

## A1: SUMMARY OF THE PETITION FILED BY BYPL

- 1.1 This section contains a summary of the components of the petition submitted by BYPL for the Commission's approval.

### Energy Sales

- 1.2 Giving the actual category-wise sales figures for 2008-09, BYPL has submitted that its energy sales were 3964 MU in 2008-09 although the quantum of sales approved in the MYT Order for that year was only 3516 MU. On the basis of this trend, BYPL has projected sales of 4505 MU in 2009-10 and 5010 MU in 2010-11, as against the projections made earlier in the MYT Order.
- 1.3 Since sales are treated as an uncontrollable factor, BYPL has requested the Commission to approve the revised projections instead of the comparatively lower sales approved for these years in the MYT Order (applicable for the years 2008-09 and 2010-11) and the subsequent True Up Order of 2009 (applicable for the year 2009-10), as shown below.

**Table 1 Energy sales in 2008-09 (actual), 2009-10 and 2010-11 along with the sales approved in the MYT Order and the True up Order of 2009**

Sale of Energy (MU)	2008-09		2009-10		2010-11	
	As per petition	Approved in the MYT Order	As per petition	Approved in the True Up Order	As per petition	Approved in the MYT Order
Domestic	1917	1631	2255	2193	2519	1817
Non Domestic	1293	1281	1360	1476	1543	1651
Mixed load						
Industrial	449	386	467	482	467	392
Agricultural	0	0	0	0	0	0
Railways	0	0	0	0	0	0
DMRC	65	33	100	80	100	316
Street Lighting	85	103	90	103	95	129
Others	155	82	233	111	286	83
<b>Total Sales</b>	<b>3964</b>	<b>3516</b>	<b>4505</b>	<b>4445</b>	<b>5010</b>	<b>4389</b>

### AT&C Losses

- 1.4 BYPL has submitted the actual loss figures for 2008-09, which are better than the loss level targets set in the MYT Order. As per the profit sharing mechanism laid down in the MYT Regulations, the gains from this over-achievement of target are to be shared between the consumers and the licensee.

- 1.5 Table 2 below shows the actual figures in 2008-09 of certain parameters, along with what was approved in the MYT Order. The table also shows projections for 2009-10 and 2010-11 as approved in the MYT Order, which BYPL has retained in its petition.

**Table 2 Actual vs. approved figures for 2008-09 and projections for 2009-10 and 2010-11**

Particulars	Units	2008-09			2009-10	2010-11
		Actual	MYT Order	Better Achievement	As per petition	
Sales	MU	3964.79	3516.09	NA	4506	5009
Distribution loss targets	%	24.95%	29.99%	5.05%	25.89%	21.61%
Power Purchase at Discom periphery	MU	5282.59	5022.26	NA	6,080	6390
Collection Efficiency	%	101.23%	99.25%	1.98%	99.50%	99.50%
<b>AT&amp;C Loss Targets</b>	%	<b>24.02%</b>	<b>30.52%</b>	<b>6.50%</b>	<b>26.26%</b>	<b>22.00%</b>

## Energy Balance

- 1.6 The energy balance for a licensee shows the balance between power purchase quantum, energy lost due to the prevailing loss level and the final energy available for sale during the year.
- 1.7 The quantum of power purchase is decided by the expected sales of energy by the licensee, as well as the loss levels projected/approved. Higher expected sales require a greater quantum of power to be purchased. Similarly, higher loss levels also require a proportionately greater amount of power purchase by the licensee because it needs to meet the expected sales (in MU) after accounting for various losses in the process of supplying electricity.
- 1.8 The energy sales for a year are grossed up by the loss levels for the year, to give the required quantum of power purchase for that year in the following manner:

$$\text{Quantum of power purchase (MU)} = \frac{\text{Energy sales}}{(1 - \text{Distribution Loss (\%)})}$$

- 1.9 Table 3 below shows the actual sales, loss levels and power purchase for the year 2008-09 by the licensee, and gives the projections for 2009-10 and 2010-11.

