

A1: SUMMARY OF THE PETITION FILED BY NDMC

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

Energy Sales

- 1.2 NDMC has submitted that its actual energy sales were 1064.40 MU in 2008-09 against the approved energy sales of 1082.98 MU in the MYT Order. For 2010-11, NDMC has retained the same level of sales as approved in the MYT Order.
- 1.3 Since energy sales are treated as an uncontrollable factor, NDMC has requested the Commission to approve the actual sales for 2008-09 instead of the comparatively higher sales approved for the year in the MYT Order, as shown in Table 1.

Table 1 Energy sales in 2008-09 (actual) and 2010-11 (proposed) along with sales approved

Sale of Energy (MU)	2008-09		2010-11	
	As per petition	Approved in the MYT Order	As per petition	Approved in the MYT Order
Domestic	208.98	215.59	237.51	223.56
<i>Single Deliver Point</i>	<i>69.21</i>	<i>63.31</i>	<i>87.48</i>	<i>65.65</i>
<i>Separate Delivery Point</i>	<i>120.53</i>	<i>129.87</i>	<i>132.21</i>	<i>134.67</i>
<i>Domestic Power</i>	<i>19.24</i>	<i>22.41</i>	<i>17.82</i>	<i>23.24</i>
Non Domestic	250.81	257.86	297.15	278.62
<i>Single Phase</i>	<i>51.15</i>	<i>60.39</i>	<i>56.85</i>	<i>65.25</i>
<i>Three Phase</i>	<i>199.66</i>	<i>197.47</i>	<i>240.30</i>	<i>213.37</i>
Mixed Load	589.10	596.97	670.82	642.86
<i>Supply at 11 KV (HT)</i>	<i>387.33</i>	<i>374.43</i>	<i>443.14</i>	<i>403.21</i>
<i>Supply on LT where supply is given from NDMC sub-station</i>	<i>4.82</i>	<i>7.38</i>	<i>5.71</i>	<i>7.95</i>
<i>Supply on LT where applicant provides built up space for sub-station</i>	<i>196.95</i>	<i>215.17</i>	<i>221.97</i>	<i>231.70</i>
Small Industrial Power	0.27	0.35		0.36
Public Lighting	8.73	8.23	0.39	8.49
Others	6.50	3.99	8.65	4.20
DMRC	0.00	0	3.94	68.00
Sum Total	1064.40	1082.98	1218.46	1,226.08

AT&C Losses

- 1.4 After consideration of the power purchase quantum and the prevailing loss levels in CTU network, NDMC has submitted the quantum of power available at DTL periphery as 2163.23 MU in 2008-09. The power consumed in NDMC license area is given to be 1187.32 MU and the rest of available power was sold under bilateral agreement, UI mechanism and to other discoms at NDMC periphery.

- 1.5 NDMC has submitted that its collection efficiency is lower than the targeted level on account of the increasing number of cases of “premises locked” reported during the period. The licensee has submitted that it is taking corrective measures to tackle such problems in the current and future years. However, considering this lower level of collection efficiency, NDMC has requested the Commission to approve the revised AT&C Loss trajectory proposed in this petition, as shown below.

Table 2 Revised AT&C Loss trajectory proposed by NDMC, along with the trajectory approved in the MYT Order

Particulars	2008-09		2009-10		2010-11	
	As per petition	Approved in the MYT Order	As per petition	Approved in the MYT Order	As per petition	Approved in the MYT Order
A T & C Losses	13.03%	10.75%	12.65%	10.38%	12.27%	10.00%
Distribution Losses	10.35%	10.75%	10.35%	10.38%	10.35%	10.00%
Collection Efficiency	97.01%	100%	97.43%	100%	97.86%	100%

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.

Table 3 Energy Balance for 2008-09 as submitted by NDMC

Energy Balance	Units	Quantum
Power Purchase from CGS	MU	1596.75
PGCIL Losses	%	0.04
PGCIL Losses	MU	29.38
Power Purchase from Delhi Gencos	MU	594.26
Intra-state Power Purchase	MU	1.59
Total Power Purchased	MU	2192.60
Power Sold through Bilateral Agreement	MU	264.54
Under-drawl of Power under UI	MU	449.70
DTL Losses	%	1.59%
DTL Losses	MU	23.06
Surplus Power Sold at Discom Boundary	MU	238.61
Total Sale of Power	MU	952.85
Revenue sold from surplus power	Rs. Cr	598.93
Net Power Available for Sale to NDMC Consumers	MU	1187.32
Energy Sold to the Consumers	MU	1064.40
Distribution Losses	MU	10.35%
Collection Efficiency	%	97.01%
Units Realized	MU	1032.58
Revenue available for the purpose of ARR	Rs. Cr	503.35
AT&C Losses	%	13.03%

1.10 Table 4 below gives the projections for sales, losses and power purchase for 2010-11 based on the revised loss trajectory proposed by NDMC.

