

BEFORE THE HON'BLE DELHI ELECTRICITY REGULATORY COMMISSION

FILING NO._____/2011

CASE NO. ____/2011

In the matter of:

Filing of Petition/Application for approval of Aggregate Revenue Requirement (hereinafter referred to as “ARR”) & applicable Tariff for FY 2011-12 for Wheeling Business under the Multi Year Tariff (hereinafter referred to as “MYT”) Framework. The Petition / Application is filed under Section 62 of the Electricity Act 2003, read with the Section 7.4, Section 9.1, Section 9.2, Section 9.3, Section 10.1 and Section 11.4 of the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2007 (hereinafter referred to as “MYT Regulations”), issued by the Hon'ble Delhi Electricity Regulatory Commission (and extended upto March 2012) by the Delhi Transco Limited as the Transmission Licensee for wheeling the power to the following distribution licensees :-

- 1. BSES –Yamuna Power Limited**
- 2. BSES- Rajdhani Power Limited**
- 3. North Delhi Power Limited**
- 4. NDMC**
- 5. MES**

In the matter of:

DELHI TRANSCO LIMITED (hereinafter called TRANSCO) a company incorporated under the provisions of the Company Act, 1956 and having its registered office at Shakti Sadan, Kotla Marg, New Delhi-110002

...Petitioner The Petitioner named above most respectfully sheweth :

1. Pursuant to the applicable provisions of the Delhi Electricity Reform Act, 2000, the Government of Delhi undertook the reform and restructuring of the erstwhile Delhi Vidyut Board (DVB). DTL was formed as a successor entity of the erstwhile Delhi Vidyut Board through the transfer scheme notified in the official gazette on 20.11.2001 to manage the Transmission and Bulk supply business of erstwhile DVB.

Subsequently on 28.06.2006, the GNCTD issued policy directions to DERC directing therein that the Bulk Supply business of Transco is vested to the DISCOMs with effect from April 1, 2007. PPAs/ BPTAs of the existing and upcoming projects were assigned to the Discoms vide commission order dt. 31.03.2007. As a result, TRANSCO is presently carrying out the Transmission business as the State Transmission Utility (STU) in the State of NCT of Delhi.

2. DTL had filed its MYT petition for determination of wheeling charges for Delhi Transco Ltd. along with the business plan for the first control period FY 2007-08 to FY 2010-11 on dated 20th August, 2007 which was decided by the Hon'ble Commission vide its order dated 20th December, 2007 (hereinafter referred to as the "MYT Tariff Order").
3. DTL being aggrieved by certain findings of the Hon'ble Commission in the MYT order filed an appeal before the Hon'ble ATE in appeal No. 28/2008, LA 61/2008 & 12/2010. Hon'ble ATE passed a judgment on 29th September, 2010 directing the Hon'ble Regulatory Commission to effect the true-up exercise of the Appellant as early as possible without waiting for the current control period to be over. In compliance to ATE's judgment DTL has already filed a true up petition for FY 2007-08 to FY 2010-11 before the Commission vide letter no. F.DTL/203/F-1/10-11/Opr.GM(Comml.)/275 dated 31st March, 2011.

4. That the Petitioner in the present ARR petition has stated the assumptions at respective places, and has endeavored to comply with the various applicable legal and regulatory directions and stipulations including the directions of the Hon'ble Commission in the conduct of Business Rules of the Commission, the Guidelines, prior ARR and Tariff Orders and the recent Regulations on Terms and Conditions for Determination of Tariff for Transmission of Electricity.
5. That based on the information available, the Petitioner has made bonafide efforts to comply with the directions of the Hon'ble Commission and in diligent discharge of its obligations to the best of its abilities. However, the petitioner craves leave to file such additional information and consequently amend / revise the Application / Petition if so desired or directed by this Hon'ble Commission. The Petitioner is ready and willing to provide any other and further information in respect of the filing of this petition that the Hon'ble Commission may require to determine its entitlement in the tariff fixation process.

