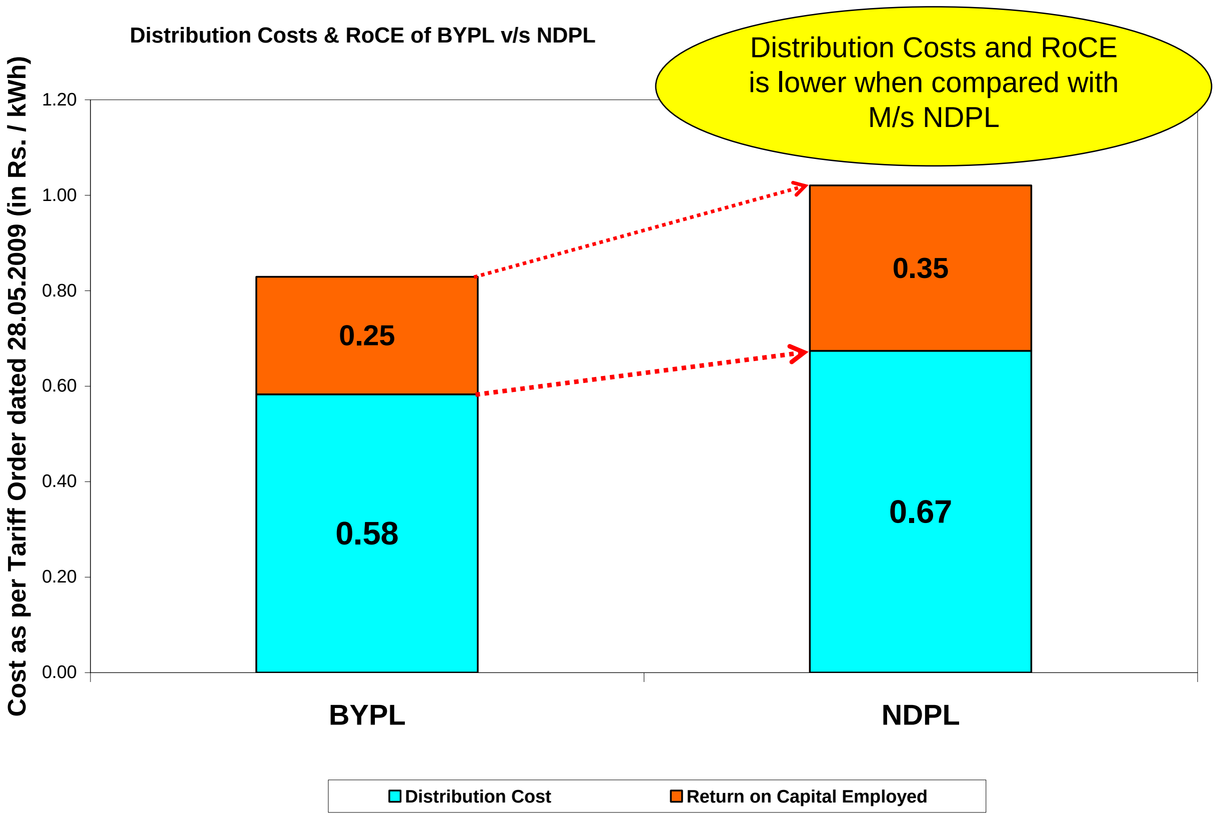
Computation of Revenue Gap	FY 2008-09	FY 2009-10	FY 2010-11
Opening Gap as per Tariff Order for FY 2009-10*	116.62	235.50	1,056.34
Prior Period Gap due to ATE Order (i.e. upto 31.03.08)	100.62	-	-
Gap during the Year	172.77	765.61	151.06
Aggregate Revenue Requirement during the year	*1,726.71*	*2,706.69*	*2,330.89*
Less:			
Revenue available towards ARR	*1,553.93*	*1,941.09*	*2,179.83*
Carrying Cost @ 9%	22.80	55.24	101.46
Gap adjusted during the year	76.70	-	-
Closing Gap	**235.50**	**1,056.34**	**1,308.86**

(*Note: The Opening Gap is as determined by the Hon'ble Commission in Table 61 of the Tariff Order for FY 2009-10)

The factors contributing to the Revenue Gap of a distribution utility includes Power Purchase cost, Distribution costs and Return on Capital Employed

(ROCE). The Petitioner would like to highlight that its distribution costs have been perennially lower than its peers. A comparative analysis of the distribution costs and ROCE for FY 07-08 of the Petitioner vis-à-vis other DISCOMs of Delhi, as approved by the Hon'ble Commission is shown in the figure below:

Figure 4: Comparison of Distribution Costs & RoCE for FY 08 with M/s NDPL.



(Source : As per last Tariff Order)

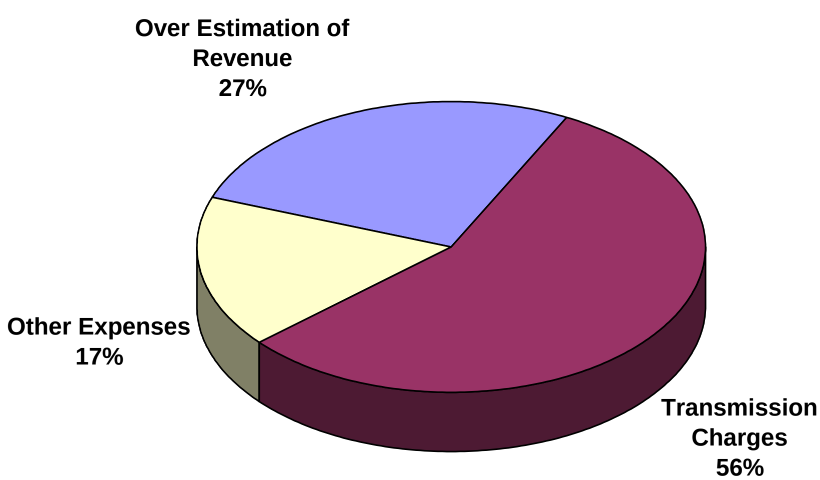
Therefore, it is evident from the above figure that the Petitioner's Distribution Costs as determined by the Hon'ble Commission in its Tariff Order for FY 09-10 dated 28.05.2009 is lower than M/s NDPL. Lower distribution costs results in lower cost of supply and hence lower RST.

In the following section the Petitioner discusses the methodology for amortization of the Revenue Gap from FY 2008-09 onwards vis-à-vis Hon'ble Commission's estimate in the following section:

10.1. Proposal for amortization of Revenue Gap for FY 2008-09

While truing up its ARR for FY 2008-09, the Petitioner has sought truing up of Uncontrollable costs incurred during the year. The Hon'ble Commission in its MYT Tariff Order had estimated a Revenue Surplus of Rs. 27.01 Crores. The Revenue Gap for FY 2008-09 is Rs. 72.15 Crores during the year and Rs. 100.62 Crores pertaining to the previous year due to implementation of the statutory ATE Order except those specifically mentioned in Section 6.1. The major component contributing of the Revenue Gap vis-à-vis Hon'ble Commission's estimates, apart from the Impact due to ATE Order, is shown in the figure below:

Figure 5: Components of Revenue Gap for FY 2008-09.



