

ANNUAL REPORT

2008-09



DELHI ELECTRICITY REGULATORY COMMISSION

ANNUAL REPORT
(APRIL 2008 – March 2009)
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INTRODUCTION

The Delhi Electricity Regulatory Commission (DERC) was set-up in accordance with the provisions of erstwhile Electricity Regulatory Commissions (ERC) Act, 1998. ERC Act, 1998 was repealed by Electricity Act, 2003. The functions of State Commission have been prescribed in Section 86 of Electricity Act, 2003. In pursuance of the details of activities specified in the Section, the Commission sets goals and objectives for the ensuing year. The most salient among these being the determination of Aggregate Revenue Requirement (ARR) for each of the distribution utilities, including the electricity tariff to be effective for the ensuing year. In addition, the Commission also sets itself the task of drafting new Regulations with reference to provisions of Electricity Act, 2003 or making changes in the existing Regulations and in this process the Commission is guided by the National Electricity Policy (NEP) and National Tariff Policy (NTP) issued by the Government of India. The Commission convenes meetings of statutory Committees constituted in accordance with the provisions of Electricity Act, 2003, such as, the State Advisory Committee(SAC) under Section 87 of the Act. A brief account of the proceedings of the meetings of SAC held during the year have been covered in the Report. The trend of important parameters of licensees such as AT&C losses, Capital Expenditure, Power Purchase Cost at Discom Periphery, efficiency gains, etc. have been dealt with under specific title heads, over different chapters of the Report. The Report also gives the detail of the important cases in which Orders/ Regulations of the Commission were challenged in Courts/Appellate Tribunals for Electricity (ATE) while mentioning the outcome in some of the important cases.

1. TARIFF

1.1 Tariff FY 2009-10

Among various functions assigned to the Commission, one of the important functions is to determine the tariff for electricity- wholesale, bulk, grid or retail and for the use of transmission facilities. After inception, the Commission issued an Order on “*Rationalisation of Tariff for DVB*” on 16th January, 2001. Subsequent to the Transfer Scheme of DVB and issuance of the Policy directions for privatisation of electricity distribution business in Delhi, the Commission has been issuing tariff orders annually since 22nd February, 2002.

The first Multi Year Tariff(MYT) Order for the Discoms was issued on 23rd February, 2008 and the Discoms filed their petition for true up of the first year of the Control period and determination of Aggregate Revenue Requirement (Wheeling and Retail Supply Tariffs) for the FY 2009-10 on 2nd December, 2008. On preliminary scrutiny of the Petition, various deficiencies were observed and the Discoms were advised to respond to the deficiency memoranda and submit revised petitions. The revised petitions of the Discoms were admitted on 19th December, 2008. After admission of the petitions of the Discoms, comments were sought from Public on various tariff issues for which a Public Notice was issued in the leading English and vernacular newspapers. On repeated requests from the stakeholders, the date for submission for comments was extended twice by the Commission.

The Commission conducted the Public Hearing from 25th to 27th February, 2009 wherein various issues such as, power procurement, water pumping requirements, time differential tariffs, two part tariff for domestic consumers, energy conservation,

Demand Side Management(DSM), electronic metering, street lighting, independent audit, payment of bills through cheque, Delhi Metro Rail Corporation (DMRC), Delhi International Airport Ltd.(DIAL), Delhi Jal Board(DJB), Railway Traction Tariff, Security Deposit, own power generation, Billing Cycle, JJ clusters, Subsidized Tariff and other issues raised by the stakeholders were discussed.

1.2 Approach of the Order

Under the Multi Year Tariff Framework, the Commission had projected the ARR for Discoms for each year of the Control Period i.e. FY 08 to FY 11 in the MYT Order issued on 23rd February, 2008. The MYT Regulations provide that actual expenses incurred by the Petitioner in respect of the uncontrollable parameters shall be trued up at the end of the respective financial year based on the actual/audited information. Therefore, the Commission considered the true-up of the uncontrollable parameters for FY 07-08, revised the uncontrollable parameters like Sales, Purchase of Power for FY 09-10 and made consequential adjustments in the Aggregate Revenue Requirement/Tariff for FY 09-10.

1.3 Approach for True up of the FY 07-08

The true-up for FY 07-08 was carried out as per the provisions of the MYT Regulations. Under the MYT Regulations, the components of expenses have been segregated into Controllable and Uncontrollable Parameters.

The MYT Regulations provide that the Uncontrollable Parameters shall be trued up based on the audited financial statements and the Controllable

Parameters shall not be trued up. In light of the same, the Commission trued up the uncontrollable parameters viz. power purchase cost, energy sales/ revenue based on audited financial statements for FY 07-08.

Additionally, the Petitioner raised several other issues in its Petition, which were under Appeal before the Hon'ble ATE at the time of issue of the Order. Pending decision of the Hon'ble ATE on such issues, the Commission continued with the stand taken in this regard in the MYT Order.

1.4 Approach for the FY 08-09

The Discoms in their petition requested for revision of the Aggregate Revenue Requirement for FY 08-09 which was already determined by the Commission in the MYT Order issued in February, 2008. However, the Commission was of the opinion that in accordance with the MYT Regulations, the true-up for FY 08-09 can be considered only on the basis of audited financial accounts. The Commission was of the view that true up for FY 2008-09 will be considered as and when a tariff petition based on audited accounts is filed.

1.5 Approach for FY 09-10

The Discoms submitted their revised Aggregate Revenue Requirement for the FY 09-10 along with the true up Petition for FY 07-08. The Commission examined whether there was a basis for revisiting the ARR under the MYT Framework which is already approved in the MYT Order. The Commission considered the submissions of the Petitioner at the time of issue of MYT Order for the Control Period and after prudence check, analysis and application of MYT Regulations approved the targets for

controllable parameters as well as forecasts for the uncontrollable parameters for each year of the Control Period. The MYT Regulations do not allow the controllable parameters to be revisited even if the controllable targets are fixed on the basis of un-audited accounts. Therefore, the Commission did not revise the controllable parameters and continued with the MYT Order projections for controllable parameters for FY 09-10.

The Clause 5.28 of MYT Regulations provides specifically for correction of uncontrollable factors for each year of the Control Period to be included in the ARR of the retail supply business. Since the uncontrollable parameters i.e. power purchase quantum/cost and sales are not under the control of the Discoms, the Commission in the Order considered the revision of ARR of the Discoms for the FY 09-10 on account of the changes in uncontrollable parameters.

1.6 Tariff Design

The Commission believes that in an ideal case electricity tariff for all categories of consumers should be fixed on cost to serve basis. Therefore, in accordance with the provisions of the Act and the policies prescribed from time to time, the Commission made an attempt in the Tariff Orders for FY 09-10 to reduce the prevailing cross-subsidy. Also, the Commission thinks that it would not be possible to increase the tariff of the subsidized categories to the level of cost to serve over night.

As a step towards tariff rationalization, the Commission reduced the energy charges of all Industrial consumers, Bulk Consumers like DJB, DIAL, Railways, etc. in keeping with the provisions of the Electricity Act, 2003, Tariff Policy etc. and also

guided by some of the Orders of the Hon'ble ATE. The tariff of Industrial consumers was reduced on a seasonal basis linking it to the movement of the Power Purchase cost in various seasons of the year. For the remaining categories of consumers including domestic consumers, the Commission continued with the fixed and energy charges in the Tariff Order for FY 09-10 similar to the fixed and energy charges specified in the MYT Order.

1.7 Stakeholder's Comments

1.7.1 Energy Conservation and Demand Side Management (DSM)

Views of the Stakeholders

The stakeholders acknowledged the huge potential for savings from energy conservation practices and emphasized the need for education on the energy conservation methods and power factor improvement. The stakeholders suggested that energy efficient appliances should be made cheaper, affordable and easily available to the general public and publicity should be given by various agencies for taking concrete steps in spreading the message of energy conservation through print and electronic media.

Petitioner's Response

The Discoms stated that they have collaborated with various NGOs to spread the message of energy conservation by educating the consumers through seminars; workshops etc. and the consumers have been very receptive to their communication initiative. Their initiative to promote CFL on subsidized rates for energy conservation has resulted into considerable saving of energy.

Commission's View

Recognizing the immense potential of saving from energy conservation practices, the Commission directed the Discoms to make Demand Side Management an integral part of their day to day operations and to undertake planning, designing and implementation of appropriate DSM program on a sustained basis by creating DSM cells in their Companies.

The Commission also recommended to the Government of NCT of Delhi for making use of energy efficient devices like CFL, LED, T-5 etc. mandatory for consumers in NCT of Delhi.

The Commission signed an MOU with Lawrence Berkeley National Laboratory, USA for exchange of information in the field of energy conservation, energy efficiency and DSM. The Commission approved an expenditure of Rs. 35 Crores for all the Discoms for the FY 2009-10 for undertaking energy conservation and DSM program. These programmes are to be taken up by the Discoms with the prior approval of the Commission.

The Commission, on the basis of tariff based competitive bidding, has also approved two Municipal Solid Waste (MSW) plants which will produce energy from MSW and would collectively utilize about 3000 Metric Tonnes of garbage a day to produce 26 MW of electricity.

1.7.2 Water Pumping Requirement

Views of the Stakeholders

The stakeholders submitted that they have no alternative but to use booster pumps to lift water in the absence of required pressure released by the

DJB. The stakeholders suggested that people should be encouraged to create underground sumps and harness the benefits of rain water harvesting to increase the fast depleting water table level of NCT of Delhi. Lower tariff to domestic stakeholders to induce water pumping during non peak hours was welcomed, however, DJB supplies water only during peak hours.

DJB submitted that the Discoms are billing their water treatment plant, sewage treatment plant and water pumping system at MLHT tariff whereas all these plants should be charged at industrial tariff.

Petitioner's Response

In regard to determination of tariff, the Discoms submitted that tariff determination is the sole prerogative of the Commission and the Petitioner shall abide by the decision of the Hon'ble Commission.

Commission's View

The Commission observed that the DJB supplies water through main pumping system during the peak hours and they also have the provision of secondary pumping, which can be streamlined for supplies during the non peak hours. If water supply can be arranged more efficiently during the non peak hours, this will bring down the peak consumption leading to reduction in costly power purchase and also improve the efficiency by way of improvement in the water pressure. The Discoms and the DJB shall discuss this issue further for optimization of energy consumption in pumping.

1.7.3 Time Differential Tariff

Views of the Stakeholders

The stakeholders expressed the need for education on the operational parameters on Time Differential Tariff and that there should be proper incentive to the Industrial consumers to undertake their operations during the non- peak hours so that peak hour requirement may be reduced. Some of the stakeholders also mentioned that the electronic meters should be enabled to record power consumption with proper recording of time.

Petitioner's Response

The Discoms submitted that Time Differential Tariff would result in smoothening of demand curve resulting in saving for the consumers by way of lower power purchase cost.

Commission's View

The Commission felt that to prune the peak demand, some section of the consumers can be encouraged by way of tariff surcharge/rebate to shift their demand from peak hours to off peak hours and with this in view introduced seasonal tariffs for industrial category of consumers to make a beginning in this area. The reduced tariff would be applicable during the winter season from October to March.

1.7.4 Payment of Bills through Cheque

Views of the Stakeholders

The Stakeholders submitted that the Discoms refuse to accept subsequent payments through cheque for a year if payment through cheque bounces once, which is not a fair practice and should be reviewed. It was proposed that at least two consecutive

instances should be considered to stop accepting payment through cheques from the consumers.