Prayer

In view of the above, DTL respectfully prays that the Hon'ble Commission may be please to:

- i) **Accept & Approve the Petition:** DTL requests the Hon'ble Commission to kindly admit & approve the Petition for Aggregate Revenue Requirement for FY 2011-12 based on the information provided therein. Any clarifications required by the Hon'ble Commission shall be provided during the time period.
- ii) DTL requests the Hon'ble Commission to kindly consider the issues raised in the meeting held with Hon'ble Commission on dated 9th March, 2011. MoM of the same is circulated by Hon'ble Commission vide letter dated 24th March, 2011.
- iii) In the event of any issues raised by DTL in Review/Appeal being adjudicated prior to issuance of the Tariff Order FY 2011-12, the Hon'ble Commission may take into account the impact of the same while approving the ARR for the FY

2011-12. In the event of ATE / Review Order being issued after the issuance of the Tariff Order, it is submitted that the impact for the same be allowed forthwith.

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

v) Pass such order as the Hon'ble Commission may deem fit and proper in the facts and circumstances of the case.

DEPONENT

Aggregate Revenue Requirement (ARR) for the FY 2011-12

Hon'ble Commission called a meeting on 9th March, 2011 at 11.00 AM to deliberate with issues of tariff filing for the FY 2011-12, extension of MYT regulation, True-up, Capex etc. and directed DTL to file the Aggregate Revenue Requirement for FY 2011-12 by 7th April, 2011. The Hon'ble Commission has also published a public notice for tariff determination for FY 2011-12 in the leading national newspaper on 18th March, 2011 and extended the tariff regulation for 2008-11 for a further period of one year i.e. FY 2011-12 ending on 31st March, 2012.

Therefore as per the direction issued by Hon'ble Commission vide letter no. F.7(190)/AS/DERC/2010-11/5323 dated 24th March, 2011, DTL determined the ARR for FY 2011-12 on the basis of existing MYT regulation which includes operation & maintenance expenses, RoCE, depreciation, advance against depreciation, non-tariff income and income from other business.

1. Operation & Maintenance Expenses:

- The FY 2010-11 has been considered as the base year for projecting values of certain cost elements for the FY 2011-12 in line with the provision of MYT regulation.
- Employee and A&G expenses are determined by using the following methodology :

$$EMP_n + A\&G_n = (EMP_{n-1} + A\&G_{n-1}) * (INDX_n/INDX_{n-1})$$
- Inflation factor for the nth year ($INDX_n$) is determined using an average of CPI & WPI as specified in the MYT regulation and is used to calculate the escalation factor. For FY 2011-12, it has been considered as same as for FY 2010-11 i.e. 1.0736.

a) **Employee cost:-** Employee cost for FY 2011-12 has been computed by considering the employee cost for FY 2010-11 as Rs. 91.26 crore and escalated by the escalation factor i.e. 1.0736. It comes to Rs. 147.97 crore including the Pension Trust arrears of Rs. 50 crores. The summary is as tabulated below:-

Table 1: Employee Expenses**(Rs. in crore)**

	2009-10	2010-11	2011-12
	(Audited)	(Unaudited)	(Projected)
-Escalation factor		1.0736	1.0736
Employee cost	85	91.26	97.97
Pension Trust Arrears			50
NET Employee cost	85.0*	91.26*	147.97

* The Employee cost for FY 2009-10 & 2010-11 in the True up MYT petition is Rs. 115.68 Crore (including the VIth pay commission arrears) & Rs. 118.24 Crore (including the pension trust arrears due to VIth pay commission) respectively.