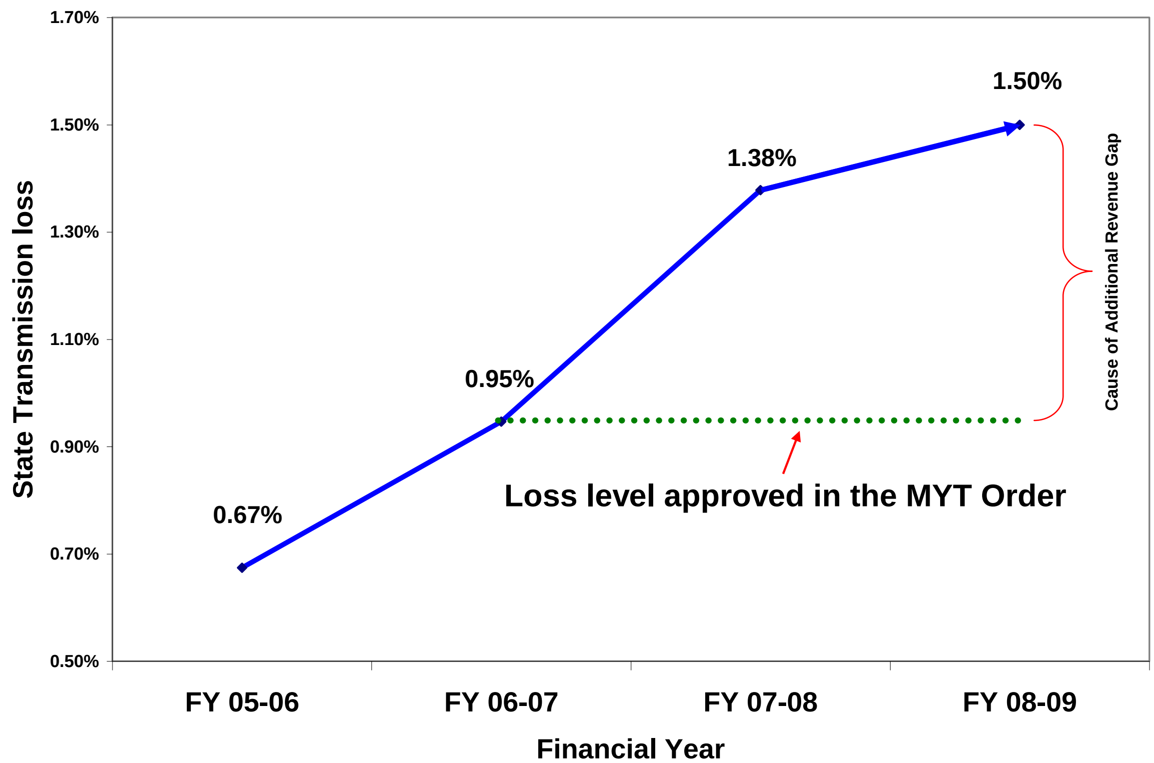
(Note: The above figure doesn't include impact due to statutory ATE Order)

As can be seen from the above figure, the major components contributing to the Revenue Gap, apart from statutory impact due to ATE Order, are Revenue Gap due to Over-estimation of Revenue and Increase in Transmission Costs. The Petitioner respectfully states that whilst the ATE Order Impact has been sought by it separately in the form of an independent Petition, however, the same is included herein for the sake of a consolidated understanding of the tariff proposal. The Petitioner respectfully states and submits that whilst giving effect to the ATE Order Impact the Hon'ble Commission should proceed in terms of the directions set out in the ATE Order, without treating the same as a new Annual Revenue Requirement proposal.

The major contributor to the increase in Revenue Gap has been the Transmission Charges paid by the Petitioner. During FY 2008-09, the Inter State Transmission charges of the Central Transmission Utility have increased by 49.7% over the estimates of the Hon'ble Commission in the MYT Tariff Order. The Petitioner during FY 2008-09 has paid a sum of Rs. 147.69 Crores as compared to Rs. 98 Crores approved in the MYT Order. The primary reason for increase in Transmission charges is due to a steep increase in Inter State Transmission Charges, which had increased by 94% vis-à-vis the Hon'ble Commissions estimates.

Further, the Hon'ble Commission had in the MYT order estimated a Transmission loss of 0.95% for the State Transmission Utilities network, which during the period has increased to 1.5%. The trend in loss level at the State Transmission Utility's network has also been increasing as shown below:

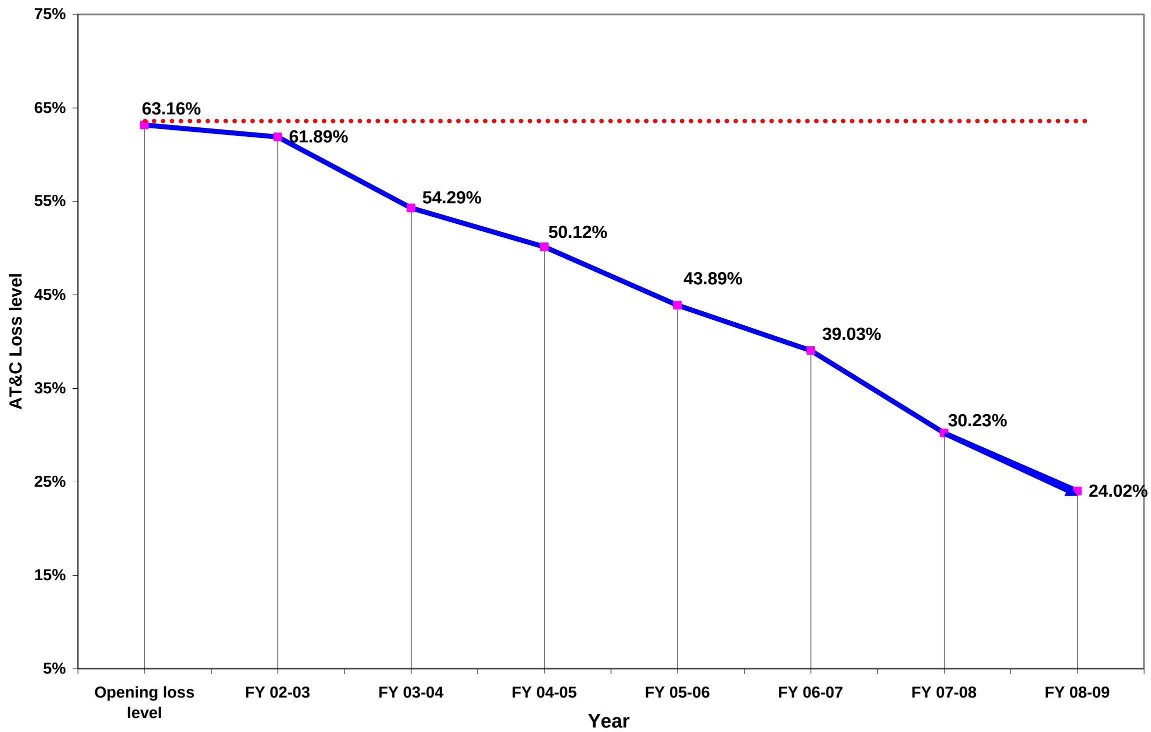
Figure 6: Increase trend in Transmission Loss of STU.