The Stakeholders submitted that Banks do not provide cheque books to Blind consumers and therefore, such consumers have to pay their electricity bills in cash. Since the Discoms do not receive payment in cash where the bill amount exceeds Rs.4000/-, this limit should be revised for blind consumers.

Petitioner's Response

The Discoms acknowledged that there could be genuine reasons for a cheque to bounce other than non availability of funds in the bank account and that it is impractical to restrict receipt of payment through cheque on just one instance of bouncing of cheque. Therefore, the Discoms proposed that they shall stop receiving payment through cheque only where the cheque bounces for three consecutive instances. Under the proposed policy the stakeholders will have to pay their bills through Cash for next two years only on the third consecutive instance of bounced cheque.

The Discoms further acknowledged that payment of electricity bills through cash only up to Rs.4000/- could cause practical difficulties to blind consumers. However, the Petitioner expressed their limitation as it has been obeying the directive issued by the Hon'ble Commission.

Commission's View

The Commission appreciated the revised payment policy proposed by the Discoms and directed the Discoms to implement the revised policy from this tariff year. In regard to the cash payment limit of Rs.4000/-, the Commission acknowledged the

practical difficulty faced by the blind consumers and directed the Petitioner to accept the cash payment above Rs.4000/- for payment of electricity bills by the blind consumers from this tariff year.

1.7.5 Delhi International Airport Limited (DIAL)

Views of the Stakeholders

DIAL submitted that the commercial tariff rate should not be applicable to it as it does not undertake any commercial activity. The airport operators are facilitators of economic activities and do not themselves indulge in any of the business directly – they are core infrastructure services provider which are essential for economic development of the Country and hence, should attract a lower tariff rate. DIAL requested for creation of a new slab for them which should be lower than the existing tariff and that DIAL should not be made to bear the cross subsidy charges.

Petitioner's Response

The Discoms submitted that airport operations carry a mix of activities which also include activities that are commercial in nature, hence, the tariff applicable to the airports is of mixed category. However, tariff to be charged from the consumer is the sole prerogative of the Commission.

Commission's View

The Commission understands that airports play an important role in the economic development of the country. The Commission is in the process of reducing the cross subsidy to the levels proposed by the Government of India over a period of time. The Commission also acknowledges that the airport

operations carry a mix of activities. However, the metering in the existing system is integrated and it will be difficult to segregate the commercial operations from purely aviation services. Hence, till the time the commercial activities within the airport are separately metered, the Commission proposes that an average tariff be charged from DIAL, which shall be lower than the existing non domestic charges applicable to them.

1.7.6 Own Power Generation

Views of the Stakeholders

The stakeholders submitted that Discoms proposed to start own power generation units within five years so that power purchase cost and power cuts may be reduced.

Petitioner's Response

The Discoms (BRPL and BYPL) submitted that there are proposals to set up electricity generating units at Bawana, Dadri, Jhajhar, share in the DVC etc. to arrange and meet the long term power requirements. NDPL also submitted that they have planned to procure 300 MW of power from a joint venture of TATA's/DVC and also set up 108 MW as captive generation plant, which is expected to be implemented within 10 months from the date of environment clearance.

However, there is a centralized power procurement agency i.e. Delhi Power Procurement Group; and Discoms are also represented in the group. Discoms also purchased electricity from other States. Additionally, power is also arranged through bilateral purchase and banking of power. There are several projects in process for power supply to Delhi and may help improve power supply condition by

the end of year 2010.

Commission's View

The Commission felt that arrangement of power by the Discoms should be seen in totality and not in isolation to setting up of generation plant. The objective is that quality and affordable power should be available to the consumers of NCT of Delhi as per the requirement. The Commission directed 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.

1.8 True up for FY 07-08

The Commission trued up the ARR of the Discoms for the first year i.e. FY 2007-08 of the MYT Control Period 2008-11. While the uncontrollable expenses i.e. Power purchase cost, Sales and Revenue for FY 2007-08 were trued up, the controllable expenses were maintained at the same level as approved in the MYT Order in line with the MYT Regulations.

For under-achievement of AT&C loss level at 27.51% against the minimum AT&C loss level of 27.34% as approved in the MYT Order, BRPL suffered a loss of Rs.6.97 Crore.

BYPL had overachieved the AT&C loss reduction target by 4.54% during FY 2007-08 resulting in an overachievement of Rs. 105.48 Crore.

NDPL had overachieved the AT&C loss reduction target by 3.74% during FY 2007-08 resulting in an overachievement of Rs. 109.64 Crore.

Accordingly, the Commission after prudence check, approved the revenue gap for the Discoms as detailed below:

TABLE: 1.1
Revenue surplus/(Gap) for FY 07-08

(Rs. in Crore)

| Particulars | BRPL | BYPL | NDPL |
|-------------------------------|----------|---------|----------|
| ARR for FY 07-08 | 3006.51 | 1371.01 | 2353.79 |
| Revenue available towards ARR | 2877.56 | 1424.73 | 2170.07 |
| (Gap)/Surplus | (128.95) | 53.72 | (183.72) |

1.9 Consumer Contingency Reserve

The Commission notified the DERC (Terms and conditions for determination of Wheeling tariff and Retail supply tariff), Regulations on 30 May 2007. Clause 4.17 to 4.20 of the Regulations provide for licensees creating Contingency Reserve at the beginning of the Control Period for maintaining tariff stability and passing the benefits achieved under the MYT framework to consumers. Creation of Contingency Reserve was mandated in the Sixth schedule to the Electricity (Supply) Act, 1948, which was repealed with the enactment of Electricity Act 2003. Though, Electricity Act, 2003 does not provide for creation of contingency reserve, nonetheless does not explicitly prevent such measures either.

The salient feature of MYT Regulations with regard to Contingency Reserve are as follows:-

1. The revenue surplus generated by Licensee to be transferred to their respective Contingency Reserve.
2. The profits arising from achieving loss level better than the loss reduction target specified to be equally shared between the licensee and the Contingency Reserve.
3. Licensee to maintain separate accounts in their books and reflect the balance in the Contingency Reserve Account in the balance

sheet.

4. Additions and drawals to/from Contingency Reserve account to be made on yearly basis upon annual review and performance of Licensee.
5. Funds under Contingency Reserve be kept in a separate bank account and effectively invested to earn returns but not be used for speculative purposes.
6. Any other use of fund, only with prior approval of the Commission.

In the Tariff Orders for FY2009-10, the Commission directed the distribution utilities to transfer the refunds received from DTL, IP Station, Rajghat Power House, GTPS and PPCL to their respective Contingency Reserve. In the Tariff Order for FY2009-10, in case of NDPL, the Commission ordered transfer of the consumer share on account of over achievement in the AT&C loss reduction target to the contingency Reserve Account.

The amount in the Consumer Contingency Reserve of each Discom as on 31.03.2008 was as follows:

| | |
|-------|----------------|
| BRPL: | Rs.25.28 Crore |
| BYPL: | Rs.6.49 Crore |
| NDPL: | Rs.47.85 Crore |

1.10 Aggregate Revenue Requirement for FY 09-10

The Commission considered the revision of ARR for uncontrollable parameters such as power purchase and Sales for FY 09-10. The other components of costs were considered as per the MYT Order.

Sales

The Commission adopted an adjusted trend analysis method of demand forecasting for projecting the sales for the Discoms, which assumes that the underlying factors, which drive the demand for electricity, shall follow the same trend as in the past. This trend-based approach has been adjusted for characteristics of specific consumer groups/categories.

A summary of the Discom-wise approved Sales is given in separate tables hereunder:

TABLE: 1.2
BRPL: Approved Sales for FY 09-10 (MUs)

| Category Wise Sales | MYT Order | Petitioner's Claim | Revised Commission Approved |
|--------------------------|-----------|--------------------|-----------------------------|
| Domestic | 3378 | 3935 | 4005 |
| Non-domestic | 2888 | 2598 | 2674 |
| Industrial | 656 | 685 | 651 |
| Public Lighting | 192 | 120 | 128 |
| Irrigation & Agriculture | 18 | 25 | 18 |
| Railway Traction | 24 | 20 | 24 |
| DMRC | 142 | 99 | 92 |
| Others | 113 | 259 | 205 |
| Total | 7411 | 7741 | 7797 |

TABLE: 1.3
BYPL: Approved Sales for FY 09-10 (MUs)

| Category Wise Sales | MYT Order | Petitioner's Claim | Revised Commission Approved |
|--------------------------|-----------|--------------------|-----------------------------|
| Domestic | 1722 | 2046 | 2193 |
| Non-domestic | 1454 | 1352 | 1476 |
| Industrial | 389 | 504 | 482 |
| Public Lighting | 115 | 84 | 103 |
| Irrigation & Agriculture | 0.26 | 1 | 0.26 |
| Railway Traction | - | - | - |
| DMRC | 55 | 72 | 80 |
| Others | 83 | 203 | 111 |
| Total | 3818 | 4262 | 4445 |

TABLE: 1.4
NDPL: Approved Sales for FY 09-10 (MUs)

| Category Wise Sales | MYT Order | Petitioner's Claim | Revised Commission Approved |
|------------------------|-----------|--------------------|-----------------------------|
| Domestic | 2130 | 2286 | 2260 |
| Non-domestic | 1289 | 1134 | 1124 |
| Industrial | 1758 | 1850 | 1904 |
| Public Lighting | 95 | 72 | 79 |
| Agriculture & Mushroom | 7 | 32 | 32 |
| Railway Traction | 52 | 51 | 52 |
| DMRC | 130 | 130 | 101 |
| Others | 52 | 62 | 72 |
| Total | 5512 | 567 | 5625 |

1.11 Aggregate Technical & Commercial (AT&C) Losses

Since AT&C loss level is a controllable parameter as per the MYT Regulations, the Commission considered the AT&C and Transmission & Distribution (T&D) loss targets as specified in the MYT Order for the purpose of projection of power purchase requirement and cost for FY 2009-10.

1.12 Power Purchase Quantum

The Commission considered allocation of firm power from the Central Sector State Generating Stations as per the allocation on 27th October, 2007 specified in the notification no. NRPC/SE(O)/Allocations/2007-08 dated 26 October, 2007 of Northern Regional Power Committee.

The Commission considered the distribution of unallocated power from the State Generating Stations for the first quarter of FY 09-10 as per the existing GoNCTD Order. For the remaining FY 09-10, the Commission assumed that the allocation of unallocated power shall revert back to the three Discoms and shall be distributed in the same ratio in which the capacity allocation was done.

For computing the energy availability from the new generating stations, the Commission considered the expected commercial operation date for these generating stations based on the latest information available on the website of CEA regarding broad status of central sector thermal projects.

The Commission considered that the Discoms would be required to purchase energy from other sources in order to meet the seasonal peak demand. The Commission also considered that the Discoms had undertaken banking arrangements during FY 08-09 and will receive the banked power during summer months of FY 09-10. Therefore, the Commission assumed 3% of gross power requirement in the Discom's area of operation to be sourced through bilateral and intra-state purchases for meeting the seasonal demand.