^t b) A&G Expenses:

- A&G expenses have been computed in line with the methodology proposed in the MYT Transmission Regulations by considering the escalation factor as 1.0736.
- A&G expenses computed as per regulation is Rs. 26.04 crore for FY 2011-12 after escalating the A&G expenses of FY 2010-11 i.e. Rs. 24.25 crore and by escalation factor 1.0736.
- The A&G expenses are given in the table below :

Table – 2 A&G Expenses (Rs. in crore)

	2009-10	2010-11	2011-12
	(Audited)	(Unaudited)	(Projected)
Escalation factor		1.0736	1.0736
A&G cost	22.59	24.25	26.04

c) Repair & Maintenance expenses:

- As per the MYT regulation for Transmission, the Repairs and Maintenance (R&M) expenses for the petitioner for the Control period has to be determined based on the following formula :

$$R\&M_n = K * GFA_{n-1}$$

Where, 'K' is a constant (expressed in %) governing the relationship between R&M costs and Gross Fixed Assets (GFA) for the nth year.

For FY 2011-12 Value of 'K' is considered as 2.19% which is approved value for the previous year i.e. FY 2010-11.

- The R&M expenses for FY 11-12 are as given below :

Table 3: Repair & Maintenance Expenses (Rs. in crore)

	FY10	FY11	FY12
	(Audited)	(Unaudited)	(Projected)
GFA (OPENING)	1136.75	1221.98	2606.09
K Factor	2.19%	2.19%	2.19%
R&M Expenses	24.89	42.09*	57.07

* Including Rs. 15.33crore towards GIS Expenditure

O&M Expenses:-

The summary of Operation & Maintenance expenses is as tabulated below:-

Table 4: Operation & Maintenance Expenses (Rs. in crore)

Particulars	FY10	FY11	FY12
	(Audited)	(Unaudited)	(Projected)
Employee Cost	115.68	118.24	147.97
A&G Expenses	22.59	24.25	26.04
R&M Expenses	24.89	42.09	57.07
TOTAL O&M Expenses	163.16	184.58	231.08

- O&M expenses for FY 2011-12 comes Rs 231.08 crore by considering the employee cost as Rs. 147.97 crore, A&G expenses as Rs. 26.04 crore and R&M expenses as Rs. 57.07 crore.

2. Assets Capitalisation : The details of the assets to be capitalised during the FY 2011-12 are considered as per the Business Plan prepared for second control period ie. FY 11-15. The extract of the Business Plan for second control period is also enclosed as **Annexure I** The details of assets capitalised during the FY 2011-12 is given below:

Table 5: True-up Assets capitalization (Rs. in crore)

Particulars	2009-10 (Audited)	2010-11 (Unaudited)	2011-12 (projected)
Land	8.98	0	0
Building	0.53	0.53	0.53
Meters	0.12	0.12	0.12
Lines Network	8.85	582.82	364.7
Other Civil Works	32.24	56.04	21
Plant & Machinery	30	741.30	615.6
Office Equipment	0.7	0.7	0.7
Computer	1.08	1.08	1.08
Furniture	0.12	0.12	0.12
Misc Assets	0.13	0.13	0.13
Vehicles	1.3	0.1	0.1
SCADA	1.18	1.18	1.18
Total	85.23	1384.12	1005.26

- 3. Depreciation:** The calculation for depreciation for FY 11-12 is carried out by considering the rates of depreciation as specified in the MYT regulations and assets capitalised as per details given in Table 5.

The details of depreciation for FY 11-12 is given below :

Table 6 :- DEPRECIATION FOR THE FY 11-12

Particulars	Opening value of assets as on 1.4.2011	Addition during the year	Closing balance as on 31.03.12	Amount of depreciation	Rate of depreciation
Land	58.35	0	58.35	0.00	-
Building	35.39	0.53	35.92	1.28	3.60%
Meters	1.87	0.12	1.99	0.12	6.00%
Lines Network	801.00	364.7	1165.70	35.40	3.60%
Other Civil Works	182.88	21	203.88	3.48	1.80%
Plant & Machinery	1452.97	615.6	2068.57	63.39	3.60%
Office Equipment	5.14	0.7	5.84	0.33	6.00%
Computer	4.61	1.08	5.69	0.93	18.00%
Furniture	4.14	0.12	4.26	0.25	6.00%
Misc Assets	1.14	0.13	1.27	0.07	6.00%
Vehicles	5.39	0.1	5.49	0.98	18.00%
Scada	53.22	1.18	54.40	3.23	6.00%
Total	2606.09	1005.26	3611.35	109.46	

4. **Return on Capital Employed** – The RoCE is carried out as per the MYT regulation and by considering the debt : equity ratio of 70:30 on the assets capitalised during the year FY 11-12.