It is noteworthy that in the event the Transmission Utility losses were maintained at 0.67%, it would have saved Rs. 40.77 Crores towards Power Purchase Costs, in turn the Revenue Gap for FY 2008-09.

Apart from the increase in Transmission Charges, a major contributor to the Revenue Gap of FY 2008-09 has been due to over estimation of Revenue in the MYT Tariff Order. It is noteworthy that the Petitioner in FY 2008-09 has reduced losses better than the Regulatory Targets. Therefore the shortfall in Revenue is not due to the Petitioner but is primarily attributed to inflated average billing rate considered in the MYT Tariff Order as shown in **Table 17**. The Petitioner has been able to bring down its AT&C loss to 24.02% as against the Regulatory target of 30.52%, thereby contributing additional Rs. 154.17 Crores towards tariff reduction. The Y-o-Y AT&C loss reduction by the Petitioner as against the opening loss levels since takeover is shown below:

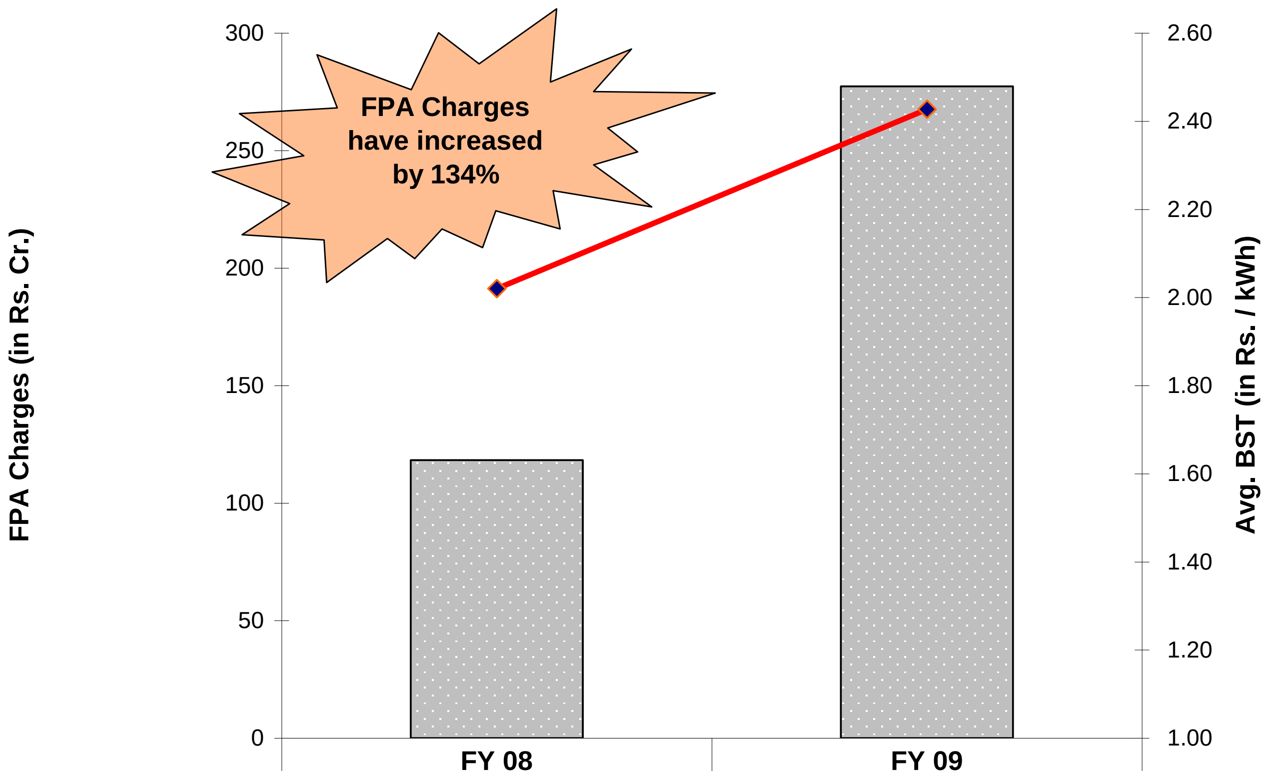
Figure 7: Year on Year reduction of AT&C losses.



Further, the Petitioner has registered an additional Rs. 95.43 Crores over and above the Hon'ble Commission's estimates of Non-Tariff Income which has been accounted for reduction of the Revenue Gap, and consequently lower tariffs.

It is also noteworthy that during FY 2008-09, the Power Purchase costs would have been lower, but for the increase in FPA Charges payable to Central Generating Stations as shown in figure below:

Figure 8: Increase in FPA Charges in FY 2008-09.



	FY 08	FY 09
FPA Charges	118.28	277.34
Avg. BST	2.02	2.43

As shown in **Table 64**, the Opening Revenue Gap for FY 2008-09 was anticipated to be Rs. 116.62 Crores by the Hon'ble Commission in the Tariff Order for FY 2009-10. The Revenue Gap along with Revenue Gap during FY 2008-09, Past period expenses as allowed in the ATE Order and carrying costs stands at Rs. 235.50 Crores as on 31.03.2009. A major component of this Revenue Gap pertains to the Period ending FY 2006-07. In terms of the Policy Directions issued by GoNCTD vide Notification No. F.11 (118)/2001–Power/187 and dated 31.05.2002, read with the Hon'ble Commission's Tariff Order dated 22.02.2002, the Revenue Gap upto FY 2006-07 needs to be recovered by adjusting downward the Bulk Supply Tariff that has already been paid to DTL, as per the "Paying Capacity" principle for the distribution companies.

The same stance finds mention in the Hon'ble Commission's writ (in the Appeal No. 5863-5864 of 2009) before the Hon'ble Supreme Court in the matter of DVB Arrears where the Hon'ble Commission has stated that "*burdening existing consumers for past period liability is against the Policy Directions*" and that "*past period liability should be funded by GoNCTD*".

