



## DELHI ELECTRICITY REGULATORY COMMISSION

Viniyamak Bhawan, 'C' Block, Shivalik, Malviya Nagar, New Delhi- 110017.

F.11(2153)/DERC/2023-24/7916

### Petition No. 16/2024

In the matter of: Petition for True up of expenses for FY 2022-23.

BSES Yamuna Power Limited,  
Through its: **CEO**  
Shakti Kiran Building,  
Karkardooma,  
Delhi-110 092.



**Coram:**

**Sh. Ram Naresh Singh, Member and Sh. Surender Babbar, Member**

### ORDER

(Date of Order: 31.12.2025)

M/s BSES Yamuna Power Limited (BYPL) has filed the instant Petition for approval of True-up of expenses for FY 2022-23. The Petition was admitted by the Commission vide Order dated 07.06.2024. The Petition along with Executive summary was uploaded on the website of the Commission and publicised through advertisement in newspapers for seeking response of the stakeholders.

The comments/suggestions of the stakeholders including the submissions made during the public hearing held on 27.03.2025 and the arguments advanced by the Petitioner have been duly considered by the Commission.

In exercise of the powers conferred under the Electricity Act, 2003 and considering Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017 & DERC (Business Plan) Regulations, this True-up Order is hereby passed and issued on this 31<sup>st</sup> day of December' 2025.

  
(Surender Babbar)

Member

  
(Ram Naresh Singh)

Member

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**A1 INTRODUCTION**

1.1 This Order relates to the Petition filed by BSES Yamuna Power Limited (BYPL) (hereinafter referred to as 'BYPL' or the 'Petitioner') for True-Up of FY 2022-23 for Distribution Business in terms of Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017 (hereinafter referred to as 'Tariff Regulations, 2017') and Delhi Electricity Regulatory Commission (Business Plan) Regulations, 2019 (hereinafter referred to as 'Business Plan Regulations, 2019').

**BSES YAMUNA POWER LIMITED (BYPL)**

1.2 BSES Yamuna Power Limited (BYPL) is a company incorporated under Companies Act, 1956 and is engaged in the business of Distribution and Retail Supply of Electricity within its area of supply (as defined in the License) in the National Capital Territory (NCT) of Delhi.

**DELHI ELECTRICITY REGULATORY COMMISSION**

1.3 Delhi Electricity Regulatory Commission (hereinafter referred to as 'DERC' or the 'Commission') was constituted by GoNCTD on 3/03/1999 and it became operational from 10/12/1999.

1.4 The Commission's approach to Regulation is driven by the Electricity Act, 2003, the National Electricity Plan, the National Tariff Policy and the Delhi Electricity Reform Act 2000 (hereinafter referred to as 'DERA'). The Electricity Act, 2003 mandates the Commission to take measures conducive to the development and management of the electricity industry in an efficient, economic and competitive manner, which inter alia includes formulation of Tariff Regulations and Tariff determination.

**MULTI YEAR TARIFF REGULATIONS**

1.5 The Commission issued Tariff Regulations, 2017 vide Gazette notification dated 31/01/2017 specifying Terms and Conditions for Determination of Tariff for Transmission of Electricity under the Multi Year Tariff (MYT) framework. Further the

operational norms for Distribution utilities have also been approved by the Commission in Business Plan Regulations, 2019 under Tariff Regulations, 2017 for the period FY 2020-21 to FY 2022-23.

#### **FILING OF PETITION FOR TRUE-UP OF FY 2022-23**

##### **FILING AND ACCEPTANCE OF PETITION**

- 1.6 The Petitioner filed its Petition for the approval of Trueing up of Expenses upto FY 2022-23 before the Commission on 31/10/2023.
- 1.7 The Petition was analyzed & various defects in the Petition were communicated to the Petitioner vide letter dated 17/11/2023. Thereafter, Petitioner submitted additional documents vide letter dated 28/11/2023.
- 1.8 The Commission admitted the Petitions for True up of ARR for FY 2022-23 vide its Order dated 07/06/2024, subject to clarifications / additional information, if any, which would be sought from the Petitioner from time to time. Copy of the Admission Orders dated 07/06/2024 is enclosed as *Annexure I* to this Order.
- 1.9 The complete copy of the True-up Petition filed by the Petitioner along with additional information was uploaded on website of the Commission ([www.derc.gov.in](http://www.derc.gov.in)) and the Petitioner.
- 1.10 The Executive Summary and one-page snapshot Summary of True-up of FY 2022-23 was also prepared and uploaded on Commission's website ([www.derc.gov.in](http://www.derc.gov.in)) for quick glance of Tariff Petitions and for ease to consumers.

##### **INTERACTION WITH THE PETITIONER AND PUBLIC HEARING**

- 1.11 The Order has referred at numerous places about various actions taken by the "Commission". It may be mentioned for the sake of clarity, that the term "Commission" in most of the cases refers to the officers of the Commission for carrying out the due diligence on the Petition filed by the Petitioner for obtaining and analyzing information/clarifications received from the Petitioner and submitting all issues for consideration by the Commission.
- 1.12 The Commission relied upon the analysis conducted by various concerned Divisions of the Commission for preparation of the Order.