1.13 Power Purchase Cost

The Commission projected the power purchase cost for FY 09-10 for the Discoms based on the following methodology:

- For purchase of power from Central Sector Generating Stations, the Commission provided 7% increase in fixed cost over and above the fixed cost approved for FY 09-10 in MYT Order in view of the CERC's Regulations, 2009.
- The fixed cost for State generating stations was considered based on the respective MYT Order of the Generation Company for the Control Period FY08 to FY11.
- The variable cost was computed based on the variable charges for FY 07-08 and FY 08-09. An escalation of 4% and 3% was applied for coal and gas/ liquid fuel based stations, respectively, on the average variable cost computed by the Commission to account for the increase in fuel cost.
- For nuclear plants, an escalation of 2% on the average actual single part tariff of energy in FY 07-08 and provisional tariff for FY 08-09 was considered.
- Other charges were increased by 2% on the average other charges for FY 07-08 and provisional other charges for FY08-09.
- Total power purchase cost was computed considering fixed cost, variable cost (including FPA) and other charges for each plant.
- The Commission considered a cost per unit of Rs. 2.80 for coal and gas based future generation plants like Dadri Unit 5&6 and Kahalgaon Stage-II. For NHPC hydro based plants and NPCIL nuclear plants purchase cost of Rs. 2.90 per unit was assumed for FY09.
- In the absence of definite tariff for power available from DVC plants of Mejia and Chandrapura, the Commission considered single part tariff of Rs. 3.00 per unit for the power procured from these plants for FY 09-10.
- Intra-state and bilateral power purchases were considered at a rate of Rs. 3.00 per unit and Rs. 6.00 per unit, respectively. These rates were considered based on the average of actual cost of purchase for FY 07-08 and provisional cost of purchase for FY 08-09 for Delhi as a whole. Both power purchase and

sale through banking transactions were considered at Rs. 4.00 per unit.

- For the sale of surplus power through intra-state and bilateral, the Commission considered sale rate of Rs. 3.00 and Rs. 5.50 per unit, respectively.

1.14 Transmission Losses and Charges

The Commission continued with the PGCIL losses of 3.5% for northern region and 3.0% for eastern region as considered in the MYT Order based on the low variations in the actual PGCIL losses and the MYT approved PGCIL losses for FY 2007-08. However, considering the higher DTL losses during FY 2007-08 and FY 2008-09, intra-state loss level of 1.50% was assumed as compared with the MYT approved 0.95% DTL loss level.

The PGCIL Transmission Service charge per MW as per the recent PGCIL bills was multiplied with total MW capacity allocation to BRPL, BYPL and NDPL to arrive at the inter-state transmission cost for the Discoms for FY 09-10. For intra-state Transmission, the Commission continued with its MYT Order approved intra-state transmission charges during FY 09-10.

1.15 Controllable Parameters

The Commission continued with the projections of controllable expenses like employee cost, O&M cost, return on capital employed, depreciation, etc. as projected in the MYT Order dated 23rd February, 2008 in line with the MYT Regulations. In regard to the impact of the Sixth Pay commission, the Commission held that the impact on this account was uncertain and made adhoc provisions which

shall be trued up based on the actual impact.

1.16 Demand Side Management (DSM) Measures

The Commission approved an expenditure of Rs. 15 Crore for BRPL, Rs 10 Crore for BYPL and Rs 10 Crore for NDPL over and above the approved ARR for FY 09-10 towards energy conservation and demand side management measures to be undertaken by the Discoms during FY 09-10 with each such scheme to have prior approval of the Commission.

1.17 Approved ARR for FY 2009-10

The Commission approved the FY 2009-10 ARR for BRPL, BYPL and NDPL based on the methodology specified in MYT Regulations for uncontrollable and controllable expenses.

The MYT Order approved ARR, Petitioner claimed ARR and Revised ARR is summarized below:

TABLE: 1.5
BRPL: Approved ARR for FY 09-10

(Rs. in Crore)

| Particulars | As Per MYT Order | Petitioner Submission | Revised ARR |
|--|------------------|-----------------------|-----------------|
| Cost of Power Purchase | 2,329.88 | 2,804.71 | 2,243.89 |
| Inter-State Transmission (PGCIL) charges | 88.50 | 148.30 | 157.99 |
| Intra-state Transmission (DTL) charges | 71.24 | 73.69 | 71.24 |
| SLDC fees and charges | 2.99 | - | 2.99 |
| Operation & Maintenance Costs | 338.31 | 401.66 | 338.31 |
| Impact of 6th Pay Commission | - | 46.66 | - |
| Depreciation (including AAD) | 123.85 | 123.85 | 123.85 |
| Other Expenditure | - | 16.41 | - |
| Return on Capital Employed (including additional return) | 268.41 | 268.41 | 268.41 |
| Less: Interest capitalized | 14.98 | - | 14.98 |
| Less: Non Tariff Income | 51.37 | 73.17 | 51.37 |
| Income Tax Provision | 5.00 | 5.00 | 5.00 |
| Energy Conservation | - | - | 15.00 |
| Aggregate Revenue Requirement | 3,161.84 | 3,815.52 | 3,160.34 |

TABLE: 1.6
BYPL: Approved ARR for FY 09-10

(Rs. in Crore)

| Particulars | As Per MYT Order | Petitioner Submission | Revised ARR |
|--|------------------|-----------------------|-----------------|
| Cost of Power Purchase | 1,254.40 | 1,512.98 | 1,324.68 |
| Inter-State Transmission (PGCIL) charges | 55.32 | 99.99 | 99.87 |
| Intra-state Transmission (DTL) charges | 4.53 | 58.68 | 44.53 |
| SLDC fees and charges | 1.87 | - | 1.87 |
| Operation & Maintenance Costs | 224.80 | 324.49 | 224.80 |
| Depreciation (including AAD) | 101.13 | 101.13 | 101.13 |
| Other Expenditure | - | 10.33 | - |
| Return on Capital Employed (including additional return) | 143.85 | 143.85 | 143.85 |
| Less: Interest capitalized | 10.31 | - | 10.31 |
| Less: Non Tariff Income | 46.81 | 47.01 | 46.81 |
| Income Tax Provision | 2.00 | 2.00 | 2.00 |
| Energy Conservation | - | - | 10.00 |
| Aggregate Revenue Requirement | 1,770.79 | 2,206.43 | 1,895.62 |

TABLE: 1.7
NDPL: Approved ARR for FY 09-10

(Rs. in Crore)

| Particulars | As Per MYT Order | Petitioner Submission | Revised ARR |
|--|------------------|-----------------------|-----------------|
| Cost of Power Purchase | 1,746.20 | 2,001.92 | 1,655.25 |
| Inter-State Transmission (PGCIL) charges | 59.26 | 93.49 | 106.25 |
| Intra-state Transmission (DTL) charges | 47.70 | 58.45 | 47.70 |
| SLDC fees and charges | 2.00 | - | 2.00 |
| Operation & Maintenance Costs | 256.57 | 304.67 | 256.57 |
| Depreciation (including AAD) | 115.85 | 115.85 | 115.85 |
| Return on Capital Employed (including additional return) | 236.98 | 236.98 | 236.98 |
| Less: Interest capitalized | 5.69 | 5.69 | 5.69 |
| Less: Non Tariff Income | 29.86 | 29.86 | 29.86 |
| Income Tax Provision | 15.00 | 15.00 | 15.00 |
| New Initiatives | - | 3.00 | - |
| Energy Conservation | - | - | 10.00 |
| Aggregate Revenue Requirement | 2,444.01 | 2,793.80 | 2,410.05 |

1.18 Revenue Surplus/Gap

The Commission computed the revenue for FY 2009-10 considering the revised approved sales and existing tariff levels. Considering the revenue surplus for BRPL, BYPL and NDPL after adjustment of DTL arrears, the Commission undertook rationalisation of tariff primarily for cross-subsidizing consumers with a view to moving towards cost to serve in various categories as mandated in the

National Tariff Policy.

The Commission attempted to reduce the energy charges of all Industrial consumers, Bulk Consumers like DJB, DIAL, Railways, etc. in line with the relevant Provisions of the Electricity Act - 2003, Tariff Policy and also guided by some of the Orders of the Hon'ble ATE.

The summary of net Revenue Surplus/ (Gap) for BRPL, BYPL and NDPL along with adjustment at approved tariffs is captured in the following tables:

TABLE: 1.8
BRPL: Net Revenue (Gap)/Surplus at Approved Tariffs

(Rs. in Crore)

| Particulars | FY 07-08 | FY 08-09 | FY 09-10 |
|--|-----------------|-----------------|---------------|
| Opening level of Gap | (404.47) | (575.63) | (281.31) |
| Revenue Requirement for the year | 3006.51 | 2986.85 | 3160.34 |
| Revenue at approved tariffs | 2877.56 | 3318.07 | 3670.36 |
| Surplus/ (Gap) for the year | (128.95) | 331.22 | 510.02 |
| Surplus utilised towards amortization of Gap | - | 331.22 | 281.31 |
| Closing level of (Gap)/Surplus | (533.42) | (244.41) | 228.71 |
| Carrying Cost for the year (at 9%) | (42.21) | (36.90) | (12.66) |
| DTL Claim on Provisional Basis | - | - | 47.18 |
| Net (Gap)/ Surplus | (575.63) | (281.31) | 168.88 |

TABLE: 1.9
BYPL: Net Revenue (Gap)/Surplus at Approved Tariffs

(Rs. in Crore)

| Particulars | FY 07-08 | FY 08-09 | FY 09-10 |
|--|-----------------|----------------|--------------|
| Opening level of Gap | (158.50) | (116.62) | (98.89) |
| Revenue Requirement for the year | 1371.01 | 1645.86 | 1895.62 |
| Revenue at approved tariffs | 1424.73 | 1672.87 | 2046.79 |
| Surplus/ (Gap) for the year | 53.72 | 27.01 | 151.17 |
| Surplus utilised towards amortization of Gap | - | 27.01 | 98.89 |
| Closing level of (Gap)/Surplus | (104.78) | (89.61) | 52.28 |
| Carrying Cost for the year (at 9%) | (11.85) | (9.28) | (4.45) |
| DTL Claim on Provisional Basis | - | - | 28.31 |
| Net (Gap)/ Surplus | (116.62) | (98.89) | 19.52 |

TABLE: 1.10
NDPL: Net Revenue (Gap)/Surplus at
Approved Tariffs

(Rs. in Crore)

| Particulars | FY 07-08 | FY 08-09 | FY 09-10 |
|--|-----------------|-----------------|--------------|
| Opening level of Gap | (138.94) | (343.43) | (157.27) |
| Revenue Requirement for the year | 2353.79 | 2254.05 | 2410.05 |
| Revenue at approved tariffs | 2170.07 | 2461.77 | 2651.81 |
| Surplus/ (Gap) for the year | (183.72) | 207.72 | 241.75 |
| Surplus utilised towards amortization of Gap | | 207.72 | 157.27 |
| Closing level of (Gap)/Surplus | (322.66) | (135.71) | 84.48 |
| Carrying Cost for the year (at 9%) | (20.77) | (21.56) | (7.08) |
| DTL Claim on Provisional Basis | | | 30.67 |
| Net (Gap)/ Surplus | (343.43) | (157.27) | 46.74 |

1.19 Directives

1.19.1 Demand Side Management(DSM)

The Commission directed the Discoms to make DSM an integral part of their day to day operations and to undertake planning, designing and implementation of appropriate DSM programmes on sustained basis. The Commission further directed the Petitioner to submit various schemes of their energy conservation program for approval of the Commission.