**Table 3 Actual sales, loss & power purchase for 2008-09 and projections for 2009-10 & 2010-11**

Category	Units	2008-09		2009-10	2010-11
		Actual	MYT Order	As per Petition	
Sales	MU	3965	3516	4506	5009
Distribution Loss	%	24.95%	29.99%	25.89%	21.61%
Power Purchase at Periphery	MU	5282.59	5022.26	6,080	6390

## Power Purchase Cost

- 1.10 As per the MYT Regulations, 2007, power purchase cost is uncontrollable and the licensee is allowed to recover the cost of power procurement from various sources.
- 1.11 BYPL in its petition has submitted that the actual rate at which it purchased power in the year 2008-09 was lower than the rate approved for the year in the MYT Order, but the quantum of power purchase in 2008-09 was much higher than the approved quantum in the MYT Order. BYPL has stated that the actual rate for 2008-09 was Rs. 2.43/unit as opposed to the approved rate of Rs. 2.56/unit, but the actual quantum of power purchased in 2008-09 was 5282.6 MU which is much more than the 4943 MU approved for that year in the MYT Order. Hence, BYPL has submitted that it incurred a higher power purchase cost (Rs. 1282 crores) in 2008-09 than the amount approved in the MYT Order (Rs. 1267 crores).
- 1.12 Tables 4 (a) and (b) show the power purchase quantum and rate of purchase submitted by BYPL for the Commission's approval for the years 2008-09 (actuals), 2009-10 and 2010-11 (projected) along with the cost approved by the Commission in the MYT Order (applicable for 2008-09 and 2010-11) and the True up Order (applicable for 2009-10).

**Table 4 (a) Power purchase quantum and rate of purchase for 2008-09 (actuals) along with the cost approved in the MYT Order**

Stations	2008-09					
	As per petition			Approved in MYT Order		
	Quantum	Amount	Avg. Rate	Quantum	Amount	Avg. Rate
	MU	Rs. Cr.	Rs. /kWh	MU	Rs. Cr.	Rs. /kWh
NTPC	4400.70	1133.20	2.57	4128.60	966.9	2.34
NHPC	447.5	80	1.79	425.6	74.3	1.74
Other Hydro	312	100.6	9.16	292	89	9.8
NPCIL	26.3	5.7	2.15	45.4	9.5	2.08
SGS	1306.10	367.4	2.81	1664.20	386.7	2.32
Future Stations	80.5	19.7	2.45	483	139.1	2.88
Power Purchased from other Sources	125.8	59.7	4.74	251.1	137.8	5.49
Power Sold to other Sources	1139.90	597.1	5.24	2083.40	633.0	3.04
<b>Gross Total</b>	<b>5559.10</b>	<b>1169.20</b>	<b>2.1</b>	<b>5206.30</b>	<b>1169.18</b>	<b>2.25</b>
<b>Transmission Losses/Charges</b>						
(i) Inter State (PGCIL)	110	103.47		193.4	53.3	
(ii) Intra State (DTL and SLDC)	166.5	44.22		69.9	45.4	
Past Period Expenses/ Other Expenses		-34.84		-	-	
<b>Total</b>	<b>5282.60</b>	<b>1282.00</b>	<b>2.43</b>	<b>4943.00</b>	<b>1267.84</b>	<b>2.56</b>

**Table 4 (b) Power purchase quantum and rate of purchase for 2009-10 (revised estimates) and 2010-11 along with the quantum approved in the True up Order and the MYT Order**