- 1.13 A preliminary scrutiny/analysis of the Petition submitted by the Petitioner was carried out. Additional information/clarifications were sought from the Petitioner as and when required. The Commission and the Petitioner discussed key issues raised in the Petition, which included details of Long Term & Short Term Power Purchase, Sales, Billing, Collection, Capital expenditure and capitalisation plan, etc.
- 1.14 The Commission also conducted multiple validation sessions with the Petitioner during which discrepancies in the Petition and additional information as required by the Commission were sought. Subsequently, the Petitioner submitted replies to the issues raised and provided details and documentary evidence to substantiate its claims regarding various submissions.
- 1.15 The Commission decided to conduct Public Hearing for issuance of Tariff Order related to True up of FY 2022-23 and communicated the same through Public Notice published in leading newspapers on 6/03/2025 and also uploaded the same on Commission's website. Stakeholders were given time-period till 27/03/2025 for submitting comments/suggestions on Tariff Petition filed by the utilities.
- 1.16 A soft copy of the Petition was made available in CD form on payment of Rs. 25/- per CD or a copy of the Petition was also made available for purchase from the respective Petitioner head-office on working day till 27/03/2025 between 11 A.M. to 4.00 P.M. on payment of Rs.100/- either by Cash or by Demand Draft/Pay Order.
- 1.17 In order to extend help to the stakeholders in understanding the ARR Petition and filing their comments, officers of the Commission viz. Executive Director (Engineering/Tariff), Joint Director (Tariff-Engineering), Joint Director (Tariff-Finance), Joint Director (Engineering), Deputy Director (Tariff-Economics) and Deputy Director (Tariff-Engineering) were nominated for discussion on the Petition. This was duly mentioned in the Public Notices published by the Commission.
- 1.18 The Commission decided to conduct Public Hearing virtually on 27/03/2025 on Tariff Petitions for True Up of FY 2022-23.
- 1.19 Accordingly, the Commission scheduled a Public Hearing on Tariff Petitions for True Up of FY 2022-23 on 27/03/2025 to take a final view with respect to various issues concerning the principles and guidelines for Tariff determination.

1.20 The Commission received written comments from stakeholders. The comments of the stakeholders were also forwarded to the Petitioner who responded to the comments of the stakeholders with a copy of its replies to the Commission.

1.21 The issues and concerns raised by various stakeholders have been examined by the Commission. The major issues made by the stakeholders, the responses of the Petitioner thereon and the views of the Commission, have been summarized in Chapter 2.

1.22 The Commission has therefore considered the inputs/comments received from various stakeholders along with the due diligence conducted by the officers of the Commission in arriving at its final decision.

**PUBLIC NOTICE**

1.23 The Commission published Public Notice in the following newspaper inviting comments/suggestions from stakeholders on the Tariff Petitions filed by the Petitioner latest by 16/12/2024 or the date of Public Hearing, whichever is later:

(a)	Hindustan Times (English)	:	3/12/2024
(b)	The Times of India (English)	:	3/12/2024
(c)	Indian Express (English)	:	3/12/2024
(d)	Millennium Post (Hindi)	:	3/12/2024
(e)	Navbharat Times (Hindi)	:	3/12/2024
(f)	Punjab Kesari (Hindi)	:	3/12/2024
(g)	Taasir (Urdu)	:	3/12/2024
(h)	Quami Patrika (Punjabi)	:	3/12/2024

1.24 Public Notice was also uploaded on Commission's website [www.derc.gov.in](http://www.derc.gov.in).

1.25 The Commission issued Public Notice in the following newspapers (*on dates mentioned alongside*), indicating the date and time of Public Hearing scheduled on 27/03/2025 for comments by stakeholders on the Tariff Petition filed by the Petitioner latest by 27/03/2025 and also indicated the conducting of Public Hearing:

(a)	Hindustan Times (English)	:	8/03/2025
(b)	The Times of India (English)	:	8/03/2025
(c)	Indian Express (English)	:	8/03/2025
(d)	Millennium Post (Hindi)	:	8/03/2025
(e)	Navbharat Times (Hindi)	:	8/03/2025
(f)	Punjab Kesari (Hindi)	:	8/03/2025
(g)	Taasir (Urdu)	:	8/03/2025
(h)	Quami Patrika (Punjabi)	:	8/03/2025

1.26 Public Notice related to process for Public Hearing (PH) was also uploaded on Commission's website. The platform for PH was as follows:

Dates	27/03/2025
Timings	11:30 AM onwards
Last date for registration	24/03/2025 at 05:00 PM
Platform	Google Meet
Email ID for Registration	<a href="mailto:dercpublichearing@gmail.com">dercpublichearing@gmail.com</a>

#### LAYOUT OF THE ORDER

1.27 This Order is organized into following Chapters:

- a) **Chapter A1** provides details of the Tariff setting process and the approach of the Order.
- b) **Chapter A2** provides brief of the comments of various stakeholders, the Petitioner's response and views of the Commission thereon.
- c) **Chapter A3** provides details/analysis of the True up of FY 2022-23.

1.28 The Order contains following Annexures, which are an integral part of the Tariff Order:

- a) **Annexure I** - Admission Order.
- b) **Annexure II** - List of the stakeholders who submitted their comments on True-up of expense for FY 2022-23.
- c) **Annexure III** – List of Stakeholders/consumers who attended the virtual public hearing.

**APPROACH FOR TRUE UP OF FY 2022-23**

1.29 The Commission in its Business Plan Regulations, 2019 has indicated that Regulations shall remain in force for a period of three (3) years, as follows:

*“1(2) These Regulations shall remain in force for a period of 3 (three) years i.e., for FY 2021-22, FY 2021-22 and FY 2022-23, unless reviewed earlier.”*

1.30 The Commission in its Tariff Regulations, 2017 has specified that Regulations shall be deemed to have come into effect from 1<sup>st</sup> February, 2017, as follows:

*“(4) These Regulations shall be deemed to have come into force from 1<sup>st</sup> February, 2017 and shall remain in force till amended or repealed by the Commission.”*

1.31 Accordingly, ARR for FY 2021-22 has been Trued up as per Tariff Regulations, 2017 and Business Plan Regulations, 2019.