Table 4 Energy Balance for 2010-11 as submitted by NDMC

Particulars	Units	Quantum
Power Purchase from Dadri TPS	MU	813
PGCIL losses	%	4.05%
PGCIL Losses	MU	33
Power purchase from Delhi Stations (BTPS + PPCL)	MU	1275
Total Power Purchased	MU	2088
Power Available at Delhi Periphery	MU	2055
Sales	MU	1218
Distribution Loss	MU	10.35%
Required Power at NDMC Periphery	MU	1359
DTL losses	%	2%
Required Power at Delhi Periphery	MU	1380
Surplus/ (Deficit) Power available at Delhi Periphery	MU	675

Power Purchase Cost

- 1.11 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.
- 1.12 NDMC has submitted that on account of the its efforts in selling surplus energy at the best possible rates, the net power purchase cost to NDMC for sale to its consumers is estimated as a low Rs. 73.62 crores, as opposed to Rs. 239.45 crores approved in the MYT Order. Thus, the actual rate of power sale to consumers for 2008-09 is Rs. 0.62 per unit, while the rate approved in the MYT Order was Rs. 1.97 per unit.
- 1.13 Table 5 below shows the power purchase quantum and rate of purchase submitted by NDMC for the Commission's approval for the year 2008-09 (actuals) along with the figures approved in the MYT Order.

Table 5 Actual and previously approved power purchase cost for 2008-09

Description	Actual for 2008-09			Approved in the MYT Order		
	MU	Amount (Rs. Cr)	Rate (Rs./unit)	MU	Amount (Rs. Cr)	Rate (Rs./unit)
Power Purchase from CGS						
<i>Dadri</i>	839.30	488.70	3.06	813.49	190.02	2.34
<i>BTPS</i>	757.45			696.99	202.17	2.90
<i>PGCIL Losses (%)</i>	4%			4%		
PGCIL Losses (MUs) and Wheeling Charges	29.38	13.18		28.47	7.85	
Power Available at DTL Periphery from CGS	1567.37	501.88	3.20	1482.01	400.04	2.70
Power Purchase from Delhi Gencos						
PPCL	594.26	124.42	2.09	577.81	117.74	2.04
Intra-state Power Purchase	1.59	25.65				
<i>NDPL</i>		8.20				
<i>BRPL</i>		10.22				
<i>BYPL</i>		6.95				
<i>MES</i>		0.27				
Power Available at DTL Periphery	2163.22	651.95	3.01	2059.82	517.78	2.51
Power Sold through Bilateral Agreement	264.54	184.51	6.97			
Under-drawl of Power under UI	449.70	311.43	6.93	826.55	278.96	3.37
Inter-Discom Sale	238.61	102.98	4.32			
DTL Losses (%)	0.02			0.01		
DTL Losses (MUs) and Wheeling Charges	23.06	16.68		19.84	13.67	
SLDC Charges		3.93			0.63	
Net Power Available for Sale to NDMC Consumers	1187.32	73.62	0.62	1213.43	239.45	1.97

- 1.14 For projecting the power purchase quantum for 2010-11, NDMC has considered sales of around 1218.48 MU in the year 2010-11. In order to make projections for meeting this requirement, the licensee has considered only the firm allocation from various sources as

unallocated power may/may not be available. For projecting the cost of this power purchase, NDMC has considered an escalation of 6% over the base cost considered by the Commission from these sources for the year 2008-09. Based on this calculation, it has requested the Commission to approve a power purchase cost of Rs. 567.64 crores for the year 2010-11.

- 1.15 Table 6 below shows the power purchase quantum and cost proposed by the licensee for 2010-11.

Table 6 Power purchase cost estimated by NDMC for 2010-11

Name of Station	Units Purchased (MU)	Base Cost (Rs Cr)	Escalation (%)	Cost for 2010-11 (Rs. Cr)
BTPS	697	213.2	6%	225.99
PPCL	578	124.00	6%	131.44
Dadri TPS	813	198.31	6%	210.21
Total	2088	535.51		567.64

O&M Expenditure

- 1.16 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, NDMC in its petition has requested the Commission to allow true up of O&M costs. NDMC has submitted the actual cost incurred in 2008-09 on various O&M components, as detailed below.

- (a) **Employee Cost:** NDMC has submitted that the actual employee expenses in 2008-09 were Rs. 68.34 crores, the breakup of which is given below.