Stations	2009-10						2010-11					
	<i>As per petition</i>			<i>Approved in the True up Order</i>			<i>As per petition</i>			<i>Approved in the MYT Order</i>		
	Quantum	Amount	Avg. Rate	Quantum	Amount	Avg. Rate	Quantum	Amount	Avg. Rate	Quantum	Amount	Avg. Rate
	<i>MU</i>	<i>Rs. Cr.</i>	<i>Rs./ kWh</i>	<i>MU</i>	<i>Rs. Cr.</i>	<i>Rs./ kWh</i>	<i>MU</i>	<i>Rs. Cr.</i>	<i>Rs./ kWh</i>	<i>MU</i>	<i>Rs. Cr.</i>	<i>Rs./ kWh</i>
<b>NTPC</b>	4209	1228	2.92	1689	351.94	2.08	4303	1,358	3.16	1683	377.79	2.24
<b>NHPC</b>	432	119	2.76	438	83.03	1.90	427	134	3.15	426	74.27	1.74
<b>Other Hydro</b>	417	141	3.38	304	94.25	3.10	415	144	3.46	292	89.14	3.05
<b>NPCIL</b>	29	6	2.19	48	10	2.08	32	7	2.12	45	9.63	2.14
<b>State Generating Stations</b>	1165	363	3.11	3656	963.05	2.63	1081	344	3.18	3565	897.04	2.52
<b>Future Stations</b>	30	7	2.39	1145	327.94	2.86	2583	599	2.32	1355	410.17	3.03
<b>Power Purchased from other Sources</b>	609	323	5.31	382	175.31	4.59	238	95	4.0	359	-438.46	
<b>Power Sold to other Sources</b>	573	261	4.55	1393	680.85	4.89	2431	1143	4.7			
<b>Gross Total</b>	<b>6317</b>	<b>1927</b>	<b>3.05</b>	<b>6269</b>	<b>1324.67</b>	<b>2.11</b>	<b>6649</b>	<b>1538.10</b>	<b>2.31</b>	<b>7724</b>	<b>1419.58</b>	<b>1.84</b>
<b>Transmission Losses/Charges</b>												
(i) Inter State (PGCIL)		131.47		175.9	99.87			217.81		73	101.46	
(ii) Intra State (DTL and SLDC)		106.98		95.43	46.4			48.75		237	93.33	
Past Period Expenses/ Other Expenses												
<b>Total</b>	<b>6080</b>	<b>2165.73</b>	<b>3.56</b>	<b>5997.67</b>	<b>1470.95</b>	<b>2.45</b>	<b>6390.00</b>	<b>1804.67</b>	<b>2.82</b>	<b>7415</b>	<b>1614.37</b>	<b>2.18</b>

1.13 Table 5 below shows the power purchase cost submitted by BYPL for the Commission's approval for the years 2008-09 (actuals), 2009-10 and 2010-11. The table also shows the amounts approved by the Commission earlier in the MYT Order (applicable for the years 2008-09 and 2010-11) and in the True up Order (applicable for the year 2009-10) issued by the Commission.

**Table 5 Power purchase cost proposed for 2008-09, 2009-10 and 2010-11 along with the cost approved**

Power purchase cost (in Rs. crores)	2008-09		2009-10		2010-11	
	As per petition	Approved as per the MYT Order	As per petition	Approved as per the True up Order	As per petition	Approved as per the MYT Order
Cost of power purchase	1,134.31	1,169.18	1,927.27	1,324.68	1,538.10	1,419.58
ISTS charges	103.47	53.30	131.47	99.87	217.81	91.41
Delhi Transco charges	44.22	43.35	106.98	44.53	48.75	101.46
SLDC/ ULDC fees		2.01		1.87		1.92
<b>Total cost</b>	<b>1,282.00</b>	<b>1,267.84</b>	<b>2,165.73</b>	<b>1,470.95</b>	<b>1,804.66</b>	<b>1,614.37</b>

### Past Period ATE Order

1.14 BYPL appealed to the Appellate Tribunal for Electricity (hereinafter referred to as 'ATE') seeking review/modification of the MYT Order issued by the Commission, after which the ATE issued an Order dated October 6, 2009. The salient features of the ATE Order are detailed below:

- (a) **Reactive energy charges:** The ATE allowed BYPL to recover the Reactive Energy Charges incurred by it on the basis that these charges are a part of the power procurement cost. Hence, BYPL was allowed to recover reactive energy charges of Rs. 0.98 crores through tariff.
- (b) **R&M Expenses:** BYPL has submitted that the Commission in its MYT Order had not approved its entire R&M expenses for the years 2004-05, 2005-06 and 2006-07. On appealing to the ATE, the ATE Order held that BYPL's entire R&M expenses, as shown in its audited accounts, should be allowed by the Commission. Due to this the following amounts now need to be trued up and have been included by BYPL in the ARR calculation for the year 2010-11, as shown in Table 6.