1.19.2 Metering

The Commission directed the Discoms to strictly follow the procedure for burnt meters etc. in accordance with the relevant provisions of Delhi Electricity Supply Code and Electricity Act 2003.

The Commission directed the Discoms to comply with the Order dated 4th August, 2008 regarding supply of electricity through correct meters and completion of installation in a time bound manner. Such a report needed to be submitted to the Commission within three months from the date of Order.

The Commission directed the Discoms to abide by the Supply Code Regulations in respect of the metering for railways category and shift the meters to railway's premises.

1.19.3 Street Lights

The Commission directed the Discoms to rectify the faulty street lights without delay and ensure that in future there would be no wastage of energy on account of faulty street lights.

The Commission directed the Discoms to meter all the street lights 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.

1.19.4 Regulatory Accounts

The Commission directed the Discoms to maintain Regulatory Accounts separately and submit the Regulatory Accounts maintained by them to the Commission for scrutiny every year along with the filing of petition.

1.19.5 Cash Payment of Electricity Bills for Blind Consumers

The Commission directed the Discoms to accept cash payment of electricity bills from blind consumers from FY 09-10.

1.19.6 Billing

The Commission directed the Discoms 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.

1.19.7 Payment through Cheque

The Commission directed the Discoms to resort to cash payment only if the cheque bounces for three consecutive occasions in which case the consumers would have to pay the bills through Cash for the next two years.

1.19.8 Power Purchase Cost

The Commission directed 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.

1.19.9 Metering of JJ Clusters

The Commission directed the Discoms to install meters in JJ clusters and bill them as per the applicable tariff for domestic category slabs in accordance with the Tariff Policy which stipulates 100% metering of the energy sales.

1.19.10 Renovation / Construction of DISCOM's Premises

The Commission directed the Discoms 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.

1.19.11 Uninterrupted Power Supply

The Commission directed the Discoms to provide advance intimation to consumers through RWAs, news items or any other means regarding any power cuts.

1.19.12 Directive regarding separation of Corporate Offices and Employees common to BRPL and BYPL

The Commission, in its ARR Order dated 28th May, 2009, observed that there were separate CEOs for BRPL and BYPL till last year. However, after the CEO, BRPL resigned from the post, the CEO BYPL had taken over the additional charge of the CEO, BRPL as an interim arrangement. The Commission further observed that since the two companies are separate entities, there should be separate CEO for the BRPL and BYPL and that this should be done urgently.

The Commission, further observed that the Directives on separation of corporate offices and employees common to BRPL and BYPL issued in Tariff Order of FY 2005-06 were subsequently, reiterated in Tariff Order of FY 2006-07, whereas, the same have still not been fully complied with.

1.19.13 Special Drive to Educate Consumers on Functioning of New Electronic Meters

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

1.19.14 Submission of Category-wise/ Slab-wise Energy Sales

The Commission directed the Discoms 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.

The Commission also directed the Discoms to create a separate schedule of category wise revenue realized from sale of energy in the Audited Accounts from FY 08-09 onwards.

1.19.15 Distribution Loss

On being observed that BRPL has not been able to achieve the distribution loss reduction target for FY 07-08, the Commission directed the Discom to bring the distribution loss level to the approved levels in future years of the MYT Control Period as the collection efficiency will not remain at the levels achieved by BRPL for FY 07-08 and the DISCOM may have to suffer a big loss if the target is not achieved.

1.19.16 Gross Fixed Assets(GFA) at different Voltages

The Commission directed BRPL and BYPL to submit GFA at different voltage level by June 30, 2009.

1.20 Distribution Utility- New Delhi Municipal Corporation (NDMC)

1.20.1 Tariff Filing

NDMC filed its petition on 2nd January, 2009. On preliminary scrutiny of the Petition, various

deficiencies were observed and NDMC was advised to respond to the deficiency memorandum. The response of NDMC was examined and it was observed that many of the deficiencies had not been responded to. Another opportunity was given to NDMC to make correct submissions. The petition of NDMC was admitted on 19th February, 2009. After admission of the NDMC petition, comments were sought from Public on various tariff related issues for which a Public Notice was issued in some the leading English and vernacular newspapers. Only DMRC submitted its written comments in response to the petition.

The Commission conducted the public hearing on 22nd April, 2009 and 4th May, 2009 with a follow up hearing on 8th May, 2009.

1.20.2 Approach of the Order

Under the MYT Framework, the Commission projected the ARR for NDMC for each year of the Control Period i.e. FY 08 to FY 11 in the MYT Order issued on 7th March, 2008. The MYT Regulations provide that actual expenses incurred by the Petitioner in respect of the uncontrollable parameters shall be trued up at the end of the respective financial year based on the actual/audited information. Therefore, the Commission considered the true-up of the uncontrollable parameters for FY 07-08, revised the uncontrollable parameters like Sales, Purchase of Power for FY 2009-10 and made consequential adjustments in the ARR/Tariff for FY 09-10.

1.20.3 Approach for True up for FY 07-08

The true-up for FY 07-08 was carried out as per the provisions of the MYT Regulations. Under the MYT

Regulations, the components of expenses have been segregated into Controllable and Uncontrollable Parameters.

The MYT Regulations provide that the Uncontrollable Parameters shall be trued up based on the audited financial statements and the Controllable Parameters shall not be trued up. In light of the same, the Commission trued up the uncontrollable parameters viz. power purchase cost, energy sales and revenue based on the audited financial statements for FY 07-08.

1.20.4 Approach for FY 08-09

NDMC in its petition had not requested for revision of the ARR for FY 08-09. The Commission was of the opinion that in accordance with the MYT Regulations, the true-up for FY 08-09 will be considered when NDMC would make a regular tariff petition for true up FY 08-09 along with audited financial statement.

1.20.5 Approach for FY 09-10

The Petitioner has not submitted a revised ARR for the FY 09-10 along with the true up Petition for FY 07-08. However, the Commission was of the view that the projections for uncontrollable parameters would be required to be revisited in line with the MYT Regulations.

The Commission considered the submissions of the Petitioner at the time of issue of MYT Order for the Control Period and after prudence check, analysis and application of MYT Regulations approved the targets for controllable parameters as well as forecasts for the uncontrollable parameters for each year of the control period. The MYT Regulations do not allow the controllable parameters to be revisited

even if the controllable targets are fixed on the basis of un-audited accounts. Therefore, the Commission did not revise the controllable parameters and continued with the MYT Order projections for controllable parameters for FY 09-10.

However, Clause 5.28 of MYT Regulation provides specifically for correction of uncontrollable factors for each year of the Control Period to be included in the ARR of the retail supply business. Since the uncontrollable parameters i.e. power purchase quantum/cost and sales are not under the control of the distribution utilities, the Commission, in the Order, considered the revision of ARR of NDMC for FY 09-10 on account of the changes in uncontrollable parameters.

1.20.6 Tariff Design

The Commission believes that in an ideal case electricity tariff for all categories of consumers should be fixed on cost to serve basis. Therefore, in accordance with the Act and the policies prescribed from time to time, the Commission made an attempt in NDMC Tariff Order for FY 09-10 to reduce the prevailing cross-subsidy. Also, the Commission thinks that it would not be possible to increase the tariff of the subsidized categories to the level of cost to serve over night.

As a step towards tariff rationalization, the Commission reduced the energy charges of all Industrial consumers, Bulk Consumers like Railways, etc. in keeping with the Provisions of the EA, 2003, Tariff Policy etc. and also guided by some of the Orders of the Hon'ble ATE.

For the remaining categories of consumers including domestic consumers, the Commission continued with the fixed and energy charges in the Tariff Order

for FY 09-10 similar to the fixed and energy charges specified in the MYT Order.

1.20.7 Stakeholders' Comments

1.20.7.1 Delhi Metro Rail Corporation (DMRC)

Views of the Stakeholders

DMRC submitted that NDMC should propose the tariff for DMRC as a separate category of consumer based on actual cost for availing around 8 MVA of power supply at 66 kV (from Park Street grid sub-station of NDMC) excluding both the subsidy and cross subsidy elements as was discussed in a meeting in November 2000 wherein Principal Secretary (Power), GoNCTD with Delhi Transco, Discoms and DMRC were present. The Hon'ble Commission also treated DMRC as a separate consumer category for all the Discoms.

DMRC further submitted that it is not requesting for any subsidy but for continuation of the adoption of similar principle so that DMRC does not cross subsidise other consumers. Any deviation from the above mentioned principle would increase the cross subsidisation as well as losses of DMRC.

Petitioner's Response

The representation of DMRC under consideration did not indicate any prayer for treatment of DMRC as a separate category or for charging tariff based on actual cost.

DMRC did not provide any reason / justification for treatment of DMRC as a special category and whether it is being treated as a special category by the other Discoms in Delhi. Since such benefit is not extended by the other Discoms, the same cannot be claimed by DMRC from the NDMC.

Further, extending benefit of special category consumer to DMRC would attract other institutions in the NDMC distribution area to claim for a similar treatment as DMRC leading to serious financial crisis. While referring to the Electricity Act, 2003 and the Delhi Metro Rail Corporation Act, the NDMC submitted that no such provision exists that entitles DMRC to special treatment. More so, in order to maintain parity, NDMC has proposed that it shall charge DMRC a similar tariff as charged by other Discoms.

Commission's View

The Commission, while acknowledging DMRC to be an essential service being serviced by different distribution licensees in the NCT of Delhi, created a separate consumer category and fixed the tariff of DMRC based on cost to serve.

1.20.8 Truing up for FY 2007-08

The Commission trued up the ARR of NDMC for the first year i.e. FY 2007-08 of the MYT Control Period 2008-11. In the Order, the Commission trued-up the uncontrollable expenses i.e. Power purchase cost, Sales and Revenue for FY 2007-08 and maintained the controllable expenses at the same level as approved in the MYT Order in line with the MYT Regulations.

Due to under-achievement of AT&C loss reduction at 14.79%, as against the minimum AT&C loss level of 11.20%, as approved in the MYT Order, NDMC suffered a loss of Rs.20.38 Crore.

The Commission after prudence check approved the revenue surplus of Rs. 183.93 Crore for FY 2007-08. The Commission directed NDMC to transfer the surplus amount into contingency reserve as

specified in MYT Regulations.

1.20.9 Aggregate Revenue Requirement for FY 09-10

NDMC did not submit any projection of ARR and revenue gap/surplus for FY 2009-10 along with its petition for true-up of FY 2007-08 and prayed to consider the ARR as approved in the MYT Order for the FY 09-10.

Sales

The Commission observed that there were minor variations in the actual category-wise sales during FY 07-08 as against the approved sales in the MYT Order. Further, the provisional sales data for FY 2008-09 was also similar to the sales approved in the MYT Order for FY 2008-09. The Commission computed the revised sales for FY 09-10 based on the actual sales for FY 07-08 and provisional sales for FY 08-09 submitted by the Petitioner. Since the revised projection of sales was similar to the projections made in the MYT Order, the Commission did not alter NDMC's sales projection made in the MYT Order for FY 2009-10.

1.20.10 Aggregate Technical & Commercial (AT&C) Losses

As per Commission's analysis, NDMC achieved an AT&C Loss level of 14.79% compared to the targeted minimum AT&C loss level of 11.20% prescribed in the MYT Order for FY 07-08. Since AT&C loss level is a controllable parameter as per the MYT Regulations, the Commission considered the AT&C and T&D loss targets as specified in the MYT Order for the purpose of projection of power purchase requirement and cost for FY 2009-10.