Table 7 Proposed Employee Cost for 2008-09

Particulars (Rs. crores)	2008-09
Salaries	36.72
Additional Pay / DA	7.74
Other Allowances & Relief	23.21
Honorarium/Overtime	0.35
Bonus/Exgratia To Employees	0.22
Leave Travel Assistance	0.10
Grand Total	68.34
Employee expenses capitalised	0.00
Net Employee expenses	68.34

- (b) **A&G Expenses:** The actual A&G expenses incurred during 2008-09 have been submitted as Rs. 9.78 crores, as shown below.

Table 8 Proposed A&G Expenses for 2008-09

Particulars (Rs. crores)	2008-09
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Telephone, Postage, Telegram & Telex Charges	9.38
Consultancy Charges	0.22
Conveyance And Travel	0.01
Fee And Subscriptions Books And Periodicals	0.00
Miscellaneous Expenses	0.17
Sub-Total of other charges	9.78
A&G expenses capitalised	0.00
Net A&G expenses	9.78

(c) **R&M Expenses:** NDMC has submitted that it is in the process of finalization of accounts and is still considering the determination of opening GFA for its electricity business. Therefore, for the time being, the licensee has submitted that it is not able to determine the R&M expenses and the K factor based on the methodology provided in the MYT Regulations. Hence, NDMC has considered the R&M expenses at the Commission's approved level as determined in the MYT order.

1.17 For 2010-11, NDMC has retained the same O&M expenses as approved by the Commission in the MYT Order, since these are controllable expenses and will be reviewed on the basis of audited accounts only at the end of the control period.

1.18 Table 9 below shows the total O&M expenses proposed for 2008-09 and 2010-11 along with the expenses approved in the MYT Order.

Table 9 Proposed O&M expenses for 2008-09 and 2010-11 along with approved expenses

O&M Expenses inclusive of efficiency improvement factor (Rs. Crores)	2008-09		2010-11	
	As per petition	Approved in the MYT Order	As per petition	Approved in the MYT Order
Employee Cost	68.34	67.56	NA	58.74
A&G Expenses	9.78	12.18	NA	12.94
R&M Expenses	20.81	20.81	NA	37.49
Total O&M expenses	98.93	100.55	109.17	109.17

Depreciation

1.19 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, NDMC has assumed the same depreciation as allowed by the Commission in its MYT Order for the purpose of ARR computation.

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

Depreciation (Rs. Crores)	2008-09		2010-11	
	As per petition	Approved in the MYT Order	As per petition	Approved in the MYT Order
Depreciation	17.43	17.43	30.04	30.04

Return on Capital Employed (RoCE)

1.20 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 (2007-08 to 2010-11). Hence, for the purpose of ARR calculation, NDMC has assumed the same RoCE as allowed by the Commission in its MYT Order, as shown in Table 11 below.

Table 11 Return on capital employed for 2008-09 and 2010-11

RoCE including additional Supply Margin (Rs. Cr)	2008-09		2010-11	
	As per petition	Approved in the MYT Order	As per petition	Approved in the MYT Order
RoCE	29.79	29.79	66.37	66.37
Interest & Finance Charges	0.02	0	0	0

Allocation of expenditure related to Administrative and Civil Engineering Departments to Electricity Distribution

1.21 Since NDMC has other businesses apart from its electricity distribution business, a certain portion of its total expenses under the Administrative Department head are allocated to the distribution business. In its petition, NDMC has quoted the Commission's tariff order for 2005-06 for considering an allocation of 19% of the salary expenses of its Administrative department towards its electricity distribution business for the year 2008-09. The allocation of expenses against this head comes out to be Rs. 68.02 crores.

1.22 Further, since NDMC is yet to segregate the expenses shared by its Civil Engineering Department on account of electricity distribution business, it requests the Commission to consider an amount of Rs. 10 crores against this head, which is the same as approved in the tariff order for 2005-06 as well as in the MYT Order.

1.23 Table 12 below gives a summary of the allocation of expenditure of Administrative and Civil Engineering Departments for 2008-09 submitted by NDMC.

Table 12 Allocation of expenditure related to Administrative and Civil Engineering Department to the Electricity Distribution business for 2008-09

Particulars (Rs. crores)	2008-09
Salary Head for NDMC except Electricity Distribution business	269.77
Pension Liabilities of NDMC except Electricity Distribution business	88.25
Total Salary Expenses	358.01
Allocation of Admin related expenses to Electricity Supply Business of NDMC @ 19%	68.02

Civil Engineering Department	10.00
Total Allocation of Admin and Civil Engineering Department to Electricity Distribution Business	78.02

Non Tariff Income (NTI)

- 1.24 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.
- 1.25 NDMC has proposed the following amounts as NTI for 2008-09 and 2010-11.