**Table 6 Additional R&M expenses to be trued up as per ATE Order**

R&M Expenses (Rs. Crores)	2004-05	2005-06	2006-07
As per Audited Accounts	64.59	55.48	47.83
As approved by DERC	46.88	48.04	47.73
<b>Amount to be trued up as per the ATE Order</b>	<b>17.71</b>	<b>7.44</b>	<b>0.10</b>

- (c) **SVRS Pension:** As per the ATE Order, the Commission must allow BYPL the expenses incurred towards retirement of those who opted for the Special Voluntary Retirement Scheme (SVRS) and include the same in its ARR computation. The same has been shown below.

**Table 7 SVRS expenses to be included in ARR calculations**

Particulars	Units	2007-08	2008-09
SVRS Payment (in terms of High Court Order)	Rs. Cr.	44.64	14.89

- (d) **Increase in employee expenses corresponding to expansion in consumer base:** The ATE Order held that the Commission shall true up the additional employee expenses of BYPL incurred due to increase in its consumer base. On account of this, the additional O&M expenses projected by BYPL after factoring in the increase in consumers upto the year 2010-11 are shown below.

**Table 8 Additional O&M expenses projected after factoring in the increase in consumers upto FY 2010-11**

Particulars	Units	Formula	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Index (n)/ Index (n-1)		A	-	-	1.0415	1.0415	1.0415	1.0415
Number of Consumers	Lakhs	B		8.95	9.68	10.45	11.33	12.11
Increase in Consumers	%	$C = \frac{B_{(n)} - B_{(n-1)}}{B_{(n-1)}} * 100$			8.17%	7.93%	8.49%	6.83%
Employee Cost with Revised Base	Rs. Cr.	D	92.95	107.09				
10% Escalation due to Sixth Pay Commission on all employees w.e.f. 1 Jan 2006	Rs. Cr.	$E = D * 10\%$	3.10	10.71				
Revised Employee Expenses with Inflation and after factoring Increase in Consumers	Rs. Cr.	$F = F_{(n-1)} \times (1+C) \times A$	96.05	117.80	132.71	149.18	168.56	187.54
Arrears	Rs. Cr.	G	(3.10)	(10.71)	(11.15)	24.96	-	-
Employee Cost with Revised Base	Rs. Cr.	$H = F + G$	92.95	107.09	121.55	174.14	168.56	187.54
Less: Capitalized	Rs. Cr.	I	-	-	4.23	8.27	6.23	6.38
Net Employee Costs in terms of ATE Order	Rs. Cr.	$J = H - I$	92.95	107.09	117.32	165.87	162.33	181.16
Employee Costs allowed in the MYT Order	Rs. Cr.	K			107.29	133.57	123.42	128.66
Gross Additional amount added to O&M Costs	Rs. Cr.	$L = J - K$			10.03	32.30	38.91	52.50
Efficiency factor	%	M			0%	2%	3%	4%
<b>Net Additional amount added to O&amp;M Costs</b>	<b>Rs. Cr.</b>	<b><math>N = L \times (1-M)</math></b>			<b>10.03</b>	<b>31.66</b>	<b>37.74</b>	<b>50.40</b>

- (e) **A&G expenses:** The Commission in its MYT Order had not approved the entire A&G expenses proposed by BYPL. Following the ATE Order on the same, the

licensee has submitted the remaining amount of A&G expenses to be trued up, as shown below in Table 9.

**Table 9 Additional A&G expenses to be trued up as per ATE Order**

<b>A&amp;G Expenses</b>	<b>Units</b>	<b>2004-05</b>	<b>2005-06</b>
As per Audited Accounts	Rs. Cr.	22.62	30.44
As approved by DERC	Rs. Cr.	16.62	29.69
<b>Amount to be trued up in terms of ATE Order</b>	<b>Rs. Cr.</b>	<b>6.00</b>	<b>0.75</b>

1.15 Hence, the total year on year impact due to implementation of the ATE Order as detailed above, is shown in Table 10.