Table 7 :- Working Capital

	FY10	FY11	FY 12
A. O&M Expenses	163.17	184.58	231.08
1/12th of Total O&M	13.60	15.38	19.26
B. Receivables	179.87	398.24	656.96
Receivables eqv. To 2 months	29.98	66.37	109.49
Total WC requirement	43.58	81.76	128.75

The detailed calculation of RoCE for the FY 2011-12 is given below:

Table 8 :- Return on Capital Employed

PARTICULARS	FY10	FY11	FY12
Regulated Rate Base	898.16	1617.00	2770.50
Original Costs of Fixed Assets	Not to be Filled		
Accumulated Depreciation			
Addition in Regulated Rate Base	44.11	1317.20	895.80
Investments during the year (Addition in Fixed assets)	85.23	1384.12	1005.26
Depreciation	41.11	66.92	109.46
ΔWC	8.12	38.18	47.00
Equity	269.70	684.93	986.51
Debt	741.78	1710.66	2414.34
Rate of return on Equity		14.00%	14.00%
Rate of Return on Debt		10.50%	10.50%
Weighted Avg Cost of Capital (WACC)		11.50%	11.52%
Return on Capital Employed (RoCE)	98.87	185.97	319.03

5. Non tariff income :- The Non-tariff income for the FY 2011-12 has been taken as per details given below:

No	Particulars			
		2009-10	2010-11	2011-12
		(Audited)	(Unaudited)	(Projected)
A	Income from Investments			
1	Interest Income from Investments	0.41	0.39	0.32
2	Interest on fixed deposits			
3	Interest from Banks other than Fixed Deposits			
4	Interest on any other items			
	Sub-Total	0.41	0.39	0.32
B	Other Non Tariff Income			
1	Interest on loans and Advances to Staff	-		
2	Interest on Loans and Advances to Licensees			
3	Interest on Loans and Advances to Lessors			
4	Interest on Advances to Suppliers / Contractors			
5	Gain on Sale of Fixed Assets	3.29		
6	Income/Fee/Collection against staff welfare activities			
7	Revenue from surcharges for late payment			
8	Revenue from surcharge for low power factor and other penal charges			
9	Miscellaneous receipts	1.24	2.18	2.18
10	Income from Sale of Scrap			
11	Misc. charges from consumers (Rebate recd on Power Purchase)			
	Sub-Total	4.53	2.18	2.18
	Total	4.94	2.57	2.50

Annual Revenue Requirement (ARR)**Table 10 :- ARR OF DTL FOR FY 2011-12 (Prov)**

(Rs. in Crore)

S. No.	Particulars	ARR(as per Regulations)
1	Employee Expenses	147.97
2	A&G Expenses	26.04
3	R&M Expenses	57.07
4	Depreciation	109.46
5	Advance Against Depreciation	0.00
6	Rebate on Sale/Wheeling of Power	2.50
7	ROCE	319.03
8	Less: Interest & Other Expense Capitalized	0.00
9	Less: Non Tariff Income	-2.50
10	Income Tax Provisions	
11	Revenue from other charges	-2.61
12	Revenue Requirement	656.96
13	Revenue Requirement for True-up FY 2008-11	1822.17*
14	Total Revenue Requirement for FY 2011-12	2479.13

* Amount of Rs. 1822.17 crores comes as per True-up petition for FY 2008-11 filed separately which also includes the additional power purchase liability of period prior April, 2007.