1.20.11 Power Purchase Quantum

The Commission considered allocation of firm power from the Generating Stations in Delhi System as per the Commission's Order dated 7th March, 2008. In this reallocation, NDMC has been allocated power from three plants namely, BTPS (125 MW), Dadri TPS (125 MW) and Pragati Power Plant (100 MW) compared with the earlier allocation of 350 MW from BTPS Plant only. Further, unallocated power from the NDMC share in these Plants (52.5 MW) was assigned to BRPL.

The Commission considered the distribution of unallocated power from the Generating Stations in Delhi System for the first quarter of FY 09-10 as per the existing GoNCTD Order. For the remaining FY 09-10, the Commission assumed that the allocation of unallocated power from Dadri, Pragati and BTPS would be at the disposal of the GoNCTD and may be allotted by the Government to the needy DISCOM.

The Commission did not consider any power purchase from bilateral or intra-state for FY 2009-10, as the allocation of power to NDMC is adequate.

1.20.12 Power Purchase Cost

The Commission projected the power purchase cost for FY 09-10 for NDMC based on the following methodology:

- For purchase of power from Central Sector Generating Stations, the Commission provided 7% increase in fixed cost over and above the fixed cost approved for FY 09-10 in MYT Order in view of the CERC Regulations, 2009.
- The fixed cost for State generating stations

was considered based on the respective MYT Order of the Generation Company for the Control Period FY08 to FY11.

- The variable cost was computed based on the variable charges for FY 07-08 and FY 08-09. An escalation of 4% was applied for coal based stations on the average variable cost computed by the Commission to account for the increase in fuel cost.
- Other charges were increased by 2% on the average other charges for FY 07-08 and provisional other charges for FY08-09.
- Total power purchase cost was computed considering fixed cost, variable cost (including FPA) and other charges for each plant.
- For the sale of surplus power through intra-state and bilateral, the Commission considered sale rate of Rs. 3.00 and Rs. 5.50 per unit, respectively in line with the average rate of power sold for Delhi as a whole for 2007-08 and 2008-09.

1.20.13 Controllable Parameters

The Commission continued with the projections of controllable expenses like employee cost, O&M cost, return on capital employed, depreciation, etc. as projected in the MYT Order dated 7th March, 2008 in line with the MYT Regulations. In regard to the impact of the Sixth Pay commission, the Commission held that the impact on this account was uncertain and shall be trued up based on the actual impact.

The Commission approved an expenditure of Rs. 2 Crore over and above the approved ARR for FY 09-10 towards energy conservation and demand side

management measures to be undertaken by the NDMC during FY 09-10 with the prior approval of the Commission.

1.20.14 Approved ARR for FY 2009-10

The Commission approved the FY 2009-10 ARR for NDMC based on the methodology specified in MYT Regulations for uncontrollable and controllable expenses. The MYT Order approved ARR and Revised ARR is summarized below:

TABLE: 1.11
NDMC: Approved ARR for FY 09-10

(Rs. in Crore)

| Particulars | As Per MYT Order | Revised ARR |
|--|------------------|-------------|
| Cost of Power Purchase | 252.60 | 204.40 |
| Inter-State Transmission (PGCIL) charges | 7.85 | 13.80 |
| Intra-state Transmission (DTL) charges | 14.36 | 14.36 |
| SLDC fees and charges | 0.60 | 0.60 |
| Operation & Maintenance Costs | 97.85 | 97.85 |
| Depreciation | 23.85 | 23.85 |
| Admin & Civil Engg. Dept Expenses | 45.37 | 45.37 |
| Return on Capital Employed | 48.42 | 48.42 |
| Less: Non Tariff Income | 3.35 | 3.35 |
| Energy Conservation | 0.00 | 2.00 |
| Aggregate Revenue Requirement | 487.55 | 447.29 |

1.20.15 Revenue Surplus/Gap for NDMC

The Commission computed the revenue for FY 2009-10 considering the revised approved sales and existing tariff levels. Considering the revenue surplus for NDMC after adjustment of DTL arrears, the Commission undertook rationalisation of tariff primarily for cross-subsidizing consumers with a view to moving towards cost to serve in various categories.

The Commission attempted to reduce the energy charges of all Industrial consumers in line with the

concerned Provisions of the Electricity Act - 2003, Tariff Policy and also guided by some of the Orders of the Hon'ble ATE.

The summary of net Revenue Surplus/ (Gap) for NDMC along with adjustment at approved tariffs is summarized in the table below:

TABLE: 1.12
NDMC: Net Revenue (Gap)/Surplus at
Approved Tariffs

(Rs. in Crore)

| Particulars | FY 07-08 | FY 08-09 | FY 09-10 |
|------------------------------------|----------|----------|----------|
| Opening level of Surplus | 0.00 | 192.21 | 286.04 |
| Revenue Requirement for the year | 299.52 | 443.04 | 447.29 |
| Revenue at Approved tariffs | 483.46 | 516.28 | 533.62 |
| Surplus/ (Gap) for the year | 183.93 | 73.24 | 86.33 |
| Closing level of (Gap)/Surplus | 183.93 | 265.45 | 372.37 |
| Carrying Cost for the year (at 9%) | 8.28 | 20.59 | 29.63 |
| DTL Claim on Provisional Basis | | | 11.80 |
| Net (Gap)/ Surplus | 192.21 | 286.04 | 390.20 |

1.20.16 Directives

1.20.16.1 Submission of Category-wise/Slab-wise Energy Sales

The Commission directed the NDMC to maintain information regarding category-wise/slab-wise energy sales on a monthly basis in future and the monthly information be submitted to the Commission within three weeks of the succeeding month.

1.20.16.2 Submission of Capital Expenditure Plan

NDMC was directed to file the detailed proposal for various capital expenditure schemes implemented/ to be implemented during the Control Period. The Annual investment plan be submitted prior to commencement of the respective financial year. NDMC was advised to submit the quarterly progress

report of actual capital investment in the format prescribed by the Commission within one month of the closure of respective quarter. However, the Commission observed that capital investment schemes were not submitted by the Petitioner for approval to the Commission.

NDMC was once again directed to comply with directions stipulated in the MYT Order dated 7th March, 2008 so that the capital investments could be carried out in a coordinated manner.

1.20.16.3 Energy Conservation and Demand Side Management

The NDMC was directed to submit various schemes of energy conservation program for approval of the Commission for which the Commission has approved an amount of Rs. 2 crore to be trued-up at the end of FY 09-10.

1.20.16.4 Transfer of Revenue Surplus approved in FY 09-10

The Commission directed NDMC to transfer the entire revenue surplus realised in FY 09-10 at approved tariffs to MYT Contingency Reserve, which would be used in accordance with the directions of the Commission from time to time.

1.20.16.5 Cash Payment of Bills for Blind consumers

The Commission directed the NDMC to accept the cash payment of electricity bills from blind consumers from FY 09-10.

1.20.17 Cost of Service

The Commission continued with the study for calculating the Voltage-wise cost of supply for the FY 2009-10. The approved ARR for the Wheeling

and Retail supply business (excluding supply margin) was allocated to different Voltage levels and was considered vis-à-vis the Voltage-wise

respective sales to arrive at a paisa per unit Wheeling charge and Retail supply charge for that Voltage level.

TABLE: 1.13
Power Purchase for FY 2008-09 (As per Discoms' Submission)

| Particulars | BRPL | | | BYPL | | | NDPL | | |
|---------------------------------------|----------------|---------------------------|--------------------------|----------------|---------------------------|--------------------------|----------------|---------------------------|--------------------------|
| | Quantum in MUs | Total Cost (Rs. in Crore) | Average Cost (Paise/kWh) | Quantum in MUs | Total Cost (Rs. in Crore) | Average Cost (Paise/kWh) | Quantum in MUs | Total Cost (Rs. in Crore) | Average Cost (Paise/kWh) |
| Target including transmission charges | 8848.59 | 2387.24 | 2.70 | 5022.26 | 1265.83 | 2.52 | 6378.51 | 1706.36 | 2.68 |
| Achievement by Discoms (provisional) | 8985.00 | 2588.69 | 2.88 | 5284.00 | 1316.84 | 2.49 | 6311.30 | 1771.67 | 2.81 |

TABLE: 1.14
Details of Power Purchase at Discom Periphery
(As per Discoms' submission)

| Discom | | Quantum (in MUs) | Total Cost (Rs. in Crore) | Per Unit Cost (including transmission charges) (Paise/kWh) |
|--------|----------------------|------------------|---------------------------|--|
| BRPL | Achievement for FY09 | 8985.00 | 2588.69 | 288.11 |
| BYPL | Achievement for FY09 | 5284.00 | 1316.84 | 249.21 |
| NDPL | Achievement for FY09 | 6311.30 | 1771.67 | 280.71 |

2. DELHI POWER SECTOR: DEVELOPMENT OF POWER SECTOR, SERVICES AND SOME ASSOCIATED ISSUES

2.1 Delhi Electricity Grid Code 2008

DERC, in exercise of powers conferred by Section 50 read with Sections 57, 68 and 81, notified the Delhi Electricity Grid Code, 2008. As per the provisions of Delhi Electricity Grid Code 2008 and for Co-ordination on grid related aspects among Discoms, DTL and SLDC and to resolve the issues related to operational problems of grid in Delhi, a Grid Co-ordination Committee has been formed. The Committee has taken up Draft Scheduling and Operating Procedure under Intra-state ABT regime for finalization.

2.2 DTL have also prepared a Transmission system plan for the Control Period (2008-11) and the same has been covered in DTL Business Plan for the Control Period.

2.3 SLDC has estimated a combined load forecast and arrangement of Bulk Power by DTL (upto 31.7.2007 and thereafter by Discoms) for Delhi under the provisions of Delhi Grid Code in line with the projections estimated by Central Electricity Authority (CEA) and Northern Regional Power Committee (NRPC). Accordingly, Discoms are aware about procurement of their power requirement on yearly basis. Distribution Licensees have also prepared their load forecast and arrangement of power on day ahead, peak hour, monthly, as well as annual basis to provide continuous and reliable supply in their respective distribution area. Discoms are procuring power for supply

and stability of the grid.

2.4 SLDC and Discoms are adhering to the provisions of Delhi Electricity Grid Code for Intra-state ABT in NCT of Delhi. Delhi is the first State to implement Intra-State ABT w.e.f. 1st April, 2007 and the Delhi Grid System is functioning efficiently.

2.5 As per provisions of the Grid Code, a protection committee has been formed to monitor and resolve issues among all power utilities and for smooth operation of protection system in the Discoms and DTL grids.

2.6 Modification of Un-scheduled Interchange (UI) charges: DERC has issued modification of UI charges consequent upon CERC notification, to align the intra-state ABT in Delhi with CERC Regulations.

2.7 Co-ordination Forum

Meetings of Co-ordination Forum constituted by GNCTD under Section 166(4) of the Electricity Act, 2003 are convened by the Commission for better co-ordination among various power utilities in the State of Delhi. In such meetings issues relating to procurement of power on Long term and Medium term basis and bottlenecks in execution of projects due to coordination problems of various utilities in Delhi are discussed and resolved.