**A2 RESPONSE FROM THE STAKEHOLDERS, PETITIONER'S RESPONSES AND COMMISSION'S VIEWS****RESPONSE FROM STAKEHOLDERS**

2.1 Pursuant to the Commission's invitation seeking comments from the stakeholders, responses were received concerning the True-Up Petition for FY 2022-23 as well as the ARR Petition for FY 2024-25. However, since the present Order is confined to the true-up of the expenses for FY 2022-23 only, this Chapter addresses exclusively those comments that pertain to the True-Up Petition for FY 2022-23.

2.2 Summary of objections/suggestions from stakeholders, response of Utilities and the Commission's view.

**INTRODUCTION**

2.3 Section 64(3) of the Electricity Act, 2003, provides that tariff determination for Distribution Licensees shall be carried out in accordance with Section 62 of the Act, after due consideration of all objections and suggestions received from the public and the responses of the DISCOMs thereto. Thereafter, the Commission shall issue a tariff Order, accepting the applications with such modifications or conditions as may be specified in the Order.

2.4 The Commission has examined the issues, taking into consideration the comments/suggestions offered by various stakeholders in their written statements and also the responses submitted by the Petitioners thereon.

2.5 The Commission endeavours to issue Tariff Orders in accordance with the provisions of the Electricity Act, 2003.

2.6 The Commission decided to conduct a Public Hearing for the issuance of the True-up Order of FY 2022-23 and communicated the same through Public Notice published in leading newspapers and uploaded the same on the Commission's website.

2.7 The Commission, vide its Public Notice dated 8/03/2025, scheduled Public Hearing on True-up Petitions of FY 2022-23 on 27/03/2025 to take a final view on various issues concerning the principles and guidelines for Tariff Determination.

2.8 Accordingly, all stakeholders were given additional time-period until 27/03/2025 to submit comments/suggestions on additional information filed by the utilities.

2.9 The comments/suggestions of various stakeholders, the replies/responses by the Petitioner and the Commission's views are summarized under various subheads below.

**ISSUE 1: DISTRIBUTION INFRASTRUCTURE****STAKEHOLDER'S VIEW:**

2.10 DMRC's network spreads across length and breadth of the city, and DMRC is taking power supply at 17 locations within Delhi crisscrossing across the jurisdiction of all the DISCOMs. DMRC has been allotted Contract Demand at each of the drawl point, and is penalised for breach of admissible drawl, even though the overall demand of DMRC remains stable / unchanged. The admissible drawl at a particular point of connection is generally breached only when the power supply from the adjacent sub-station is disrupted, which is beyond the control of DMRC.

2.11 At present, metering is done separately for each drawl point of DMRC and for taking power through open access. DMRC is required to submit power schedule for each drawl point separately. However, Delhi SLDC considers DISCOM wise cumulative schedule for DMRC. Even in the drawl schedule of DISCOM, cumulative schedule of DMRC is considered. But, for the purpose of billing, DISCOMS are considering drawl point-wise for open access demand. This methodology creates complications and leads to non-realistic accountable of energy which often leads to overestimation of energy consumed through DISCOMS.

2.12 Keeping this in view, the Commission is requested to permit DISCOM wise cumulative/

single billing for DMRC.

- 2.13 Further, it is also to state that there are two circuits at every receiving substation of DMRC for better reliability of supply and one separate meter is installed for each circuit. The reading of each meter is individually recorded for billing cycle and then manually added to arrive at the total Consumption and demand for billing purpose. To make the system reliable and more precise/ accurate, it is requested to allow the installation of summation meters at each grid substation, so that manual intervention during billing may be avoided.
- 2.14 There should be flexibility to the consumer to purchase meter from any of the DISCOMs to avoid delay in release of connection.
- 2.15 Overhead lines may be converted to underground cables in phases. In case of DISCOMs, Poles are often clustered with telecom companies' /cable companies, Wi-Fi wires etc. These wires should be properly clustered to avoid any mishaps.
- 2.16 Further in the villages, Galis being congested, the safety rules are difficult to be met with. DISCOMs may be asked to consider underground connectivity instead of overhead lines.
- 2.17 There are difficulties in release of new connections from the existing wires in the congested area leading to accidents.
- 2.18 For certain buildings where there is separate entrance for multiple floors, connections may be issued by a separate meter.
- 2.19 Installation of street lights in improper manner was raised which was advised to be referred to MCD.

**PETITIONERS' RESPONSE:****BRPL**

- 2.20 For each of its supply point, DMRC has unique CA Number, The Petitioner considers each CA number as its individual consumer and, therefore, individual consumers could

not be clubbed for billing purpose.

2.21 Further, the Petitioner agrees with installation of summation meters as proposed by DMRC in case of two feeders being billed under single CA. In similar case, BRPL has allowed to install summation meter at DTL Mehrauli Grid.

#### TPDDL

2.22 TPDDL follows the DERC (Supply Code and Performance Standards) Regulations, 2017, and Tariff Orders issued by the Commission for the billing of the consumers. There is no concept of cumulative billing and each connection of consumer is treated and serviced separately by distribution utilities. Further, the issue of summation meters is not related to Tariff petition.

#### NDMC

2.23 Query does not pertain to NDMC.

#### COMMISSION'S VIEW:

2.24 Regulation 11 (1) (iii) of DERC (*Supply Code and Performance Standards*) Regulations, 2017 specifies that:

*"11. New Electricity Connection:-*

*The Licensee shall process the application for new connection, within the time frame as specified in these Regulations*

*(1) Submission of application along with all documents:-*

*(i) The Applicant shall make application for new connection to the Licensee in the form notified in the Commissions Orders:*

*Provided that a non-refundable registration cum processing fee as notified in the Commission's Orders shall be levied on the applicant applying connection at Extra High Tension or High Tension voltage level.*

*(ii) The applicant can also make application for new connection online on the website of Licensee:*

*Provided that the applications for new connection for 50 kVA and above, unless any other lower value as may be notified by the Commission from time to time, shall be submitted through online system only.*

**(iii) If the Applicant wishes to provide his own meter of approved specifications, he shall explicitly inform the same to the Licensee at the time of making the application.**

*....."*

2.25 It is stated that above-quoted Regulation 11(1)(iii) specifies that the consumer can purchase a meter of approved specifications on his own. However, there is no provision specifying that the consumer can purchase the meter from any of the DISCOMs.