*_*_*



DELHI TRANSCO LIMITED

(A Govt. of NCT of Delhi Undertaking)
(Regd. Office: Shakti Sadan, Kotla Road, New Delhi-110002)

33 KV Grid S/Station Building,
IP Estate, New Delhi-110002
Ph.: 23379170, 23370477

No.: F.DTL/203/F-1 /10-11/Opr.GM(Comml)/

Dated: 06th April, 2011

The Secretary,
Delhi Electricity Regulatory Commission
Viniyamak Bhawan, C-Block, Shivalik,
Malviya Nagar,
New Delhi-110 017

Sub:- Petition/Application for approval of Aggregate Revenue Requirement (ARR) & applicable Tariff for Wheeling Business for the FY 2011-12

Sir,

Kindly find enclosed herewith the **Petition/Application for determination of Aggregate Revenue Requirement for FY 2011-12 for Wheeling Business**. The petition is accompanied with following documents :

1. Text of petition – (Original and five copies)
2. Affidavit of the authorized signatory verifying the petition duly notarized.
3. The pay order No. 319793 dt. 31.03.2011 drawn on State Bank of India, Chandni chowk, Delhi of Rs. 1,00,000/- towards processing fee.
4. A soft copy of petition.

Hon'ble Commission is requested to consider the above petition and pass appropriate orders.

Thanking you,

Yours faithfully,
Sd/-
(Er. Nirmaljit Singh)
General Manager (Comml.)

Encl: as above.

Copy to:-

- | | |
|-------------------------|--|
| 1. Director (Operation) | } For favour of kind information please. |
| 2. Director (Finance) | |
| 3. OSD to CMD | |

General Manager (Comml.)



DELHI TRANSCO LIMITED

(A Govt. of NCT of Delhi Undertaking)
(Regd. Office: Shakti Sadan, Kotla Road, New Delhi-110002)

33 KV Grid S/Station Building,
IP Estate, New Delhi-110002
Ph.: 23379170, 23370477

No.: F.DTL/203/F-1 /10-11/Opr.GM(Comm)/

Dated: 06th April, 2011

The Secretary,
Delhi Electricity Regulatory Commission
Viniyamak Bhawan, C-Block, Shivalik,
Malviya Nagar,
New Delhi-110 017

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Yours faithfully,

(Er. Nirmaljit Singh)
General Manager (Comm.)

Encl: as above.

BEFORE THE DELHI ELECTRICITY REGULATORY COMMISSION, NEW DELHI

Petition No.: _____

IN THE MATTER OF:

Petition/Application for approval of Aggregate Revenue Requirement (ARR) & applicable Tariff for Wheeling Business for the FY 2011-12

AND

IN THE MATTER OF:

Delhi Transco Limited, (DTL). Shakti Sadan, Kotla Marg, New Delhi-110002.

AFFIDAVIT VERIFYING THE PETITION

I, Nirmaljit Singh S/o Late Sh. Beant Singh, Aged about 58 years residing at 24/1 A, Double Storey, Jail road, Tilak Nagar, New Delhi – 110018, do hereby solemnly affirm and state as follows:

1. That I am the G.M. (Commercial) of Delhi Transco Limited and am conversant with facts of the case.
2. I say that the statements made in the accompanying Petition for determination of Aggregate Revenue Requirement (ARR) & applicable tariff for Wheeling Business for FY 2011-12 are based on the records of the company and believed by me to be true.

DEPONENT

- VERIFICATIONS

Verified at Delhi on this day _____ of _____, 2011 that the contents of the above affidavit are true to the best of my knowledge and belief. No part of it is false and nothing has been concealed.

DEPONENT Before the Hon'ble Delhi Electricity Regulatory Commission, New Delhi

Filing No. _____

Case No. _____

IN THE MATTER OF

Petition/Application for approval of Aggregate Revenue Requirement (ARR) & applicable Tariff for Wheeling Business for the FY 2011-12

IN THE MATTER OF

Delhi Transco Ltd. (DTL) a company incorporated under the provision of Companies, Act, 1956 and having its registered office at Shakti Sadan, Kotla Marg, New Delhi -110002.

INDEX

1.	Text of Petition	1 - 12
2.	MYT Formats	13 - 26
3.	Affidavit in support of application.	

APPLICANT
DELHI TRANSCO LIMITED