2.8 Technological up-gradation of DTL Grid Sub-station:

The Commission has approved the Capital Expenditure schemes of DTL. DTL has moved forward by installing Gas Insulated Switchgear in new Grid Sub-stations in place of conventional Switch yard. The works at 400kV Maharani Bagh Grid Sub-station, 220kV Ridge Valley Grid Sub-station, 220kV DIAL Sub-station etc. have been taken up. 220kV cases are being used instead of 220 kV obverted lines due to difficulty in obtaining right of way. The facilities are essential, in view of scarcity of land available to power utilities in Delhi and further, to improve reliability of power supply system. All approvals have been conveyed by the Commission and no such scheme is pending with the Commission for 'In Principle' approval.

2.9 Automatic Meter Reading (AMR):

NDPL has covered 11kW and above commercial and industrial connections and 16kW and above domestic connections under AMR. It facilitates close monitoring of electricity meters prevention of power theft and tampering of meters, thereby enhancing transparency between licensee and consumers.

2.10 Schemes of Capital Works for Common Wealth Games:

The schemes related to Common Wealth Games (CWG) submitted by Discoms and

DTL have been approved on priority by the Commission and no such scheme is pending with the Commission for 'In Principle' approval. The utility-wise detail of such schemes approved by the Commission is as follows:

2.2.1 DTL

DTL Capital works of 220 kV Grid Sub-station related to Common Wealth Games

- i. Ridge Valley Grid
- ii. Masjid Moth
- iii. Electric Lane
- iv. Trauma Centre (AIIMS)
- v. DIAL

2.10.2 NDPL

Establishment of 33/11 kV Grid Sub-station at Delhi University

2.10.3 BRPL

- i. Jawaharlal Nehru Stadium
- ii. Saket Sports Complex
- iii. Dr. Karni Singh Shooting Range
- iv. Thyagraj Sports Complex
- v. Siri Fort Sports Complex
- vi. New Siri Fort Sports Complex

2.10.4 BYPL

i. Commonwealth Games Village:

- Establishment of 66 kV Commonwealth Grid
- MLHT connection of 3 MVA for Dining Hall of CWG Village
- MLHT connection of 3.3 MVA for Training Hall

of CWG Village

- Electrification of CWG Village

ii. Yamuna Sports Complex:

- Additional load of 1 MVA for Training venue at Yamuna Sports Complex
- New connection of 2.7 MVA for Yamuna Sports Complex

2.11 Capital Expenditure (CAPEX)

The consolidated CAPEX approvals given by the Commission, during FY2008-09, Discom-wise are as follows:

TABLE: 2.1

| DISCOM | Rupees in Crore |
|--------|-----------------|
| BRPL | 562.14 |
| BYPL | 358.86 |
| NDPL | 283.52 |

2.12 Aggregate Technical & Commercial (AT&C) loss reduction on year to year basis, giving AT&C loss reduction targets and actual achievement over the years after privatization of power distribution, is shown in the following Table:

TABLE: 2.2

(All figures are in %)

| Opening loss levels | | | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 |
|---------------------|------|-------------|---------|---------|---------|---------|---------|---------|---------|
| BYPL | 57.2 | Target | 56.45 | 54.70 | 50.70 | 45.05 | 39.95 | 34.77 | 30.52 |
| | | Achievement | 61.89 | 54.29 | 50.12 | 43.89 | 39.03 | 29.80 | 24.02 |
| BRPL | 48.1 | Target | 47.55 | 46.00 | 42.70 | 36.70 | 31.10 | 26.69 | 23.46 |
| | | Achievement | 47.40 | 45.06 | 40.64 | 35.53 | 29.92 | 27.17 | 20.59 |
| NDPL | 48.1 | Target | 47.60 | 45.35 | 40.85 | 35.35 | 31.10 | 22.03 | 20.35 |
| | | Achievement | 47.79 | 44.86 | 33.79 | 26.52 | 23.73 | 18.44 | 14.82 |

2.13 Efficiency improvement

The Discom-wise Distribution Transformer (DT) failure rate during 2008-09 and the previous year was as follows:-

TABLE: 2.3

| DISCOM | 2007-08 | 2008-09 |
|--------|---------|---------|
| BRPL | 0.45% | 0.2% |
| BYPL | 1.38% | 1.13% |
| NDPL | 1.65% | 1.29% |

2.2 Load Shedding

The load shedding in Delhi during FY 2008-09 was 128 MUs against 558 MUs during 2001-02. It is notable that during 2008-09 the energy supplied was 21958 MUs whereas during 2001-02 it was 18445 MUs. Thus, as a percentage of the energy supplied, the load shedding has reduced from 3% in 2001-02 to 0.58% in 2008-09.

3. LAW DIVISION

3.1 Important Regulations/Orders of the Commission

3.1.1 *During the year the Commission notified the Delhi Electricity Regulatory Commission (State Grid Code) Regulations, 2008.*

In exercise of its powers under section 50 read with sections 57, 68 and 181 of the Electricity Act, 2003, the Commission framed these Regulations which were notified on 22.04.2008. The Regulations are an important mile stone in the electricity sector of Delhi and lay down the guidelines and standards to be followed by various agencies and participants in the State Transmission System (STS), to plan, develop, maintain and operate the STS, a part of Northern Regional Grid System in the most efficient, reliable and secure manner, while facilitating a healthy competition in the generation and supply of electricity.

3.1.2 *Discoms proposal on Amnesty Scheme- Order dated 2.5.2008.*

The Discoms filed a common proposal on Amnesty Scheme on 30.4.2008. The main features of the Scheme were as follows:

Voluntary Disclosure Scheme for Domestic/Non Domestic category for those consumers who suspect that the consumption of electricity to their premises is being recorded through a meter which is tampered with/without their knowledge.

JJ Cluster consumers (with existing un-metered connection) opting for metered connections.

Scheme for settlement of booked but not settled DT/DAE/Court cases for all categories of consumers.

The scheme was to be operational for a period of one month, starting from 5.5.2008. The scheme was approved by the Commission vide its Order dated 2.5.2008 on the condition that extensive publicity be given to the Scheme at least a week in advance. The cases relating to DT/DAE/court cases were kept out of the purview of the Scheme.

3.1.3 *Determination of Tariff for sale of power generated by the Integrated Waste Management Complex Plant proposed to be constructed and operated by East Delhi Waste Processing Company Private Limited (EDWPCL) at Ghazipur, Delhi, utilizing the Municipal Solid Waste generated in the city of Delhi as basic input and to be supplied by Municipal Corporation of Delhi (MCD)(Petition No. 26/2008).*

The Commission vide its Order dated 11.7.2008 approved the deviations in bid documents in respect of integrated waste management complex plant proposed to be constructed and operated by East Delhi Waste Processing Co. Pvt. Ltd. (EDWPCL) at Ghazipur utilising 1300 Tonnes per day of Municipal Solid Waste generated in the city of Delhi as basic input and to be supplied by the Municipal Corporation of Delhi (MCD).

The Commission observed that the project was environment friendly and its implementation would help in reducing pollution, minimize the landfill and

develop green electricity in the City of Delhi. The project comprises of a Power plant of 10 MW capacities at Ghazipur which will use the Refuse Derived Fuel (RDF) for producing steam in the boiler. The Municipal Solid Waste (MSW) processing plant based on the technology of Department of Science & Technology – for RDF preparation at Ghazipur shall be capable of processing 1300 Tonnes Per Day (TPD) of MSW. Keeping in view the utility of plant, the Commission approved the deviation in bid documents while observing that the Standard Bid Documents issued by the Ministry of Power, Govt. of India for large thermal and Hydro Power Plants and for supply of firm power are kept in mind. However, the present project is for a small size power plant based on Municipal Solid Waste as renewable source of energy, therefore, the deviations from the Standard Bid Documents were inevitable.

In respect of this plant 49% of total energy available (ex bus) would be sold to the procurer and remaining 51% would be available to seller for captive consumption or for sale to third parties. The Commission allowed single part energy tariff for this project and declared it as “must run” power station. It was also directed by the Commission that the entire CDM benefits be made available to the EDWPCL. The Commission approved the deviations subject to the execution of land lease agreement between DPCL and EDWPCL before completion of bidding process/award to successful bidder. The Commission felt that the execution of this project will certainly help in making Delhi clean which is the best interest of citizens of Delhi.

The Commission vide its Order dated 10th June, 2009 approved the bidding process adopted by the

EDWPCL/NDWPCL from the initial stage till the evaluation of financial bid by the Evaluation Committee. Issuance of Letter of Intent was in accordance with the guidelines issued by the Central Government and the deviations in the bid documents approved by the Commission. The bid of M/s. Delhi International Airport Limited in consortium with M/s. Selco International Limited at levellised tariff of Rs. 3.668 per kWh with grants and Rs. 3.860 per kWh without grant appeared to be reasonable. The Commission accorded its consent to the bidding process adopted by EDWPCL/NDWPCL.

The Commission further directed M/s. EDWPCL/NDWPCL to provide certificate of conformity of the bidding process according to Clause 6.2 of the guidelines issued by the Central Government. Further, the procurer had to make public bid documents indicating all the components of the tariff quoted by all the bidders after signing of the PPA or PPA becoming effective whichever is later. The Commission will adopt the tariff in terms of Section 63 of the Act after receiving the signed PPA alongwith the certificate by the Evaluation Committee.

The Commission had also cleared in the year 2007-08, a similar project to use 2200 TPD MSW Plant to generate 16 MW of Power following a Competitive Bidding Process.

3.1.4 Inclusion of Wattage loss in ballast for computing the energy consumed in public lighting system. Petition No. 08/2008 and 09/2008 filed by BSES Rajdhani Power Ltd. and BSES Yamuna Power Ltd.

The Commission vide its Order dated 4.8.2008 dismissed the two petitions with a common Order,

wherein the Petitioner raised the following issues:

- a) Road owning agencies are not paying for the units consumed and billed against Ballast.
- b) The exclusion of units consumed by the Ballast in the public lighting system results in reduction of payment of bill, which affects the ARR of the Licensees and indirectly devolves on other paying consumers through the tariff setting mechanism.
- c) The dispute with regard to the money owed by the MCD and the other road owning Agencies to petitioners also arises from the consumption of energy by the streetlight ballasts, in respect of charges claimed by petitioners for the same.

The Commission directed both the Petitioners to supply electricity through correct meters and complete the installation of the above meters in a time bound manner and submit a report of compliance to the Commission within three months from the date of the Order. It was also observed by the Commission that the Petitioners i.e. BRPL and BYPL have been violating the provisions of Section 55 of the Electricity Act, 2003. Therefore, they are liable to action under Section 142 of the Electricity Act, 2003.

3.1.5 The Commission disposed of the Seventeen Petitions filed by various Single Point Delivery (SPD) Contractors, under a common Order.

The Commission vide its Common Order dated 14.8.2008 dismissed seventeen Petitions filed by various SPD contractors, who had sought the appointment of Sole Arbitrators in terms of Section 158 of the Electricity Act, 2003, for adjudication of

the disputes between the petitioners and the Discoms. The gist of the petitions was that the petitioners had executed separate agreements with the DVB for distribution of Electricity in unelectrified areas/unauthorised colonies through a single point delivery connection. These agreements were bipartite agreement. The SPD contractors by virtue of the Agreement operated as an agent of DVB for the purpose of distribution of electricity in unelectrified areas as well as unauthorised colonies. Subsequent to unbundling of DVB in the year 2002, its successors i.e. the present Discoms, continued with the same system but now the Discoms have served notices upon the contractors for termination of the agreement. The SPD Contractors filed these petitions in terms of Clause 11 of the bipartite agreement executed between the parties, wherein there is a provision for the appointment of an Arbitrator. The Commission vide its order dated 14.08.2008 held that under Section 158 of the Electricity Act, 2003, it is only the Licensee/ Generating Companies who can approach this Commission for the appointment of the arbitrator and none else. Section 86(1) (f) of the above Act further clarifies that only the disputes between the Licensees and the generating companies can be referred for arbitration. The Petitioners in the instant case are neither Licensees nor generating companies and neither the dispute is between Licensees nor between a generating company and a Licensee.