**Table 10 Total year-on-year impact of the ATE Order**

<b>Particulars</b>	<b>Units</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
Reactive Energy Charges	<b>Rs. Cr.</b>	-	-	0.98				
R&M Expenses	<b>Rs. Cr.</b>	17.71	7.44	0.10				
SVRS Payment (in terms of High Court Order)	<b>Rs. Cr.</b>				44.64	14.89		
Net O&M Expenses for the MYT Period (Employee expenses)	<b>Rs. Cr.</b>				10.03	31.66	37.74	50.40
A&G Expenses	<b>Rs. Cr.</b>	6.00	0.75	-				
<b>Total</b>	<b>Rs. Cr.</b>	<b>23.71</b>	<b>8.19</b>	<b>1.08</b>	<b>54.67</b>	<b>46.54</b>	<b>37.74</b>	<b>50.40</b>

1.16 On a carry-forward basis, the net impact of the ATE Order has been shown by BYPL in its petition as given below.

**Table 11 Revenue gap as on April 1, 2008 due to ATE Order (with carrying costs)**

<b>Particulars</b>	<b>Units</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>
<b>Net Impact of ATE Order during the year</b>	<b>Rs. Cr.</b>	<b>23.71</b>	<b>8.19</b>	<b>1.08</b>	<b>54.67</b>
Opening Revenue Gap	Rs. Cr.	-	24.77	35.57	39.90
Expenses Incurred during the year	Rs. Cr.	23.71	8.19	1.08	54.67
Carrying Costs @ 9%	Rs. Cr.	1.07	2.60	3.25	6.05
<b>Closing Revenue Gap</b>	<b>Rs. Cr.</b>	<b>24.77</b>	<b>35.57</b>	<b>39.90</b>	<b>100.62</b>

## **O&M Expenditure**

1.17 As detailed in the previous section, although O&M expenditure has been considered to be a “controllable” element according to the MYT Regulations, 2007, due to various factors outside the licensee’s control, several deviations from the planned trajectory need to be taken into account by the Commission.

1.18 BYPL has stated the following reasons in its petition for true-up of O&M costs:

- (a) **Impact of Sixth Pay Commission on the pay of DVB employees:** The Commission in its MYT Order had recognised the uncontrollable nature of Sixth Pay Commission recommendations in determination of employee expenses incurred on ex-DVB employees during the Control Period. It has accordingly considered a provisional increase @10% in the total employee expenses w.e.f. January 2006 and had stated that a true-up would be done later based on the actual impact. BYPL has now submitted that it has already paid a sum of Rs. 67.78 crores (Rs. 7.26 crores in 2008-09 and Rs. 60.52 crores in 2009-10) but has considered Rs. 24.50 crores in 2008-09 as per the methodology adopted by the Commission read with the ATE Order. The balance for ex-DVB employees will be paid in 2009-10 and has been considered accordingly.
- (b) **Impact of Sixth Pay Commission on the pay of non-DVB employees:** As per the ATE Order, a salary hike comparable to the Sixth Pay Commission's recommendations for employees other than ex-DVB employees shall also be allowed in true up process in case expenditure in that account has already been incurred. BYPL is yet to release any amount on this account.
- (c) **Correction of inflation-linked indexation for employee cost and A&G expenses:** The MYT Regulations, 2007 say that employee cost and A&G expenses shall be linked to an inflation-based index that takes into account the inflation indices of the immediate past five years. However, while fixing the tariff for FY 2007-08, the Commission had taken inflation figures for FY 2001-02 to FY 2005-06 because the figures for FY 2006-07 were not available then. However, now that inflation indices for FY 2006-07 are available, the Commission has to replace the provisional computation for FY 2007-08 with confirmed figures by correcting the indexation.

- 1.19 BYPL has submitted that due to the above mentioned reasons, the O&M costs it incurred in year 2008-09 are much higher than what was approved in the MYT Order. Hence it has requested the Commission for a true-up of costs and revision of ARR.
- 1.20 Table 12 below shows the proposed O&M expenses for year 2008-09, 2009-10 and 2010-11 along with the expenses approved in the MYT Order.