It is noteworthy that the Hon'ble Commission in its order dated 22.02.2002 has viewed that "*The Commission is not aware of the assumptions made by the Government to arrive at Rs. 2600 Crores in terms of loss reduction trajectory envisaged and the level of tariff increases. However, the accumulated revenue gap for TRANSCO could be higher or lower than the amount estimated by the Government depending upon the level and structure of future retail tariffs and the committed loss reductions.* ***At this point, the Commission opines that any shortfall in the revenue gap, if any, of TRANSCO during the term of five years over and above Rs. 2600 Crores would have to be bridged in the form of Government support, sector efficiency improvements, any other suitable mechanism or a combination of all of the above, to be decided by the Commission at the appropriate stage***". The amount of Rs 2600 Crores was further revised to Rs 3450 Crores in the pursuant order of the GoNCTD.

In this background, it is proposed that the past claims, including claims arising due to the ATE Order, upto FY 2006-07, be trued up by re-computing the Petitioner's paying capacity to DTL, and creating / increasing the Revenue Gap in the books of Transco by the corresponding amount. Creation of Revenue Gap (based on the "Paying Capacity" principle) in the books of Transco is in accordance with the Policy Directives of GoNCTD. However, in the event the Hon'ble Commission decides alternatively, the Hon'ble Commission may device a suitable mechanism for recovery of the Revenue Gap upto FY 2006-07 so that the same doesn't burden the Petitioner's Consumer's.

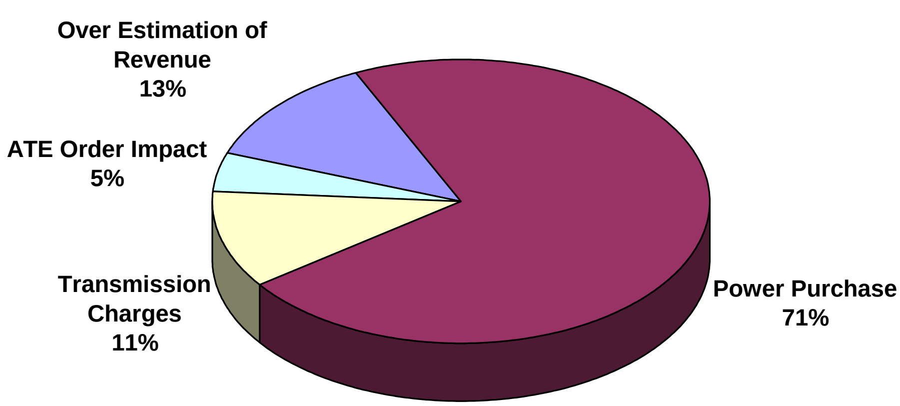
The Revenue Gap of Rs. 235.5 Crores at the end of FY 2008-09, remains unamortized during FY 2009-10, since as per the revised estimates of the Petitioner, there would be a Revenue Gap during FY 2009-10 instead of Revenue Surplus as projected in the Hon'ble Commission's order dated 28.05.2009. Therefore the Revenue Gap of FY 2008-09 amounting to Rs. 235.5 Crores including carrying costs during FY 2009-10 amounting to Rs. 21.19 Crores is carried forward in FY 2010-11 as a part of the opening Gap for the year. The Opening Revenue Gap for FY 2010-11 due to the Revenue Gap upto FY 2008-09 is Rs. 256.69 Crores.

Since a major portion of the aforestated Revenue Gap is due to the Revenue Gap upto FY 2006-07, it is submitted that the Hon'ble Commission may device a suitable mechanism to recover the entire Revenue Gap of FY 2008-09 (i.e. Rs. 256.69 Crores at the beginning of FY 2010-11) in a manner equitable to all stakeholders and in accordance with the applicable laws and Regulations.

10.2. Proposal for amortization of Revenue Gap for FY 2009-10

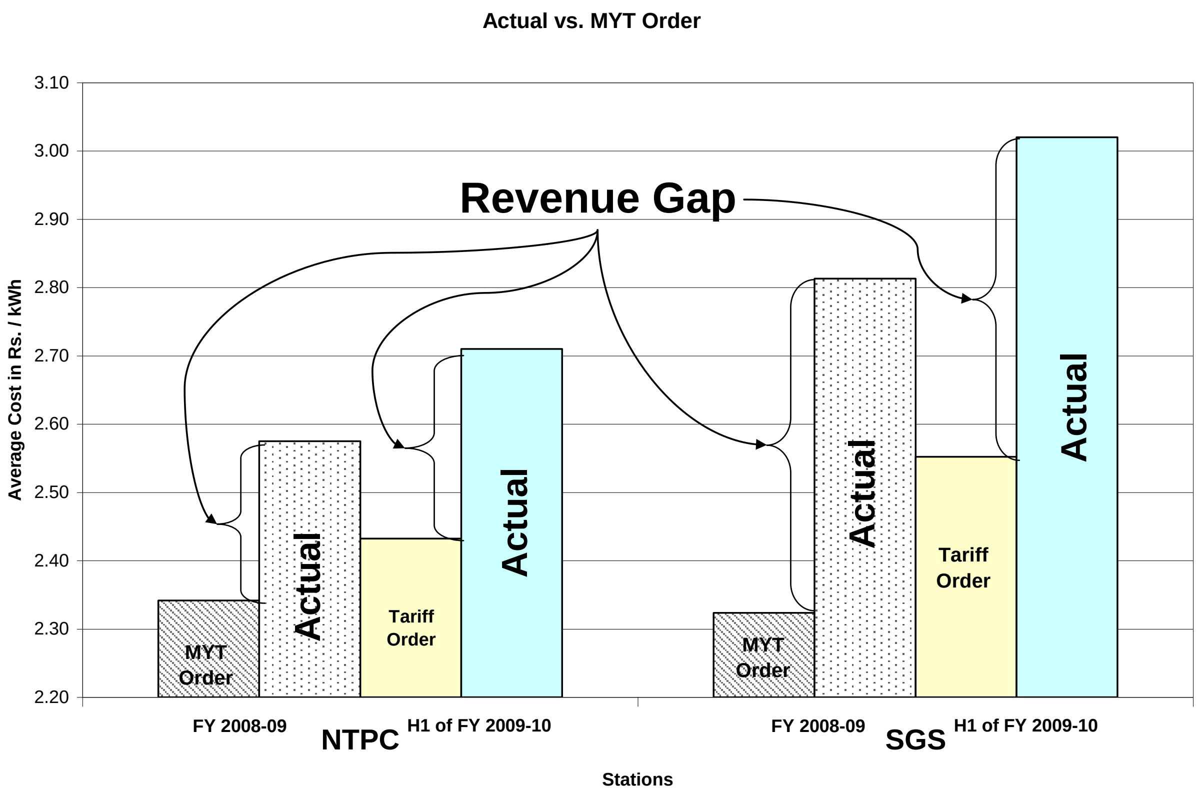
The major component contributing to the Revenue Gap vis-à-vis Hon'ble Commission's estimates is shown in the figure below:

Figure 9: Components of Revenue Gap for FY 2009-10.



As can be seen from the above figure, the main reason for increase in Revenue Gap during FY 2009-10 is increase in Power Purchase Cost. The actual Power Purchase cost of NTPC stations and the State Generating Stations during FY 2008-09 and first half of FY 2009-10 has increased remarkably, which ultimately has contributed to the Revenue Gap during the year, as shown below:

Figure 10: Comparison of Actual costs from NTPC and SGS stations.