3.1.6 Non-payment of Unscheduled Interchange (UI) charges by BSES Rajdhani Power Ltd. to State Load Despatch Centre (SLDC), petition No. 49/2007 filed by SLDC.

The Commission vide its order dated 22nd August, 2008 directed the BRPL to make regular payments of current UI charges and liquidate all the outstanding dues towards UI charges within 03 months from the date of the order.

The BRPL was also directed to pay interest on delayed payment as per the prevalent norms. The Commission observed that timely payment of UI charges is essential to keep the entire UI mechanism intact and operational. The Discoms were cautioned that in future due care must be taken to avoid accumulation of dues towards UI charges.

3.1.7 Determination of transmission and wheeling charges, cross subsidy surcharge, additional surcharge and other applicable charges under Open Access.

On 29.08.2008, the Commission passed an order in terms of DERC (Terms and Conditions for Open Access) Regulations, 2005 and allowed Open Access to the Intra State Transmission System in the State immediately, subject to the satisfaction of the conditions contained in the Act and in the Regulations. The Open Access in the distribution system was also allowed subject to the absence of operational constraints in following phases.

TABLE: 3.1

| Sl.No. | Particulars | Date of Introduction |
|--------|--|----------------------------|
| a. | Delivery of electricity for use by the Consumers with the connected load of five MW and above | 1 st July, 2007 |
| b. | Delivery of electricity for use by the Consumers with the connected load of three MW and above | 1 st Jan., 2008 |
| c. | Delivery of electricity for use by the Consumers with the connected load of one MW and above | 1 st July, 2008 |

The Commission observed that to make Open Access (OA) provisions operational in the State, it is essential to specify the following charges to be paid by the OA customers:

- Transmission and Wheeling charges
- Cross Subsidy surcharge
- Additional surcharge
- Other applicable charges.

The Commission before determining the Open Access charges floated a staff paper and posted it on the Commission's website. A Public Notice was also published in various newspapers requesting the stakeholders to forward their comments/suggestions by 17th June, 2008. The comments were also received from all the Discoms, TNERC, MPERC, Ministry of New & Renewable Energy, CUTS (Jaipur), DMRC, Govt. of NCT of Delhi and other consumers. The GNCTD suggested the followings:

- Provide incentives for bulk consumers to utilise the Open Access facility;
- Encourage bulk consumers to have choice regarding power supply;
- Additional surcharge should not become prohibitive so as to prevent open access; and
- Cross Subsidy charge and additional surcharge be kept at the minimum level so as to facilitate the decision making of the bulk consumers.

The Ministry of New & Renewable Energy suggested that in case of renewable source of energy, no cross subsidy surcharge be levied for either captive use or sale to grid keeping in view the fact that there is need to promote renewable energy. The Discoms in their suggestions emphasised on the principle of 'Revenue neutrality'. They further suggested that in the calculation of cost of supply, average cost be used rather than marginal cost of power. Emphasis was laid on charging the open access customers on the basis of UI charges. The Discoms suggested that considering the power shortage scenario in Delhi, Inter-Discom Open Access within the distribution licensees of Delhi should be avoided at this stage. The other stakeholders suggested that the wheeling charges should be based on the MW/ time duration and not on the basis of MWH.

The Commission by its order dated 29th August, 2008 laid down the open access charges.

The Commission made it clear that a consumer opting for open access for purchasing of electricity from a source other than the Discom of his area shall be liable to pay:

- a) Energy charges to the seller of electricity as per the contract entered in between him and seller;
- b) Wheeling charges to the Discom in whose area it is located, at the rate fixed in the Tariff Order;
- c) Cross subsidy surcharge fixed in this order, if applicable;
- d) Transmission charges to DTL at the rate fixed in the Tariff Order;
- e) Scheduling and system operating charges to SLDC at the rate fixed by the Commission

from time-to-time;

- f) UI charges to SLDC at the prevalent rate;
- g) Reactive energy charges to the Discom of his area at the rate fixed by the Commission from time-to-time;
- h) Miscellaneous charges in respect of metering and other requirements as necessary under inter-State ABT mechanism, to be provided by DTL. These charges are to be paid to DTL as per actual cost incurred by DTL; and
- i) Any other charges not mentioned above, but covered by this order.

3.1.8 Ekta Goela Dairy Welfare Association (Regd.) Vs. BRPL, a matter referred by APTEL for resolving the issue relating to fixation of tariff in case of small cattle / dairy farms across Delhi.

The Commission, while resolving the issue vide its order dated 3rd September, 2008, issued following directions:-

- i) That domestic tariff shall be charged from Cattle/Dairy farms with a total consumption of not more than 200 Units per month and connected load of upto 2 kW.
- ii) The Respondent Licensee shall endeavour to bring the Cattle/Dairy farms in the billing net and provide them regular electricity connections as mandated in Section 55 of the Electricity Act, 2003 which stipulates:

"55. Use, etc., of meters.-(1) No licensee shall supply electricity, after the expiry of two years from the appointed date, except through installation of a correct meter in

accordance with the regulations to be made in this behalf by the Authority:

Provided that the licensee may require the consumer to give him security for the price of a meter and enter into an agreement for the hire thereof, unless the consumer elects to purchase a meter:

Provided further that the State Commission may, by notification, extend the said period of two years for a class or classes of persons or for such area as may be specified in that notification."

- iii) Since the period of two years has already expired and there has been no further extension of the same by the Commission, for any class of persons or area and there has also been no proposal from any of the Discoms in this regard, therefore, the Respondent Licensee is directed to ensure compliance of Section 55 of the Electricity Act, 2003 and submit a status report to the Commission in this regard within a period of three months from the date of this order.
- iv) It was further directed that this clarification shall be applicable in case of all the Cattle/ Dairy farms across Delhi and a copy of the order was also directed to be sent to the CEO, BYPL and the CEO, NDPL for appropriate action.

3.1.9 Amnesty Scheme for Voluntary Declaration of Category of Use and connected Load for consumers

The Discoms, namely, BRPL, BYPL and NDPL in their separate letters, all dated 2nd September, 2008, submitted a common proposal for seeking the Commission's approval for Amnesty Scheme on voluntary declaration of category of use and connected load. The proposed scheme was intended to cover the following categories of consumers:

- (i) Consumers with sanctioned category as domestic, industrial and agricultural but making commercial use of the connection, as also for consumers with sanctioned category as agriculture but using the connection for domestic purpose;
- (ii) Consumers having mixed use;
- (iii) All domestic and commercial consumers intending to get their load enhanced without any change of category;
- (iv) Where misuse has been booked but case is not settled till date.
- (v) Consumers having sanctioned category as domestic or commercial but using the connection for industrial purpose with valid license from MCD.

The Commission approved the scheme proposed by the Discoms subject to the following:-

- (a) Extensive publicity be given to the scheme by the distribution companies.
- (b) Enhancement of load can be done routinely and relaxation of any Rule or Regulation is not required.

- (c) While implementing the scheme the Discoms will ensure that all relevant Legal Provisions/ Existing Laws/Rules/Regulations Tariff Orders including Terms and Conditions of Tariff are complied with.

The scheme was valid for duration of 30 days from the effective date.

3.1.10 Allocation of 15% unallocated Power of Govt. of NCT Delhi to NDPL in same proportion, as per DERC's Order dated 31st March, 2007

The Commission observed that the petition was filed by NDPL at a stage when the entire unallocated share was allocated in favour of BYPL by the Govt. of NCT of Delhi. Since the said order has been modified subsequently by the GNCTD and the Petitioner also got 35% share from the unallocated quota of power, it was considered that the grievance of the petitioner stands resolved. The petition of

NDPL, thus, became in fructuous and was dismissed accordingly. The petitioner was given liberty to file a petition before the appropriate authority, in case any fresh cause of action arises in future.

3.1.11 Complaints filed under Section 142 of the Electricity Act, 2003 before the Commission and Orders made therein

During the year, the commission received complaints alleging violation of certain provisions of Electricity Act, 2003 and / or the regulations framed there- under by the Commission. In such complaints notices were issued to the concerned Discoms and after hearing the version of both sides it was seen that certain provisions of law / regulations had been violated in many cases. The Commission, therefore, imposed penalty against the erring Discoms under section 142 of the Electricity Act, 2003. The details of the Cases where penalty has been imposed during the year are as follows:

TABLE: 3.2
Details of Penalties and Compensations

| S. No. | Name of the Petitioner | Name of the Respondent | Name of the penalty imposing Authority | Amount of Penalty (Rs.) | Amount of Compensation (Rs.) | Date of Order on Penalty* |
|--------|------------------------|------------------------|--|-------------------------|---|---------------------------|
| 1. | Dimple Gera | BRPL | DERC | 10,000/- | - | 16.4.2008 |
| 2. | Smt. Rekha Rathi | BRPL | DERC | | 30,000/- | 26.8.08 |
| 3. | Capital Homes | BRPL | DERC | 50,000/- | 50,000/- | 27.8.08 |
| 4. | Narender Kr. Saxena | NDPL | DERC | 5000/- | - | 17.9.2008 |
| 5. | J.K. Oil Mills Vs NDPL | NDPL | DERC | - | Refund of Rs.10000/- along interest @ 9%. | 29.10.08 |

3.2 Important cases where the orders of the Commission were upheld

1. Commission's Order dated 7th March, 2008, on allocation of 15 % of NDMC share as unallocated quota to bring the NDMC in line with the Discoms, was challenged by the NDMC before the ATE. (Appeal No. 34 of 2008). The Appellate Tribunal in its judgment dated 16.02.09 upheld the Order of the Commission.
2. The Order of the Commission made on 26th August, 2008 in the complaint filed by Rekha

Rathi against BRPL under Section 142 of Electricity Act, 2003 was challenged by BRPL before the Appellate Tribunal (Appeal No. 180 of 2008). In the DERC Order, the Discom was found guilty of violating the provisions of DERC Supply Code & Performance Standards Regulations, 2007 and was asked to pay compensation of Rs. 30,000/- to the complainant, under the provisions of Section 142 of the EA, 2003. The Appellate Tribunal in its Order dated 30.03.09 upheld the Order of the Commission.

4. CONSUMER WELFARE

4.1 State Advisory Committee Meetings.

During the year, 3rd and the 4th State Advisory Committee (SAC) Meetings were held. The highlights of these meetings are as follows:-

4.1.1. Third Meeting of SAC:

The 3rd State Advisory Committee meeting was held on 30th June, 2008 and the following issues, among others, were taken –up for discussion:-

- (i) Staff paper on determination of Open Access Charges;
- (ii) Good practices adopted and followed by DERC on Consumer Welfare matters.