**Table 12 Proposed and approved O&M expenses for 2008-09, 2009-10 and 2010-11**

O&M Expenses (Rs. Crores)	2008-09		2009-10		2010-11	
	As per petition	Approved	As per petition	Approved	As per petition	Approved
Total O&M expenses	270.31	223.75	335.52	224.80	287.06	236.65

## Depreciation

- 1.21 According to the MYT Regulations, 2007, depreciation charges are not to be trued up on an annual basis and shall be trued up only once at the end of the control period

(year 2007-08 to year 2010-11). Hence, BYPL has assumed the same depreciation as allowed by the Commission in its MYT Order for the purpose of ARR computation.

- 1.22 Table 13 shows the depreciation cost as submitted by the licensee for 2008-09, 2009-10 and 2010-11. The petition figures shown in Table 13 are the amounts that were proposed in the licensee's petition before the issue of the MYT Order. The amounts showed as approved are the amounts approved earlier in the MYT Order issued by the Commission.

**Table 13 Depreciation incurred for 2008-09, 2009-10 and 2010-11**

Depreciation (Rs. Crores)	2008-09		2009-10		2010-11	
	As per petition	Approved	As per petition	Approved	As per petition	Approved
Depreciation	87.31	87.31	101.13	101.13	114.36	114.36

### Return on Capital Employed (RoCE)

- 1.23 Like depreciation, Return on Capital Employed is not reviewed on an annual basis and will be trued up only once at the end of the control period (year 2007-08 to year 2010-11). Hence, for the purpose of ARR calculation, BYPL has assumed the same RoCE as allowed by the Commission in its MYT Order.
- 1.24 The Regulated Rate Base on which the return is calculated includes the original cost of Fixed Assets and the Working Capital less the accumulated depreciation. The licensee has submitted that it has calculated the RRB after considering the methodology specified in the MYT Regulations, 2007. The Weighted Average Cost of Capital (WACC) and the Cost of Debt have also been computed as per the MYT Regulations, according to the licensee's submission.
- 1.25 BYPL has submitted the following amounts as the Return on Capital Employed for the years 2008-09, 2009-10 and 2010-11, along with the RoCE approved in the MYT Order.

**Table 14 Return on capital employed for 2008-09, 2009-10 and 2010-11**

RoCE including additional Supply Margin (Rs. Crores)	2008-09		2009-10		2010-11	
	As per petition	Approved	As per petition	Approved	As per petition	Approved
RoCE	114.54	114.54	137.25	137.25	152.42	152.42
Supply margin	5.04	5.04	6.59	6.59	7.96	7.96
Total RoCE including additional Supply Margin	119.58	119.58	143.85	143.85	160.37	160.37

## Other Expenses

1.26 BYPL has submitted the following additional expenses for consideration in ARR computation. These include expenses on:

- (a) **New initiatives:** BYPL has submitted that it has taken several new initiatives such as installation of kiosk machines for accepting payment of bills by consumers (around Rs. 13.42 lakhs), installing Minc Bill Boxes for accepting bill payments, at a cost of Rs. 4196, Project Jeevan for multi-utility payments by consumers, etc. The combined cost of these new initiatives is proposed to be Rs. 0.2 crores for each of the three years, i.e. 2008-09, 2009-10 and 2010-11.
- (b) **CISF Forces:** BYPL has submitted that it has deployed additional CISF forces in order to prevent electricity theft, at a cost of Rs. 3.46 crores in 2008-09, Rs. 3.60 crores in 2009-10 and Rs. 3.75 crores in 2010-11.
- (c) **Provision for Tax:** BYPL has shown Rs. 9.29 crores as the provision for tax in 2008-09, Rs. 2 crores in 2009-10 and Rs. 2 crores again in 2010-11.
- (d) **Training Expenses:** BYPL has stated that a National Training Policy for the Power Sector has been formulated by the Central Electricity Authority (CEA) which requires that a minimum of 1.5% of the salary budget of the organization be allocated for training of staff to begin with, and that this should gradually be increased to 5% of the salary budget. BRPL has proposed to earmark Rs. 1.62 crores and Rs. 9.06 crores towards training and development of its staff during 2009-10 and 2010-11 respectively.
- (e) **Incremental expenses:** BYPL has submitted that it is facing additional expenses due to uncontrollable factors like increase in the cost of bill printing, and in the license fee paid to DERC.