The Petitioner would like submit that the prevailing regulatory framework across various states in the country highlights a scenario wherein the utilities engaged in the distribution of power recover their power purchase costs (including any variations on account of fluctuations at the end of the generating companies) through the retail tariffs. The rationale for such mechanism is to ensure that the future consumers are not burdened with the past Revenue Gap. However, such regulatory measures have not yet been adopted in the National Capital Territory of Delhi ("NCT of Delhi"). As per the present practice, there is a considerable time lag between the recovery of the incremental Power Purchase Cost through retail tariff vis-à-vis the estimates made by the Hon'ble Commission at the beginning of the year. Due to this time lag, the future consumers are required to pay the additional burden along with carrying cost resulting in irrational tariff burden. In fact the tariffs do not reflect the true cost of power for the consumers as the recovery of such cost gets deferred. It is noteworthy that Hon'ble ATE in this context has viewed that "*We do appreciate that the Commission intends to keep the burden on the consumer as low as possible. At the same time one has to remember that the burden of the consumer is not ultimately reduced by under estimating the cost today and truing it up in future as such method also burdens the consumer with carrying cost".*

Moreover, Section 61 of the Electricity Act 2003 requires the State Electricity Regulatory Commission inter-alia to be guided by the following principles:

a. principles and methodologies specified by the Central Commission for determination of the tariff applicable to generating companies and transmission licensees; and

b. the National Tariff Policy

The National Tariff Policy, 2005 states "*Uncontrollable costs should be recovered speedily to ensure that future consumers are not burdened with past costs. Uncontrollable costs would include (but not limited to) fuel costs, costs on account of inflation, taxes and cess, variations in power purchase unit costs including on account of hydro-thermal mix in case of adverse natural events*". [Clause 5.3(h) -4 of National Tariff Policy (NTP)].

The Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2004 had the following provision:

"*(iii) Adjustment of rate of energy charge (REC) on account of variation in price or heat value of fuels*

Initially, Gross Calorific Value of coal/lignite or gas or liquid fuel shall be taken as per actuals of the preceding three months. Any variation shall be adjusted on month to month basis on the basis of Gross Calorific Value of coal/lignite or gas or liquid fuel received and burnt and landed cost incurred by the generating company for procurement of coal/lignite, oil, or gas or liquid fuel, as the case may be. No separate petition need to be filed with the Commission for fuel price adjustment. In case of any dispute, an appropriate application in accordance with Central Electricity Regulatory Commission (Conduct of Business Regulations), 1999, as amended from time to time or any statutory re-enactment thereof, shall be made before the Commission."

Similar provisions have also been retained in the recent Regulations notified by the Central Commission. Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 states that "*The energy charge shall cover the primary fuel cost and limestone consumption cost (where applicable), and shall be payable by every beneficiary for the total energy scheduled to be supplied to such beneficiary during the calendar month on ex-power plant basis, at the energy charge rate of the month (with fuel and limestone price adjustment)*".

The Petitioner would like to submit that pursuant to the above provisions of the Electricity Act, National Tariff Policy, and Central Electricity Regulatory Commission Regulations, the following states have already incorporated enabling provisions in their Tariff Order to recover the variations in power purchase costs through retail tariffs as tabulated below:

Table 65 : Frequency of revision of FPA in different states.

S No	States with provision of Regular Fuel Cost Adjustment	Frequency of revision of FCA charges
1	Assam	Quarterly
2	Bihar	Half-yearly
3	Gujarat	Monthly
4	Haryana	Half-yearly
5	Jharkhand	Quarterly
6	Maharashtra	Monthly
7	Orissa	Quarterly
8	Punjab	Quarterly
9	Andhra Pradesh	Quarterly
10	Rajasthan	Quarterly

Details of Power purchase adjustment Formula adopted by various states is enclosed in **Annexure – 16**. The Petitioner has also raised the issue with the Hon'ble Commission, copies of letters are enclosed in **Annexure – 17**. The Petitioner in the past had requested the Hon'ble Commission to adopt a suitable Power Purchase Adjustment Formula.

In view of the above, the Petitioner once again requests the Hon'ble Commission to approve the Power Purchase Cost Adjustment Mechanism for pass through of variations in power purchase costs with respect to base power purchase costs on quarterly basis. The Petitioner would like to propose the following mechanism for recovery of variation in power purchase cost with respect to base purchase costs on quarterly basis.

PPPA (Rs Crores) = **C** + A, Where

PPPA = Power Purchase Price Adjustment

C = Change in price of power purchase price during the previous quarter

A= Adjustment factor for over-recovery / under-recovery

C (Rs. Crores) = $[Q \times (APP_{pq} – APP_{b})/10] - R_{BPPAC}$

Where

Q = Quantum of net Power Purchase during the previous quarter in MU

APP_{pq} = Average Power Purchase Price in Rs/unit for the previous quarter

APP_{b} = Base Average Power Purchase Price in Rs/unit.

R_{BPPAC} = Revenue from Base Power Purchase Adjustment Charge approved (considering Base Power Purchase Price of FY 2008-09) during previous quarter in Rs Crores.

A = Adjustment of Under-Recovery or Over-Recovery in variations in Power Purchase Cost in previous quarter

PPPAC (Rs/kWh) = (PPPA x 10)/Sales during the previous quarter (MU)

PPPAC = Power Purchase Price Adjustment Charge in previous quarter in Rs Crores.

It is submitted that the Hon'ble Commission has enabling provisions in the MYT Regulations to institute and implement a Power Purchase Price Adjustment

Charge as suggested above. The enabling provisions empowering the Hon'ble Commission are reproduced below:

> *"11.1 To ensure smooth implementation of the Multi Year Tariff (MYT) Framework, the Commission may undertake periodic reviews of Licensees' performance during the Control Period, to address any practical issues, concerns or unexpected outcomes that may arise.*
>
> *13.1 Subject to the provision of the Act and these Regulations, the Commission may, from time to time, issue Orders and Practice directions in regard to the implementation of these Regulations and procedure to be followed on various matters, which the Commission has been empowered by these Regulations to direct, and matters incidental or ancillary thereto.*
>
> *13.3 If any difficulty arises in giving effect to any of the provisions of these Regulations, the Commission may, by a general or special order, not being inconsistent with the provisions of these Regulations or the Act, do or undertake to do things or direct the Licensee to do or undertake such things which appear to be necessary or expedient for the purpose of removing the difficulties.*
>
> *13.4 The Commission may in public interest and for reasons to be recorded in writing, relax any of the provision of these Regulations."*

Without prejudice to the above, the Hon'ble Commission in its Tariff Order dated 28.05.2009 has stated that "*in accordance with the Regulation the true up can be considered based on the audited financial statement once the petitioner makes a regular tariff petition for true up FY 08-09 along with audited financial statement*".