2.26 Any addition to or deletion of the provisions of above-stated clauses shall require an amendment to the Regulations, in consultation with stakeholders.

2.27 The above referred issues shall form part of ARR proceedings and shall accordingly be taken up for review at the time of hearing the ARR Petitions.

**ISSUE 2: REGULATORY ASSET SURCHARGE****STAKEHOLDER'S VIEW:**

2.28 DISCOMs have mentioned in their Petitions that the 8% Regulatory Asset Surcharge towards recovery of past accumulated deficit is not sufficient to recover the Regulatory asset.

2.29 DISCOMs have proposed for increase of Regulatory Surcharge. Since the carrying cost is already included in the ARR for Tariff determination and Principal amount needs to be recovered through 8% regulatory surcharge, therefore, there is no ground for increasing regulatory surcharge or imposition of new surcharge as proposed by the DISCOM.

2.30 Tata Power-DDL's request of allowing 8% surcharge (DRS) on another surcharge (i.e. PPAC) is not justified and cannot be accepted.

2.31 DMRC may be exempted from payment of regulatory surcharge.

2.32 From October 2012 a new surcharge under the head Deficit Revenue Recovery Surcharge @ 8 % was imposed on the consumers of electricity in Delhi without assigning any reason and this surcharge is continued and now increased to 18.3 % in February 2023. Such type of surcharge has never been imposed by any Power Utility in the entire country but as a special case it was imposed to the consumers of Delhi

and it was allowed without assigning any reason. Even in executive summary issued by the respondent aforesaid surcharge was not shown in the summary and hence it is not known how much money was collected on this account and where it is gone, there is no accountability. It is respectfully requested to this Commission to drop Deficit Revenue Recovery Surcharge because each and every citizen of Delhi is affected from this surcharge and the respondent company was allowed to charge such amount without showing the recovery on the amount under any head.

2.33 Regulatory surcharge should not be levied on PPAC in the Consumer Bills.

2.34 The Commission may restrain BRPL & BYPL from collecting 8% surcharge from consumers of Delhi, as these entities are collecting money from consumers but not making payments to DTL. This will reduce the burden on consumers of Delhi. Commission may provide for the opening of Escrow Account wherein these entities will deposit all its receivables and the payment be released to DTL for current as well as past dues.

**PETITIONERS' RESPONSE:****BRPL**

2.35 Tariff Policy dated 28/01/2016, notified under Section 3 of the Electricity Act, 2003 requires Regulatory Asset to be created only as a very rare exception in case of natural calamity or force majeure conditions. It further provides that the recovery of outstanding Regulatory Assets along with carrying cost of Regulatory Assets should be time bound and within a period not exceeding seven years.

2.36 The Commission vide its Tariff Order dated 13/07/2012 had introduced 8% Regulatory surcharge (on fixed & energy charges) for liquidation of accumulated Revenue Gap. The rationale given by the Commission in its Tariff Order dated 13/07/2012 is as under:

*"5.9 The revenue deficit for FY 2012-13 of the three DISCOMs is Rs.1402.32 Cr. While, the accumulated revenue deficit till FY 2010-11 (along with carrying cost) is Rs. 6,919 Cr. Keeping in view the significant*

*deficit with all three DISCOMs and in an attempt to make tariffs cost reflective, the Commission has decided to revise the tariff for all consumer categories in order to enable the DISCOMs to at least recover the approved revenue requirement for FY 2012-13.*

5.10 For meeting carrying cost of the revenue gap till FY 2010-11 and liquidation of revenue gap, the Commission has decided to introduce a surcharge of 8% over the revised tariff."

2.37 The above mentioned Regulatory Surcharge of 8% was decided by the Commission in Tariff Order dated 13/07/2012 for meeting carrying cost of the revenue gap till FY 2010-11 and liquidation of revenue gap. However, there is continuous creation of Regulatory Asset in further Tariff Orders. Eventually, Regulatory Surcharge of 8% is continued by the Commission till date without any increase.

2.38 Further, as per Rule 23 of the Electricity Rules, 2005 (amended on 10/01/2024), notified by Ministry of Power, Regulatory Asset shall be liquidated in maximum seven numbers of equal yearly installments starting from the next financial year as provided below:

*"Provided also that any gap between approved Annual Revenue Requirement and estimated annual revenue from approved tariff existing on the date of notification of these rules, along with the carrying costs at the base rate of Late Payment Surcharge as specified in the Electricity (Late Payment Surcharge and Related Matters) Rules, 2022, as amended from time to time shall be liquidated in maximum seven numbers of equal yearly installments starting from the next financial year."*

2.39 Hence, the present surcharge of 8% as levied is not enough to recover even the entire carrying cost on approving Regulatory Assets. The surcharge ought to be revised appropriately in consonance with various judgments of the Hon'ble Supreme Court so that the RA is recovered speedily without burdening the future consumers with the past costs.

2.40 In case, exemption from payment of regulatory surcharge is allowed to the stakeholder, not only BRPL's cash flow will be adversely affected, the burden of such exemption will fall on the other consumers.

2.41 PPAC is levied to recover the incremental Power Procurement Cost on quarterly basis, over and above the Power Procurement Cost approved in the Tariff Order of the relevant year.