1.27 These proposed costs are shown in Table 15 below. The table also shows the approved costs as per the MYT Order (applicable for the years 2008-09 and 2010-11) and the True up Order (applicable for the year 2009-10) issued by the Commission.

**Table 15 Additional expenses proposed for 2008-09, 2009-10 and 2010-11**

Other Expenses (Rs. crores)	2008-09		2009-10		2010-11	
	As per petition	Approved as per the MYT Order	As per petition	Approved as per the True up Order	As per petition	Approved as per the MYT Order
Income tax	9.29	2.00	2.00	2.00	2.00	2.00
DVB arrears	3.89					
New initiatives	0.13		0.13		0.13	
Expenses towards bifurcation of shared services					8.00	
Energy conservation			10.00	10.00		

Training expenses			1.62		9.06	
CISF expenses	3.46		3.60		3.75	
Additional expenses due to uncontrollable factors	0.16					
(i) Incremental bill printing expenses	0.07		0.12		0.16	
(ii) License fee paid to DERC	0.09		0.12		0.13	
<b>Total Cost for Other Expenses</b>	<b>17.09</b>	<b>2.00</b>	<b>17.59</b>	<b>12.00</b>	<b>23.23</b>	<b>2.00</b>

## Non Tariff Income (NTI)

1.28 Apart from the revenue earned in accordance with the tariff schedule from supplying power to consumers, Distribution licensees also earn income from other sources such as interest received on deposits, loans and advances; delayed payment surcharge levied on bills that are paid late; sale of scrap, etc. This income is called Non-Tariff Income (NTI) and it needs to be subtracted from the total expenditure of the licensee in order to compute the licensee's Aggregate Revenue Requirement of the licensee.

1.29 BYPL has proposed the following amounts as NTI for the years 2008-09, 2009-10 and 2010-11. The amounts showed as 'approved' are the amounts approved earlier in the MYT Order (applicable for the years 2008-09 and 2010-11) and the True up Order (applicable for the year 2009-10) issued by the Commission.

**Table 16 Non Tariff Income for 2008-09, 2009-10 and 2010-11**

Non Tariff Income (Rs. Crores)	2008-09		2009-10		2010-11	
	As per petition	Approved as per the MYT Order	As per petition	Approved as per the True up Order	As per petition	Approved as per the MYT Order
Non Tariff Income	139.52	44.09	46.81	46.81	49.76	49.76

## Aggregate Revenue Requirement (ARR)

1.30 On the basis of the costs incurred in the year 2008-09, and projections for 2009-10 and 2010-11, and after subtracting the Non Tariff Income for each of the three years, BYPL has projected the following Aggregate Revenue Requirement.

**Table 17 Proposed ARR for 2008-09, 2009-10 and 2010-11 along with ARR approved**

Aggregate Revenue Requirement (Rs. crores)	2008-09		2009-10		2010-11	
	As per petition	Approved as per the MYT Order	As per petition	Approved as per the True up Order	As per petition	Approved as per the MYT Order
Power purchase cost	1,282.00	1,267.84	2,165.73	1470.95	1,804.67	1614.37
O&M expenses	270.31	223.76	335.52	224.80	287.06	236.65
Depreciation	87.31	87.31	101.13	101.13	114.36	114.36
ROCE including supply margin allowed	119.58	119.58	143.84	143.85	160.38	160.37
Past Period Gap due to ATE Order	100.62					

Other Expenses	17.09	2.00	17.59	12.00	23.23	2.00
<i>Less:</i>						
Non Tariff Income	139.52	44.09	46.81	46.81	49.76	49.76
Interest capitalized	10.54	10.54	10.31	10.31	9.06	9.06
<b>Aggregate Revenue Requirement</b>	<b>1,726.85</b>	<b>1,645.86</b>	<b>2,706.69</b>	<b>1895.62</b>	<b>2,330.89</b>	<b>2068.95</b>

## Revenue from Sale of Power

- 1.31 BYPL has submitted that it achieved greater sales in the year 2008-09 than projected in the MYT Order and has shown the energy sales of 2008-09, along with projections for 2009-10 and 2010-11, as given below in Table 18.