Table 13 Non Tariff Income for 2008-09 and 2010-11

Non Tariff Income (Rs. Cr)	2008-09		2010-11	
	As per petition	Approved in the MYT Order	As per petition	Approved in the MYT Order
Total Non-Tariff Income	8.24	3.22	3.48	3.48

Revenue from Sale of Surplus Power

- 1.26 For projections for 2010-11, NDMC has submitted that it has considered the sale of surplus power to intra-state sales and bilateral sales in the ratio 50:50. It has considered a rate of Rs 3.75 per unit for intra-state sales and Rs. 5 per unit for bilateral sales.
- 1.27 The detailed calculation of revenue from sale of surplus power in 2010-11 is tabulated below.

Table 14 Estimated revenue from sale of power in 2010-11

Item	Unit	Amount
Surplus energy Available at NDMC periphery	MU	675
Energy Sales (Bilateral)	MU	338
Energy Sale to Discoms within State after adjustment of DTL Losses	MU	333
Revenue from sale (Bilateral) (@ Rs 5/unit)	Rs. Cr	169
Revenue from sale to other discoms (@ Rs 3.75/unit)	Rs. Cr	125
Total Revenue from sale of surplus power	Rs. Cr	293

Aggregate Revenue Requirement (ARR)

1.28 On the basis of its actual costs incurred in the year 2008-09 and projections for 2010-11, and after subtracting the Non Tariff Income for each of the two years, NDMC has submitted the following Aggregate Revenue Requirement.

Table 15 ARR for 2008-09 and 2010-11

Particulars (Rs. Crores)	2008-09		2010-11	
	As per petition (actual)	Approved in the MYT Order	As per petition	Approved in the MYT Order
Power Purchase Cost	638.77	509.93	567.64	301.47
Inter-state Transmission Charges	13.18	7.85	14.35	7.85
Intra-State Transmission Charges	16.68	13.67	30.89	22.56
SLDC Fee and Charges	3.93	0.63	0.43	0.43
Operations & Maintenance Costs	98.93	100.55	109.17	109.17
<i>Employee Expenses</i>	<i>68.34</i>	<i>67.56</i>		
<i>A&G Expenses</i>	<i>9.78</i>	<i>12.18</i>		
<i>R&M Expenses</i>	<i>20.81</i>	<i>20.81</i>		
Depreciation	17.43	17.43	30.04	30.04
Return on Capital Employed	29.79	29.79	66.37	66.37
Interest and Finance Charges	0.02	0.0		
Admin & Civil Engg. Dept Expenses	78.02	45.37	86.02	45.37
<i>Less: Non Tariff Income</i>	<i>8.24</i>	<i>3.22</i>	<i>3.48</i>	<i>3.48</i>
<i>Less: Revenue from sale of surplus power</i>	<i>598.93</i>	<i>278.96</i>	<i>293.50</i>	
Aggregate Revenue Requirement	289.57	443.04	607.93	579.78

Revenue from Sale of Power

1.29 NDMC has submitted that based on the tariff rates as approved by the Commission and the monthly consumption, it has raised Rs. 543.75 crore bills to its consumers against energy and demand charges. The total revenue realized from consumers in 2008-09 is submitted as Rs. 503.45 crores after deducting the NDMC tax amount.

1.30 NDMC 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 as given below in Table 16.

Table 16 Proposed energy sales, revenue billed and ABR in 2008-09 and 2010-11

Energy Sales	Unit	2008-09	2010-11
		As per petition	As per petition
Energy Billed	MU	1064.40	1218.46
Revenue Billed	Rs. crores	543.75	609.02
Average Billing Rate	Rs./unit	5.11	5.00

Revenue Gap

- 1.31 NDMC has submitted that it has calculated a revenue surplus of Rs. 213.78 crores for 2008-09 and Rs. 1.09 for 2010-11
- 1.32 Based on this projection, the revenue surplus of NDMC (including the opening revenue surplus of Rs. 192.21 crores at the end of 2007-08 as approved in the True up Order) is shown below.

Table 17 Computation of NDMC's revenue surplus

Particulars	2008-09	2010-11
Opening Surplus	192.21	405.99
Surplus during the Year	213.78	1.09
Closing Surplus	405.99	407.08*

* Closing surplus for 2010-11 does not include the surplus/gap of 2009-10 since that has not been provided in NDMC's petition

Tariff Proposal

- 1.33 Considering the revised ARR for 2010-11 and estimation of revenue from sale of power to consumers along with the revenue from sale of surplus power, NDMC has submitted that there may not be a requirement to revise the tariff from the current level. Hence it has proposed to continue with the same retail tariff in 2010-11 as approved by the Commission in the tariff order for 2009-10.