As per the revised estimates and based on the half yearly accounts, the Petitioner estimates that during the FY 2009-10 there would be a Revenue Gap of Rs. 765.61 Crores. The Hon'ble Commission in Section 5.24 of its Tariff Order dated 28.05.2009 had estimated a revenue surplus of Rs 151.17 Crores. Therefore for the purpose of determination of Opening Revenue Gap for FY

2010-11, the Petitioner has not considered any Revenue Gap and or Surplus during FY 2009-10. The Petitioner proposes that the Hon'ble Commission may amortize the Revenue Gap through a suitable Power Purchase Cost Adjustment Mechanism.

10.3. Proposal for amortization of Revenue Gap for FY 2010-11

As per the revised estimates, the Petitioner estimates that during the FY 2010-11 there would be a Revenue Gap of Rs. 180.96 Crores, which includes Rs. 29.90 Crores towards carrying cost of revenue gap arising out of uncontrollable expenses upto 01.04.2010.

The cumulative revenue gap for FY2010-11 including truing up of FY 2008-09 based on actual audited accounts, estimated gap for the year FY 2009-10 and FY 2010-11 along with carrying cost of the past period upto FY 2010-11 is shown in the table below:

Table 66: Revenue Gap upto FY 2010-11 (in Rs. Crores)

Computation of Revenue Gap	FY 2008-09	FY 2009-10	FY 2010-11
Opening Gap as per Tariff Order for FY 2009-10*	116.62	235.50	1,056.34
Prior Period Gap due to ATE Order (i.e. upto 31.03.08)	100.62	-	-
Gap during the Year	172.77	765.61	151.06
Aggregate Revenue Requirement during the year	*1,726.71*	*2,706.69*	*2,330.89*
Less:			
Revenue available towards ARR	*1,553.93*	*1,941.09*	*2,179.83*
Carrying Cost @ 9%	22.80	55.24	101.46
Gap adjusted during the year	76.70	-	-
Closing Gap	**235.50**	**1,056.34**	**1,308.86**

(*Note: The Opening Gap is as determined by the Hon'ble Commission in Table 61 of the Tariff Order for FY 2009-10)

To prevent tariff shock to the consumers, the petitioner has proposed tariff increase of 8.30% only to recover Rs. 180.96 Crores towards revenue gap for FY 2010-11 of Rs. 151.06 Crores and carrying cost of Rs. 29.90 Crores. The petitioner request Hon'ble commission to devise suitable mechanism to recover the balance gap up to FY 2010-11 so that consumers are not burdened with carrying cost for the past period recovery.

To summaries, the Petitioner proposes to recover the Revenue Gap for FY 2010-11 through uniform increase in Retail supply tariff of 8.30% across all categories.

10.4. Tariff Rationalisation Measures Proposed

The Petitioner would also request the Hon'ble Commission to suitably consider the following proposals while determining the Retail Supply Tariffs for consumers for the FY 2010-11, to encourage consumers to use electricity in an efficient manner which eventually helps the distribution system by lesser loading and reduction of system losses.

10.4.1. Tariff intervention to address under declaration of load

Section 45 of the Indian Electricity Rules 1956 states that

45. Precautions to be adopted by consumers 1[owners occupiers], electrical contractors, electrical workmen and suppliers-

(1) No electrical installation work, including additions, alterations, repairs and adjustments to existing installations, except such replacement of lamps, fans, fuses, switches, low voltage domestic appliances and fittings as in no way alters its capacity or character, shall be carried out upon the premises of or on behalf of any [2][consumer, supplier, owner or occupier] for the purpose of supply to such [2][consumer, supplier, owner or occupier] except by an electrical contractor licensed in this behalf by the State Government and under the direct supervision of a person holding a certificate of competency and by a person holding a permit issued or recognised by the State Government.

Provided that in the case of works executed for or on behalf of the Central Government and in the case of installations in mines, oil fields and railways, the Central Government and in other cases the State Government may, by notification in the Official Gazette, exempt, on such conditions as it may impose, any such work described therein either generally or in the case of any specified class of [2][consumers, suppliers, owners or occupiers] from so much of this sub-rule as requires such work to be carried out by an electrical contractor licensed by the State Government in this behalf.

[3][(2) No electrical installation work which has been carried out in contravention of sub-rule (1) shall either be energised or connected to the works of any supplier.].”

From the above it would be seen that any change in the installed load would require a fresh installation test report to be obtained by the consumer and bring it to the notice of the licensee as the agreement executed at the time of requisitioning supply was for a specific load.

It is submitted that most of the consumers are not fully aware of the applicable electricity laws. Increase in load by consumers in excess of their sanctioned load without informing the Licensee causes overloading of the distribution system of the Licensee. A consumer under declaring his load not only affects the Licensee’s distribution system planning but also hinders the quality of supply for other consumers in the same locality. Over drawl of load more than the sanctioned puts the entire distribution system at risk as the Licensee is handicapped to plan for up-gradation of the system as the loads are under declared. The Petitioner has endeavoured to advice the consumers (through bills and synergy news letter attached to bills) regarding usage of load more than sanctioned and its impact on the system and quality of supply.

(a) Nearly 48.3% of the Petitioner's consumers fall in the domestic category. In the earlier Tariff Orders (FY 03-04 and FY 04-05) fixed charges based on sanctioned load or MDI reading were applicable for all categories of consumers but this provision was withdrawn for domestic consumers in subsequent tariff order. For the reasons explained above petitioner requests the Hon'ble Commission to consider restoring the provision for domestic segment, which contributes significantly to the loading of the system and demand.

(b) The Hon'ble Commission had in its tariff orders noted that recovery from fixed charges is nominal as compared to the fixed costs of the Licensees. The Petitioner requests that the Commission may also explore the possibility of rationalising the slab based fixed charges for domestic category upto sanctioned load of 5 kW (most connections of less than 2 kW sanctioned load are generally seen to use much higher load) to reduce the cross subsidy burden on consumers who declare their actual load and pay fixed charges as per billed load.

10.4.2. Public Hoardings/ display boards using electricity for lighting to be charged on separate tariff

Energy Conservation is an integral part of the Petitioner's endeavour to help conserve depleting natural resources of energy. For this the Petitioner has been continuously engaging different sections of the society and stakeholders, towards the need for energy conservation at multiple levels and across all available platforms. Besides educating the stakeholders on the needs and benefits of energy conservation, the company has also launched / taken several recent initiatives in this direction.

It is submitted that in various forums it was felt that the lighted hoardings / Public display boards use high energy consuming luminaries and there is significant wastage of Energy. Therefore it is suggested that such hoardings / Public display boards may be considered for billing under separate category at a tariff higher than Non-Domestic. However, the Hoardings / Public display boards using its entire energy for lighting through LED devises, may be provided with appropriate incentive to encourage more efficient use of electricity. Similar tariff category has also been adopted by MERC.