2.42 Now, the Commission vide its Tariff Order dated 30/09/2021 has subsumed the revenue of Rs 626.57 Crore from PPAC for meeting the ARR requirement for the FY 2021-22. Thus, the PPAC has been subsumed in the Tariff Charges by the Commission. Hence, the Tariff was notified for various consumer categories by utilizing this PPAC amount in revenue of ARR. Thus, PPAC has already become part of Base Fixed Charge or Variable / Energy Charge as the revenue is considered against both as a whole.

2.43 Since DRS is levied on basic tariff and PPAC has become part of base Energy Charge and Fixed Charge Tariff (excluding Taxes surcharges etc), hence DRS should be applicable on PPAC Charges.

2.44 The surcharge of 8% for recovery of Regulatory Asset being allowed to BRPL & BYPL by the Commission is inadequate as itself acknowledged by the Commission in its Statutory Advise dated 1/02/2013 given to the GoNCTD under Section 86(2)(iv) of the Electricity Act wherein it was *inter alia* noted that M/s SBI Capital Markets Ltd. in their presentation have assessed that liquidation of pending Revenue Gap will require a surcharge of 20% for BRPL and 25% for BYPL on the applicable tariff from 2012-13 up to 2018-19. Issue of insufficiency of 8% surcharge has been raised by BRPL & BYPL before this Commission, in matters before Hon'ble APTEL as well as before the Hon'ble Supreme Court.

#### TPDDL

2.45 Regulatory surcharge is levied to recover the carrying cost of Regulatory assets built up during the last 15 years due to non-cost reflective tariff. DMRC was also part of the consumers where the tariff was non-cost reflective and hence cannot be exempted

from the Regulatory surcharge.

#### NDMC

2.46 Query does not pertain to NDMC.

#### COMMISSION'S VIEW:

2.47 The Commission in terms of the National Tariff Policy, 2016 and in accordance with the APTEL judgment and has allowed carrying cost to DISCOMs. For liquidation of the past accumulated revenue gap, the Commission introduced a surcharge of 8% over the Tariff, in Tariff Order dated 13/07/2012, and has been fixing Tariff every year to a reasonable level to provide additional revenue to DISCOMs and also to reduce the burden of carrying cost on the consumers of Delhi.

2.48 The build-up of the revenue gap commenced in 2009-10 when power purchase costs went up substantially and the rate of sale of surplus power steeply declined due to stringent frequency controls imposed by CERC.

2.49 The Tariff Order for FY 2010-11 was not issued due to court proceedings. Therefore, while the tariff increase from FY 2011-12 onwards has to some extent offset the incremental increase in revenue gap, however, cumulative revenue gap along with applicable carrying costs still remained uncovered. Thus, the formula evolved by the Commission i.e., including carrying costs in the ARR every year, for tariff determination and using 8% surcharge for liquidating the principal over time is expected to liquidate the Regulatory Assets in a reasonable period of 6 to 8 years.

2.50 The Commission has submitted before the Hon'ble Supreme Court of India in Civil Appeal No. 884 of 2010 that additional surcharge of 8% shall liquidate the principal amount of the accumulated revenue gap within 6 to 8 years.

2.51 The Commission determines the ARR for the DISCOMs as per the provisions of Regulation 154 & 155 of *Tariff Regulations, 2017* along with *Business Plan Regulation, 2019*, as follows.

**"REGULATORY ASSETS**

*154. The accumulated revenue gap, if approved by the Commission in the relevant Tariff Order shall be treated as*

*Regulatory Assets:*

*Provided that such revenue gap shall be computed on the basis of excess of ARR over Revenue approved after true up of the relevant financial year.*

*155. Carrying cost on average balance of accumulated revenue gap shall be allowed to the Utility at carrying cost rate approved by the Commission in the ARR of the relevant financial year:*

*Provided that average balance of accumulated revenue gap shall be determined based on opening balance of accumulated revenue gap and half of the Revenue Gap /Surplus during the relevant year.”*

2.52 The Hon'ble Supreme Court of India vide its Judgment dated 06/08/2025 with amendment vide Order dated 28/10/2025 directed to liquidate the Regulatory Assets within 7 years and directed the Hon'ble APTEL to monitor the same. The Commission endeavour to implement the directions of higher court and submitted the liquidation plan of existing Regulatory Assets before the Hon'ble APTEL. Further, as per the plan submitted before the Hon'ble APTEL in O.P. No.1 of 2025, the liquidation of Regulatory Assets will start from 1/04/2026 in line with Hon'ble Supreme Court's Order dated 6/08/2025 read with 28/10/2025.

### **ISSUE 3: PENSION TRUST SURCHARGE**

#### **STAKEHOLDER'S VIEW:**

2.53 A tripartite agreement was entered into between the Government of NCT of Delhi. DVB and The Delhi Vidyut Board Joint Action Committee on 28th day of October, 2000 and as per the agreement the Government shall create a Pension Fund in the form of a Trust and the pensionary benefits of absorbed employees shall be paid out of such pension fund.

2.54 The Principal Secretary (Power) of the GNCT of Delhi shall be the Chairperson of the Board of Trustees which shall include representatives of the Departments of Finance,

Personnel, Labour, the employees and experts in the relevant field to be nominated. The procedure and the manner in which pensionary benefits are to be sanctioned and disbursed from the Pension Fund shall be determined by the Govt. on recommendation of the Board of Trustees.