4.1.2. Fourth Meeting of the SAC:

The 4th meeting was held on 16th February, 2009. The purpose of the meeting was to elicit comments/suggestions of the Committee in regard to the true-up petitions for 2007-08 and Aggregate Revenue Requirement (ARR) and Retail Supply Tariff (RST) for the FY2009-10 filed by the 3 private distribution companies viz. BSES Rajdhani Power Limited(BRPL), BSES Yamuna Power Limited(BYPL) and North Delhi Power Limited(NDPL). In addition to the tariff petitions, the Commission also sought comments/observations of the SAC members on other issues such as Power Procurement; Water Harvesting; Time Differential Tariffs; Two-part Tariff for domestic consumers; Energy Conservation and Demand Side Management(DSM).

4.2. Ombudsman Biannual Report:

Regulation 25(1) of the DERC (Guidelines for Establishment of Forum for redressal of grievance of the consumers and Ombudsman) Regulations, 2003 requires the Ombudsman to send to the Commission, biannually, a report containing a general review of activities of the office of Ombudsman during the preceding six month and to furnish such other information as the Commission may direct.

Accordingly, office of Ombudsman has been furnishing Biannual Reports for each completed 6 months period after its inception in August, 2004. The Biannual Report submitted by the Ombudsman is reviewed in the Commission in presence of the Ombudsman and the CEOs of the distribution companies. The Chairpersons of Consumer Grievances Redressal Forums (CGRFs) are also involved in the discussion on the findings of report.

During the year, 3 meetings were held to discuss the 6th, 7th and 8th Biannual Reports for the periods 01.08.2007 to 31.01.2008; 01.02.2008 to 31.07.2008 and 01.08.2008 to 31.12.2008, respectively. The last of the three reports discussed during the year was for a period of 5 months in accordance with the decision taken in the 7th Biannual Report Review Meeting to the effect that the Biannual Reports may be prepared for 6 monthly periods for 1st January to 30st June and 1st July to 31st December of a calendar year.

The highlights of the 6th, 7th and 8th Biannual Reports of Ombudsman were as follows:-

4.2.1 6th Biannual Report (01.08.07 to 31.01.2008)

- (i) It was observed that fewer appeals were received against orders issued by CGRF-BYPL. It was also mentioned that in case of CGRF-BYPL only 11% decisions went against consumers whereas for other CGRFs percentage ranged between 20-22%. The performance of CGRF-BYPL was appreciated.
- (ii) It was informed by the Ombudsman that efforts are made to dispose of all appeals filed before Ombudsman generally in 30 days time and by giving not more than 3-4 hearings. The higher number of hearings was on account of high financial stakes in some of the cases where appellants engaged legal professionals who insist on protracted hearings.
- (iii) It was observed by the Ombudsman that whenever arrears are reflected in a bill, a detailed bill statement describing the arrears should be attached alongwith electricity bill for enabling consumer to understand about the basis of such arrears.
- (iv) The matter relating to 3rd party testing of meters also came up for discussion where it was informed that DERC had approved the Electronic Regional Test Laboratory (North) for off-site testing of meters and Central Power Research Institute (CPRI) for on-site testing of meters.
- (v) It was noted by the Ombudsman that while furnishing comments/inputs against appeals, lesser time was now being taken by Discoms

and also in terms of quality of representation of facts there was improvement.

The performance during the 6 months period of the CGRFs was also taken-up during the meeting.

4.2.2 7th Biannual Report (01.02.08 to 31.07.2008)

While discussing the report, the following issues were taken-up for discussion:-

- (i) Receding number of complaints at CGRFs
- (ii) Perception about independence of CGRFs and possibility of locating CGRFs in independent premises and payment of salary to CGRF Chairpersons and Members and staff by GNCTD.
- (iii) Consumer cases filed before other forums: Ombudsman sought from Discoms the detail of the number of cases filed by consumers before other forums such as Consumer Dispute Redressal Forums, Public Grievances Cell, Permanent Lok Adalat, Civil Courts, Writs before High/Supreme Court along with time taken in disposal of such cases.
- (iv) Multiplicity of forums available to consumers for grievance redressal was also discussed and it was felt that all the institutions need to work in harmony and not at cross purposes with one another.
- (v) Discom staff behavior during their interaction with consumers was also covered in the report including the behavior of personnel deployed, through different outsourced agencies. It was suggested that conduct of such personnel

needed to be watched closely in order to safeguard consumer interest.

- (vi) Key Consumer Cell (KCC) related complaints: It was felt that the number of key consumers being fewer in number and their contribution to Discom revenue being high, such consumers needed better care.

The performance of CGRFs during the 6 months period was also reviewed.

4.2.3 8th Biannual Report (01.08.08 to 31.12.2008)

The Commission took note of the fact that for Sh. S.K. Behl, Chairman, CGRF-BRPL and Sh. K.L. Bhayana, Chairman, CGRF-BYPL this shall be the last Biannual Report review meeting. The Commission expressed its appreciation for the good work done by them. The issues discussed in the meeting were as follows:-

- (i) The declining trend of number of appeals received in the office of Ombudsman.
- (ii) It was decided that final bill should be issued at the time of amalgamation of old meters and a new connection be given after 'No Dues Certificate' is issued in respect of previous connections.
- (iii) Need for a uniform procedure to be followed by Discoms as regards maintenance and refund of security deposit was also highlighted.
- (iv) Replacements of defective meters to be done at the Discoms expense and not to be recovered from consumers.
- (v) The 3rd party testing of meters by Public Grievances Cell (PGC)

- (vi) Implementation of orders in cases decided by the Ombudsman
- (vii) Improvement/modernization of street lights.
- (viii) Multiplicity of Grievances Redressal Agencies.

4.4 Right to Information Act, 2005

During the year, 181 RTI applications were received and disposed of. The number of appeals received during the year were 16 and the same were duly disposed of. During the year one second appeal was taken up by the Central Information Commission (CIC). The position taken by the CPIO/1st Appellate Authority was upheld by the CIC. Large number of RTI applications received in the Commission during the year sought information pertaining to Discoms. Such applicants had to be informed about the impending stay granted by the Delhi High Court on the CIC order dated 30.11.2006 whereby Discoms were declared as 'Public Authority' under RTI Act, 2005.

4.5. Consumer Satisfaction Survey(CSS) : 2009

Considering the fact that last Consumer Satisfaction Survey was conducted early in 2007 and also that the State Advisory Committee had recommended that to have feel of consumers pulse, it may be a good idea to have a consumer survey where consumer views were sought against a predevised questionnaire. Accordingly, on the basis of competitive bidding, M/s AC Nielsen ORG-MARG Pvt. Ltd. were selected as the consultant for carrying out the assignment to conduct CSS:2009. The sample size for the survey was 11,140 domestic

consumers across 3 sanctioned load categories: 0-2 kW; 2-5 kW and above 5 kW spread across three Discoms viz. BSES Rajdhani Power Limited (BRPL), BSES Yamuna Power Limited (BYPL) and North Delhi Power Limited (NDPL). The proportion of the sample for each Discom was decided as per their respective domestic consumer base along each of the 3 categories determined as per sanctioned load. Discomwise proportion of sample was: BRPL- 4529; BYPL- 3390; and NDPL-3221. The respondent consumers were asked about their preference along the seven Macro Level Parameters, namely, Continuity of Electricity Supply, Quality of Electricity Supply, Metering Issues, Billing Issues, Internal Grievance Resolution Mechanism of Discoms, Call Centres set-up by Discoms and Behaviour of Discom staff with consumers. Each of these parameters was further covered more extensively by similarly pre-determined Micro Parameters for which the respondents were asked to provide ratings (on a scale of 1 to 10) indicating how important a parameter was for them. The consumers then had to rate their satisfaction level with their Discom in relation to each micro level parameter on a scale of 1 to 5. The importance as well as satisfaction scores were used to arrive at an index (between 0 to 1) to obtain a comparative measure of the 3 Discoms. The actual field survey work for data collection commenced from 18th March, 2009 and continued up to 17th April, 2009.

The salient findings of the Consumer Satisfaction Survey(CSS):2009 were as follows:-

1. Consumers expressed their satisfaction with
 - (i) Stable Voltage

- (ii) Regular Reading of Meter

- (iii) Regular Receipt of Electricity Bills

2. Consumers expected better quality service in the following areas:

- (i) Lack of prior intimation about supply interruption
 - (ii) Resolution of grievances relating to billing disputes
 - (iii) Resolution of grievances pertaining to new connection
 - (iv) Behaviour of Lineman
 - (v) Promptness in attending to streetlight complaints

3. Most/Least satisfied areas Discom-wise are as follows:

| | Most Satisfied | Least Satisfied |
|------|----------------|------------------------|
| BRPL | Alakhnanda | Mundka |
| BYPL | Krishna Nagar | Mayur Vihar Phase -III |
| NDPL | Model Town | Pitampura |

4. Overall Delhi and Discom-wise Satisfaction scores of CSS: 2009 vis-à-vis CSS: 2007 were as follows:

| | CSS: 2007 | CSS: 2009 |
|-----------------|-----------|-----------|
| NDPL | 0.57 | 0.62 |
| BRPL | 0.54 | 0.60 |
| BYPL | 0.51 | 0.54 |
| Overall Delhi - | | 0.59 |

4.5. A Deputy Director (Consumer Assistance) has been appointed by the Commission and assigned the job of Grievances Redressal Officer for BRPL, BYPL & NDPL. The comments of Discoms are sought on the grievances received in the Commission. On receipt of the Commission's letter, the Discoms get in touch with the consumers and in most of the cases resolve the grievances. During the FY 08-09 over 400 consumer grievances pertaining to BRPL, BYPL and NDPL were resolved where provisions of

Electricity Act, 2003 or Delhi Electricity Supply Code and Performance Standard Regulations, 2007 were alleged not to have been complied with. The serious grievances, if not resolved according to law, are put up to the Commission for necessary clarifications/proceedings.

The consumers are assisted by way of E-mails, letters, telephones, personal discussion clarifying their queries on Energy efficiency, CGRF, Ombudsman, Electronic meters, Billing, Tariff structure and applicability etc.

5. AUDIT AND ACCOUNTS

5.1 Revenue Receipts

During the year 2008-09, the Revenue Receipt of the Commission was Rs.3,88,20,251/-. The break-up being as follows:

(Amount in Rs.)

| S. No. | Head of Accounts | Amount |
|--------|--------------------------|--------------------|
| 1 | License Fees | 3,38,13,600 |
| 2 | Petition Processing Fees | 49,10,000 |
| 3 | Penalty | 83,500 |
| 4 | Sale Proceeds of Books | 9,126 |
| 5 | Other Receipts | 2,000 |
| 6 | Receipts under RTI | 2,025 |
| | Total | 3,88,20,251 |

In accordance with the guidelines of the Govt. of NCT of Delhi communicated by the Office of the Controller General of Accounts through Principal Accounts Office vide letter no. Pr.A.P./Misc./12/2001/T-II/2459

dated 04.12.2001; the Revenue Receipts have not been utilized for expenditure of the Commission. The entire Revenue Receipts, as and when received, including interest, were regularly remitted to the Govt. of NCT of Delhi.

5.1 Annual Accounts

The Annual Accounts of the Commission for the year 2008-09 has been prepared on cash basis in the formats approved by the Office of Comptroller and Auditor General of India. The Annual Accounts of the Commission after being certified by the Office of the Accountant General, Delhi along with audit report and audit certificate is submitted to the Govt. of NCT of Delhi for placing before the State Legislature. This is a statutory requirement under the Electricity Act 2003.