10.4.3. Introduction of time differential tariffs for Consumers with Load > 10 kW for demand side management

The Petitioners submits that Time Differential Tariffs would result in smoothening of demand curve which ultimately results in savings for the consumers by way of lower power purchase cost. The concept of time-differentiated tariff will shift the time of peak demand, thereby flattening the load curve for which the incentives needs to be provided to consumers to shift consumption to off-peak hours and dis-incentives for consumption during peak hours. The Hon'ble Commission has expressed in the previous tariff orders that there is a need to prune the peak demand by shifting demand of consumers from peak to off peak hours.

The Petitioner therefore suggests the Hon'ble Commission may review the possibility of introduction of time differential tariffs for consumers, say for load > 10 kW to start with, through informed deliberations with stakeholders.

10.4.4. kVAh tariff

Presently Industrial and Non-domestic connections with sanctioned loads more than 10 kW are billed on kVAh tariff. There are several instances of polyphase connections where the MDI of consumers having sanctioned load of less than 10 kW, has recorded MDI of more than 10 kW. Since the consumer have sanctioned load of less than 10 kW, they get the benefit of kWh tariff, even though their reactive load may be higher. This is at the expense of honest paying consumers who declared their load diligently. Moreover this also has an adverse impact on the Petitioners distribution system. Petitioner had earlier encouraged such consumers (load < 10 kw) to enhance their load commensurate with their usage but the response has generally been lukewarm.

The Petitioner proposes that the Hon'ble Commission may like to consider billing consumers with sanctioned load < 10 kW on kVAh tariff whose MDI has recorded a load greater than 10 kW continuously for three billing cycles. This will also be in line with the Commission's objective of gradually expanding the coverage of kVAh billing as it takes care of power factor of the consumer load and encourages efficient use of electricity.

10.5. Cross Subsidy at the end of FY 2008-09

The table below indicates the cross subsidies across various voltage levels / categories for the FY 2008-09.

Table 67 : Cross Subsidy at different Voltage level in FY 2008-09.

Sl. No.	Type of installation	Average revenue billed	Average cost to Serve	(Gap) / Surplus
		(Rs./unit)	(Rs./unit)	(Rs / unit)
	-	A	B	C = A - B
1	**Domestic**			
1.1	LT	3.17	5.02	-1.85

Sl. No.	Type of installation	Average revenue billed	Average cost to Serve	(Gap) / Surplus
		(Rs./unit)	(Rs./unit)	(Rs / unit)
	-	A	B	C = A - B
1.2	Supply on 11 KV	2.99	3.52	-0.53
2	**Non-Domestic**			
2.1	NDLT LT	5.77	5.02	0.75
2.2	NDLT HT	4.52	3.52	1.00
2.3	MLHT			
2.3.1	Supply on 33 kV and above	5.62	2.61	3.00
2.3.2	Supply on 11 kV	5.95	3.52	2.43
2.3.3	Supply on LT (400 Volts)	7.49	5.02	2.47
3	**Industrial**			
3.1	SIP	4.99	5.02	-0.03
3.2	LIP			
3.2.1	Supply on 11 KV	5.18	3.52	1.66
3.2.2	Supply on LT (400 Volts)	6.33	5.02	1.31
4	**Agriculture**	1.79	5.02	-3.23
5	**Mushroom**	3.79	5.02	-1.23
6	**Public Lighting**	4.36	5.02	-0.66
7	**DMRC**	3.31	2.61	0.69
8	**Others**			
	Enforcement	4.32	5.02	-0.70
	11 kV - Worship/Hospital	4.85	3.52	1.33

As can be seen from the above table, progressive reduction of cross subsidy so as to reflect Cost of Supply would entail disproportionate increase in tariffs of consumers in Domestic, Agriculture and Mushroom categories. However, since reduction of cross subsidy is more of a socio political issue, the Petitioner submits that reduction and or rationalization of cross subsidy is the prerogative of the Hon'ble Commission. The Petitioner has therefore proposed a uniform increase in tariff's across all categories of consumers.

10.6. Clarification on Street Light Maintenance Charges

The Hon'ble Commission vide its Order dated 24.09.2009 has decided the rates to be charged for Maintenance of Street Light from the road owning agencies.

However, the Petitioner seeks clarification whether to charge such maintenance charges prospectively or retrospectively i.e commencement of applicability of the Order, since the same has not been clarified in the Order. Moreover, the Service Tax paid by the Petitioner towards Street Light maintenance would be an additional expenditure in the Tariff.

10.7. Others

It may be recalled that with regard to removing of difficulty in implementation of Supply Code, the Petitioner has made suggestions and proposed certain amendments for consideration of the Hon'ble Commission from time to time.

As it is over two years since the supply code was notified, and the suggestions made by the Petitioner has a bearing on the ARR and other performance Standards, Petitioner requests the Hon'ble Commission to take early necessary action to address the implementation issue and corresponding amendments required in view of the amendments in the Act, for effective implementation in the field as well as for the benefit of greater clarity to consumers.

Further, there has been considerable increase in power purchase and transmission cost during last few years. Generation and transmission companies are allowed to file mid term petition for revision of tariff due to any additional capital expenditure or major R&M works. Due to this, DISCOMs has to pay this extra charges, increasing overall cost, which is presently trued-up only after filing ARR for respective year. This leads to cash crunch for the DISCOMs. Therefore, it is proposed to adopt an indexed tariff mechanism depending on actual power purchase and transmission charges paid by DISCOMs. The base retail tariff should be attached to allowed power purchase cost, thereafter, any increase in power purchase or/and transmission cost should be suitably indexed to retail tariff. This will provide relief to DISCOMs in the same year rather than waiting for getting the cost trued-up at a later stage.

Thus, this approach may help DISCOMs in managing cash crunch arising out of mid term generation and transmission tariff increase.

New generation projects, mainly central sector often comes up after a considerable delay from their schedule and cause cost overrun. Ultimately, the DISCOMs have to bear such cost and time overrun. Therefore, it is essential to introduce a system by which such time and cost overrun can be reduced. This can be done by forum of regulators, in form of some suitable deterrent against generation/transmission companies causing such overrun.