- 2.55 Pension Trust Surcharge should be completely withdrawn as GoNCTD is liable to pay pension to its employees.
- 2.56 Till August'2017, no pension trust surcharge was charged from the consumer but suddenly in Oct.2017 the consumers were billed with 3.7% surcharge on account of pension surcharge, thereafter it was increased to 3.8% in Oct. 2020 during the COVID, then it was increased to 5 % in Nov. 2020 knowing very well that the whole world is dying due to COVID but the Govt. Of NCT and DISCOMs have increased the pension trust surcharge to 7% in December 2021, illegally and arbitrarily and gradually the surcharge is increasing, which required to be either reduced and completely withdrawn.
- 2.57 BRPL has Collected Rs. 355.66 Cr. during the financial year 2021-22 from the area of the BRPL company. Similarly, other DISCOMs have collected the huge amount from the consumers on account of the Pension Trust for the year 2022-23, whereas it was not the responsibility of the Consumers to make the payment of the pension to the employees of the erstwhile DVB and it was the responsibility of the Govt. of NCT of Delhi or the DISCOMs.
- 2.58 The Pension Trust Surcharge should not form part of electricity bills and it should be borne by the GoNCTD as the liability belongs to erstwhile DVB employees.
- 2.59 Before unbundling, if there are any unsettled dues from the consumers, that should be independently audited and recovered.

**PETITIONERS' RESPONSE:****TPDDL**

2.60 Pension Trust Surcharge has been made applicable vide the Commission's various Tariff Orders and the same may be re-looked by the Commission.

**BRPL**

2.61 With regard to comment on levy of Pension Trust Surcharge, we submit that the Pension trust surcharge is being levied in terms of the surcharge rate determined by the Commission in the Tariff Order dated 30/09/2021. As per the Directives 6.2 and 6.3 of the Tariff Order dated 30/09/2021, the Petitioner deposits the entire collected amount on account of such surcharge to the Pension Trust.

**NDMC**

2.62 Query does not pertain to NDMC.

**COMMISSION'S VIEW:**

2.63 The Pension Trust was established as a part of Transfer Scheme Rules, 2001 framed under Delhi Electricity Reform Act, 2000 (DERA) and the Tripartite Agreement executed by GoNCTD with Unions of employees and Associations of officers of the erstwhile DVB. In terms of the aforesaid Rules and Tripartite Agreement, the Pension Trust was funded at the time of unbundling of the DVB by way of one lump sum payment by GoNCTD. Subsequent contributions from the date of unbundling have to be made to the Pension Trust by the successor entities of DVB. The Commission has been releasing ad-hoc payments in DTL Tariff Orders from FY 2011-12 onwards up to FY 2015-16. Further, in the Tariff Order dated August'2017, the Commission has directed the DISCOMs for submitting the reconciliation statement and deposit the amount directly to the pension trust, instead of the past practice of routing it through DTL.

2.64 Section 86 of the Electricity Act, 2003, which defines the functions of the State Commission, does not empower it to frame or issue Regulations governing the Pension Trust. This position has also been affirmed by the Hon'ble APTEL in Appeal No. 238 of 2013 (Mahendra Gupta & Others Vs DERC), wherein it has held that "the learned State Commission has no jurisdiction to go into disputes between the Appellants and the Pension Trust with regard to release of terminal benefits in their favour. The

grievances of individual employees/appellants relating to service matters relating to the terminal benefits including pension are not under the jurisdiction of the State Commission". Accordingly, the Commission reiterates its view that it is beyond its jurisdiction to regulate the Pension Trust or to frame any Regulations in this regard.

- 2.65 The Hon'ble Supreme Court in the matter of NDPL Vs. GoNCTD & Ors. in Civil Appeal no. 4269 of 2006 (Judgement dated 3/05/2010) had *inter alia* held that any liability towards DVB employees and existing pensioners are the responsibility and liability of the successor utility or employer.
- 2.66 The Commission vide letter no. F.17(44)/Engg./DERC/201213/C.F. No.3481/3320 dated 11/09/2012 has issued Statutory Advice under Section 86(2) of the Electricity Act, 2003 to Govt. of NCT of Delhi to constitute an Oversight Committee to look into the issues related to pensioners of erstwhile DVB. The subject matter is presently *sub judice* before the Hon'ble High Court of Delhi and the parties to the dispute should expedite the matter before the Court and explore other avenues for settlement of the dispute.
- 2.67 The Commission vide letters dated 8/12/2016 and 13/7/2020 have requested the GoNCTD for conducting a forensic audit of Pension Trust for authentication of the data of pension disbursement from FY 2002-03 to till date to ascertain the actual liability of Pension Trust.

#### ISSUE 4: TARIFF HIKE

##### STAKEHOLDER'S VIEW:

- 2.68 The Commission is requested to reduce the tariff for DMRC so that the agreed principle for fixing tariff for DMRC (i.e. cost of purchase to DISCOM plus reasonable service cost) is adhered to. Tariff for DMRC may be decided separately.
- 2.69 That as the tariff rate in Haryana is around Rs.6.65 per units/ fixed charges Rs.165/- per KVA with no additional surcharge, whereas in Delhi it is Rs.7.75 per units+ more

than 50% surcharge / Rs.250 as fixed charges and due to this reason the Cold Storage from Delhi are shifting to Haryana and thus slowly all the Cold storages are forced to close down from Delhi. Also, due to this reason the industries from Delhi are shifting to the Haryana or to Uttar Pradesh.

2.70 That in Haryana per unit rate of electricity is less than Rs.7/- per unit but in Delhi it is more than Rs.11.50 per units beside the fixed charges and in both the states the electricity is received from the almost same sources but due to reason that the distribution in Delhi is under the head of Private Companies they are earning huge profit by charging surcharge more than 50% under the garb of different surcharges illegally.

**PETITIONERS' RESPONSE:****TPDDL**

2.71 Tariff Determination and tariff design for all consumer categories is the sole prerogative of the Commission.

2.72 Further, DMRC is covered under Tariff of Public Utility and is given benefit of lower tariff along with other public utilities in comparison to other industrial & commercial consumers.