**Table 18 Energy sales in 2008-09, 2009-10 and 2010-11**

Energy Sales	Unit	2008-09		2009-10		2010-11	
		As per petition	Approved in the MYT Order	As per petition	Approved in the True up Order	As per petition	Approved in the MYT Order
Energy Sales	MU	3965	3516	4506	4445	5009	4389
Revenue Billed	Rs. Cr	1803.2		2,037		2,289	
Average Billing Rate	Rs./unit	4.49	4.79	4.52		4.57	
Revenue available for the purpose of ARR	Rs. Cr	1554		1941		2180	

## Revenue Gap

- 1.32 BYPL has submitted that is after reducing the revenue obtained from tariff at existing rates from its Aggregate Revenue Requirement, it is facing a revenue gap as shown below in Table 19.

**Table 19 Computation of revenue gap by BYPL**

Computation of Revenue Gap (Rs. Crores)	2008-09	2009-10	2010-11
Opening Gap as per Tariff Order for 2009-10	116.6	235.5	1,056.34
Gap during the Year	172.9	765.61	151.06
Carrying Cost @ 9%	22.8	55.24	101.46
Gap adjusted during the year	(76.7)	-	-
<b>Closing Gap</b>	<b>235.5</b>	<b>1,056.34</b>	<b>1,308.86</b>

## Tariff Proposal

- 1.33 In order to recover the entire gap of Rs 1308.86 crores submitted by BYPL, the tariff (fixed and energy charges) will need to be increased by 60.04% across all consumer categories.
- 1.34 BYPL has also suggested some tariff rationalization measures, as given below:

- (a) **Proposal for implementation of Automatic Power Purchase Price Adjustment mechanism:** BYPL submits that at present, due to the methodology of true-up of power purchase costs on the basis of actual audit accounts, it takes two years for legitimate power purchase costs to be passed on to the consumers due to which future consumers have to bear the burden of past revenue gap along with the carrying cost. Therefore, BYPL has requested the Commission to institute a mechanism for automatic Power Purchase Price Adjustment on quarterly basis, and has proposed details of the same.
- (b) **Tariff intervention to address under declaration of load:** BYPL has proposed that the provision of charging fixed charges based on Maximum Demand Indicator (MDI) reading for the Domestic category should be reintroduced in the tariff, since increase in demand by any consumer category more than the sanctioned load leads to overloading in the system and increases losses in the network.
- (c) **Uniform fixed charges up to the load of 5.0 kW:** BYPL has stated that most Domestic consumers have a connected load greater than 2 kW although their sanctioned load is less than 2 kW. BRPL has submitted that this gives undue advantage to consumers who have not increased their declared load to the actual connected load, while consumers of other billed load are paying the fixed charges. To avoid this, the licensee has requested the Commission to rationalize the slab-based fixed charges.
- (d) **kVAh billing for industrial and non-domestic consumers with MDI greater than 10 kW:** The licensee has requested that for industrial and non-domestic consumers with MDI greater than 10 kW, it should be entitled to charge kVAh tariff since it encourages consumers to improve their power factor which eventually helps the system by less loading and reduction in losses.
- (e) **Public Hoardings/ display boards using electricity for lighting to be charged on separate tariff:** BYPL has submitted that hoardings/public display boards that use high energy consuming luminaries cause a significant wastage of energy. The licensee submits that such hoardings/public display boards may be considered for billing under separate category at a tariff higher than the Non-Domestic category. However, hoardings/public display boards using LED devices for lighting may be provided with appropriate incentive to encourage more efficient use of electricity.
- (f) **Introduction of time differential tariffs for Consumers with Load > 10 kW for demand side management:** BYPL has submitted that Time Differential Tariffs would result in smoothening of demand curve which ultimately results in savings for the consumers by way of lower power purchase cost. BRPL has suggested that the Commission may review the possibility of introduction of time differential tariffs for consumers, say for load > 10 kW to start with, through informed deliberations with stakeholders.