11. List of Annexure

Annexure No.	Particulars
Annexure-1	MYT Formats as specified by the Hon'ble Commission.
Annexure-2	Audited Balance Sheet for FY 2008-09.
Annexure-3	Cost Audit Report for FY 2008-09
Annexure-4	Order of the Commission in the Petition no. 30/2008 Letter No. F.11(417)/DERC/207-08/2637 dated 24.09.09.(In the matter of Application under section.86(i)(f) of the Electricity Act 2003 for recovery of interest on cost incurred towards installation of 66/11 kV, Power Transformer along with associated equipments at Pappankalan-II 220kV Grid Sub-Station from M/s BSES Rajdhani Power Ltd.)
Annexure-5	DMRC Letter no. O&M/Traction/Energy dated 22.10.09 regarding Revised projected demand for the FY 09-10 and 10-11
Annexure-6	The revised allocation of unallocated power from Central Sector Power Stations of NR, and ER as per the Notification no. NRPC/SE (O)/Allocations/2009-10 dated 21.08.2009 .
Annexure-7	The revised allocation of allocated and unallocated power from Central Sector Power Stations as per notification no. NRPC/SE(O)/Allocations/2008-09 dated 07.01.2009
Annexure-8	Minutes of 41st OCC Meeting of NRPC.
Annexure-9	Load Generation Balance Report for FY 2009-10 for Northern Region
Annexure-10	Load Generation Balance Report for FY 2009-10 of Eastern region
Annexure-11	CEA - Broad status of Thermal Power projects in Delhi
Annexure-12	CEA - Broad status of Central Sector Thermal Power projects – NTPC
Annexure-13	Status of Hydro Electric Projects under execution as on 30.09.2009 – CEA
Annexure-14	CEA – 11th Plan Capacity addition program as on 30.09.2009
Annexure-15	CISF Minutes of meeting held in the Chamber of Chief Secretary Shri Rakesh Mehta on 1st October 2009 at 3.00 PM. Regarding arrangements to be made for deployment of security forces with the DISCOMs
Annexure-16	PPA Formula adopted by various states
Annexure-17	Letters on FPA submitted by the Petitioner, Letter No. COO(BYPL)/08-09/22/105 dated 09th March 2009 ,Letter No. COO(BYPL)/08-09/22/122 dated 06th April 2009,Letter No. RCM/09-10/BYPL/598 dated 30th October 2009.
Annexure-18	EDWPCL GHAZIPUR-Project profile and background note
Annexure-19	Trader-wise Details of Banking Arrangement

12. Abbreviations Used

A&G Expenses	Administrative & General Expenses
AAD	Advance Against Depreciation
AMR	Automated Meter Reading
ARR	Annual Revenue Requirement
ASAI	Average System Availability Index
AT & C	Aggregate Technical And Commercial Losses
ATE	Appellate Tribunal For Electricity
BRPL	BSES Rajdhani Power Limited
BST	Bulk Supply Tariff
BTPS	M/S Badarpur Thermal Power Station
BYPL	BSES Yamuna Power Limited
C&M	Contracts And Materials
CAGR	Compounded Annual Growth Rate
CCO	Customer Care Officer
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CFL	Compact Florescent Lamp
CGHS	Cooperative Group Housing Societies
CGRF	Consumer Grievance Redressal Forum
CISF	Central Industrial Security Force
ckt-km	Circuit Kilometer
CPI	Consumer Price Index
CSGS	Central State Generating Stations
CWIP	Capital Works In Progress
DA	Dearness Allowance
DD	Demand Draft

DDA	M/S Delhi Development Authority
DERA	Delhi Electricity Reform Act
DERC	Delhi Electricity Regulatory Commission
DESU	M/S Delhi Electricity Supply Undertaking
DISCOM	Distribution Company
DMRC	M/S Delhi Metro Rail Corporation
DPCL	M/S Delhi Power Corporation Limited
DPR	Detailed Project Report
DSM.	Demand Side Management
DT	Distribution Transformer
DTL	Delhi Transco Limited
DVB	M/S Delhi Vidyut Board
EHT	Extra High Tension
EHV	Extra High Voltage
FI	Financial Institutions
FM	Frequency Modulation
FPA	Fuel Price Adjustment
FY	Financial Year
GFA	Gross Fixed Assets
GoI	Government Of India
GoNCTD	Government Of The NCT Of Delhi
GTPS	M/S Gas Turbine Power Station
HR	Human Resources
HRA	House Rent Allowance
HT	High Tension
HVDS	High Voltage Distribution System
IDBI	Industrial Development Bank Of India

IDC	Interest During Construction
IPGCL	M/S Indraprastha Power Generation Co. Ltd
IT	Information Technology
IVR	Interactive Voice Response
JJ	Jhuggi Jhopri
kVah	Kilo Volt Ampere Hour
KWH	Kilo Watt Hour
LDC	Load Dispatch Centre
LIP	Large Industrial Power
LoP	Left Out Pockets
LT	Low Tension
LTA	Leave Travel Allowance
LTAB	Low Tension Aerial Bunched
LTMP	LT Modernization Program
LVDS	Low Voltage Distribution System
MAIFI	Momentary Average Interruption Frequency Index
MCD	Municipal Corporation Of Delhi
MDI	Maximum Demand Indicator
MLHT	Mixed Load High Tension
MU	Million Units
MW	Mega Watt
MYT	Multi Year Tariff
NCPP	Dadri Thermal
NDLT	Non -Domestic Low Tension
NDPL	M/S North Delhi Power Limited
NHPC	M/S National Hydroelectric Power Corporation Ltd.
NJPC	M/S Nathpa Jhakri Power Corporation Limited

NPCIL	M/S Nuclear Power Corporation Limited
NPCIL - NAPS	Nuclear Power Corporation Of India Limited-Narora Atomic Power Stations
NPCIL- RAPS - 3	Nuclear Power Corporation Of India Limited-Rajasthan Atomic Power Stations Unit-3
NPCIL- RAPS - 4	Nuclear Power Corporation Of India Limited-Rajasthan Atomic Power Stations Unit-4
NPTI	National Power Training Institute
NRLDC	Northern Region Load Dispatch Centre
NRPC	Northern Regional Power Committee
NTP	National Tariff Policy
NTPC	M/S National Thermal Power Company Ltd.
O&M Expenses	Operation And Maintenance Expenses
PBDIT	Profit Before Depreciation, Interest And Tax
PBIT	Profit Before Interest And Tax
PGCIL	M/S Power Grid Corporation Of India Limited
PLF	Plant Load Factor
PLR	Prime Lending Rate
PPA	Power Purchase Agreements
PPCL	M/S Pragati Power Corporation Limited
R&M Expenses	Repair And Maintenance Expenses
RoCE	Return On Capital Employed
RoE	Return On Equity
RRB	Regulated Rate Base
RST	Retail Supply Tariff
RWAs	Resident Welfare Association
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SBI	State Bank Of India
SERC	State Electricity Regulatory Commission

SGS	State Generating Stations
SIP	Small Industrial Power
SJVNL	M/S Satluj Jal Vidyut Nigam Limited
SLDC	State Dispatch Load Centre
SM	Supply Margin
SPD	Single Point Delivery
STU	State Transmission Utility
SVRS	Special Voluntary Retirement Scheme
T&D	Transmission & Distribution
THDC	M/S Tehri Hydro Development Corporation
UC	Unauthorized Colonies
UI,	Unscheduled Interchange
VRS	Voluntary Retirement Scheme
WACC	Weighted Average Cost Of Capital
WC	Working Capital
WPI	Wholesale Price Index
Y-o-Y	Year On Year

BSES

BSES Yamuna Power Limited

Affidavit

BSES

BSES Yamuna Power Limited

Annexure