**BRPL**

2.73 The determination of electricity tariff to be charged from a consumer is the sole prerogative of the Commission under Section 45 of the Electricity Act, 2003.

**NDMC**

2.74 Query does not pertain to NDMC

**COMMISSION'S VIEW:**

2.75 The Commission determines the ARR for the DISCOMs as per the provisions of the relevant Regulations. The Commission in its Tariff Order has provided the break-up of the major components considered for projecting costs of supply like power purchase cost, O&M costs, CAPEX, financing cost, the gap in True up to FY 2022-23 and carrying

cost for the Regulatory Assets etc. This forms the basis for the projection of the gap/surplus between present requirement in terms of ARR and revenue available at existing Tariff. It is in the consumer's overall interest, that the gap between these two figures is filled by adjusting the Tariffs so as to reduce the accumulated Revenue Gap/Regulatory Assets and the Carrying Cost thereof, which otherwise would impose an additional burden on the average consumer. The Tariff Order is issued after prudence check of the Petitions submitted by the DISCOMs and after considering each element of cost projected in the Petitions with due analysis and ensuring proper justification.

#### **ISSUE 5: TARIFF CATEGORY**

##### **STAKEHOLDER'S VIEW:**

- 2.76 DMRC should be treated as special category and tariff based upon the Actual Cost of Supply (i.e. cost of purchase to DISCOMs plus reasonable service cost), at 220 / 66 kV without either the cross subsidy or subsidy elements should be charged. Therefore, Electricity tariff of DMRC is to be decided as per Agreed Principle i.e. cost of purchase to DISCOM plus reasonable service cost.
- 2.77 The Commission is requested to direct the DISCOMS to provide separate ACoS for DMRC without considering distribution loss & wheeling charges and reduce the tariff of DMRC so that the "Agreed Principle for fixing electricity tariff of DMRC (i.e. cost of purchase to DISCOM plus reasonable service cost) as decided and reiterated from time to time, is adhered to.
- 2.78 Tariff for Public Utility Category (applicable to DMRC) may be decided upon actual cost of supply (i.e. cost of purchase to DISCOMs plus reasonable service cost), keeping in view the facts.
- 2.79 Retail Tariff (i.e. the tariff at which a distribution licensee supplies electricity to consumers) is determined by the State Commissions under Section 62 of the Electricity Act, 2003 ("EA 2003"). While determining such Retail Tariff, the State Commission enjoys an absolute discretion in terms of Section 62(3) to differentiate between

consumers by specifying separate categories, where each category has a separate tariff.

2.80 Classification of consumers into different categories under EA 2003 can be done as per the stipulation provided under Section 62(3) on the basis of the following:

- (i) the consumer's load factor;
- (ii) power factor;
- (iii) voltage;
- (iv) total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area;
- (v) the nature of supply; and
- (vi) the purpose for which the supply is required

2.81 It is further submitted that creation of a different category for a particular class of consumers can only be undertaken within the scope and ambit of Section 62(3) of EA 2003.

2.82 All material activities/ processes which consume electricity for the purpose of providing telecommunication and data services should be levied industrial category tariff as the telecom sector is considered as an “industry” and is engaged in a public utility function being an essential service.

2.83 The mobile towers are to be considered as part of telecommunication equipment which are used for the purpose of effectively transmitting and receiving communication signals, and hence, the same is to be considered as “Industry”. Thus, it is clear that no differentiation can be made between mobile tower and other telecom infrastructure/ equipment which is material for providing telecommunication and data services, and these all have been considered as part of telecommunication.

2.84 Mobile telecommunication and data services provided by Airtel are essential public utility services and the installations comprising in the mobile telecommunication network have been declared and recognized as part of the infrastructure industry as demonstrated above. Apart from the same, it must also be taken into consideration

that the telecom sector as a whole performs a critical public function which relates to providing an essential and public utility services.

- 2.85 Mobile/ telecom towers do not function in isolation and as such, certain other infrastructure is also required so as to ensure effective transmission of signals. Therefore, such associated infrastructure cannot be subjected to a different tariff rate, when the function performed is one and the same. In fact, the Judgment dated 12/02/2020 passed by the Hon'ble APTEL is also premised on the same interpretation that when the service/ function does not change, there is no justification to subject similarly placed entities differently.
- 2.86 Thus, not granting the benefit of Industrial Tariff to the telecom infrastructure/ equipment, which are material in providing telecommunication and data services would be completely unjust, arbitrary, illegal and contrary to the legislative intent of Section 62(3) of the EA 2003, and would result in making telecom services expensive for the end consumers.
- 2.87 The Commission should categorize all the telecommunication infrastructures/ equipment's under the Industry (General) Tariff Category, as applicable to mobile towers, by prescribing a new category/ sub-category for IT and IT enabled services.
- 2.88 There should be re-look in the tariff provision and Cold Storage be kept under the Agriculture tariff or a separate category under the head Agriculture be created and some benefit may kindly be extended to the Cold Storage.
- 2.89 Municipal Corporation of Delhi is providing essential services to the urban and rural populations. Accordingly, the Commission may please re-look in the tariff provision for the Public Utilities Services and put the pumping load and water treatment plants of the MCD at par with the DJB and same be kept under the head Public Utilities Services.

**PETITIONERS' RESPONSE:**

**BRPL**

2.90 In view of the role of DMRC as a public utility service, BRPL has special consideration for maintaining quality of power supply to DMRC. BRPL endeavours to maintain the uninterrupted power supply to all its consumers including DMRC. These arrangements ensure uninterrupted and better quality of service to all its consumers. To maintain this level of quality power supply, associated costs (i.e., other than Power Purchase cost) are also borne by the Petitioner, which needs to be factored by the Commission in the Tariff Determination for supply to DMRC and other consumers.

2.91 In order to provide reliable power supply to all consumers and to meet the continuously increasing peak demand, BRPL has entered into long term Power Purchase Agreements (PPAs) with various Central Govt, /State Govt. owned Generating stations & IPPs, In addition to this, the Petitioner also purchases power from other sources such as Power Exchanges, Bilateral & Banking arrangements etc, to meet the energy demand/rate variations, Thus, the cumulative cost of power procurement from all these sources is applicable to all consumers of BRPL including DMRC.

2.92 Considering DMRC as an essential utility service for transportation of passengers, we have been making consistent efforts to ensure supply of reliable and consistent power. In every critical situation, the crucial responsibility of providing quality and reliable power supply to DMRC lies on the shoulders of the Petitioner, for which it has to even arrange power from power market at higher prices.

2.93 In addition to the above, determination of electricity tariff to be charged from a certain category of consumers is the sole prerogative of The Commission under Section 61, 62 and Section 45 of the Electricity Act, 2003.

**BYPL**

2.94 In response to the issue raised regarding the shifting of pumping load and water treatment plants of MCD from Non-domestic category to Public Utility Category (at par

with DJB), we would like to submit that the determination of tariff, including categorization, solely under the sole prerogative of The Commission under Sec.45 of the Electricity Act, 2003. BYPL is required to comply with the Tariff Schedule issued by The Commission in Tariff Order dated 30/09/2021, applicable till date.

2.95 With regard to the concern raised by the stakeholder, we would like to clarify that Delhi Jal Board (DJB) is classified as Public Utility based on the distinct functions, which are different from MCDs. Therefore, MCD's categorization under the Non-domestic tariff is in line with the current regulatory framework. Accordingly, the Petitioner requests that the Commission may take an appropriate view on the concern raised by Stakeholder regarding categorization of its pumping loads and water treatment plants.

#### **TPDDL**

2.96 Tariff Determination and tariff design for all consumer categories is the sole prerogative of The Commission.

2.97 However, even in Haryana and Punjab which are major agricultural states, cold storage is not considered under Agricultural Tariff.

2.98 Further, the State Electricity Regulatory Commissions have been given power to frame regulations under Section 181 of the Electricity Act 2003 with regard to methods and principles by which charges for electricity shall be fixed. Under Section 62(3) of the Act, it is for the State Electricity Regulatory Commission to decide as to under which category a consumer should be placed.

2.99 TPDDL is billing all its consumers as per the Tariff Order FY 2021-22. The Commission may decide the tariff differentiating it on the basis which have been provided for in the Electricity Act, 2003.

2.100 Section 62(3) of the Electricity Act, 2003 provides that the Commission while determining the tariff may differentiate according to the purpose for which the supply is required as reproduced below:

*"62(3) The Appropriate Commission shall not while determining the tariff under this Act, show undue preference to any consumer of electricity but may differentiate according to the consumer's load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required."*

#### **NDMC**

2.101 NDMC submits that though Telecom services play a significant role in providing seamless connectivity for digital banking, e-governance, healthcare and other crucial services, and Central Government and Government of NCT of Delhi have recognized telecom as part of the Infrastructure Industry, they may be entitled to get promotional benefits by the Government in that category but the aforesaid provisions do not support the claim for special power tariff to the sector on that ground. If the commercial consumers are brought into the subsidized tariff category and the subsidy is not given by the Government, the level of cross-subsidy paid by the other consumers would increase and that would be contrary to provisions of the Electricity Act.

2.102 According to the provisions of Section 61 (d) & (g) of the Electricity Act 2003, tariff of any consumer should be reflective of the cost of supply of electricity and it should reduce cross-subsidies. The tariff is determined by adopting rationalization measures allowing almost equal tariff to all consumers barring a few such as Agriculture, Domestic and other subsidized consumers.

2.103 The National Tariff Policy 2016 also provides for bringing tariff within +/- 20% of average cost of supply and as such any preferential tariff at a reduced rate would be against the said policy. As per the Section 62(3) of the Electricity Act 2003, differentiating between consumers by specifying separate categories is under the complete jurisdiction and purview of the Commission.

#### **COMMISSION'S VIEW:**

2.104 This is beyond the purview of True-up Petition and shall form part of ARR proceedings

and accordingly shall be taken up at the time of hearing of the ARR Petitions and any change in Tariff Category will be discussed during finalization of Tariff Schedule.

#### ISSUE 6: FIXED CHARGE

##### STAKEHOLDER'S VIEW:

2.105 DMRC has been paying Rs. 61.05 Cr. per year as fixed charges against the contract demand/ admissible drawl of 203.5 MVA. The fixed charge constitutes approx. 8-10% of energy bill of DMRC.

2.106 Fixed charges should be reduced for DMRC as there is no significant deviation in actual and projected energy consumption of DMRC and also no DISCOM network is being used.

2.107 Fixed charges should be reduced and charged based on MDI only and not on sanctioned load since the peak is 7500 MW and total sanctioned load of Delhi is 25000 MW. DISCOMs should be allowed to charge fixed charges only to the extent they pay fixed charges.

2.108 In many state fixed charges are not charged from domestic consumers e.g. in Haryana no fixed charge is charged from domestic consumer and from single point consumer fixed charges of Rs.80 is charged from the housing societies based on MDI and hence in Delhi also fixed charges are required to be charged based on MDI only.

2.109 TPDDL is charging fixed charges for 6215 MW load amounting to Rs.1111.60 crore, similarly in Delhi other companies i.e. BRPL, BYPL, NDMC and so on are charging separately fixed charges from their consumers and total sanctioned load in Delhi is more than 25000 MW , whereas the peak load of Delhi never excess 7500 MW during summer and in winter it is very less and thus against maximum demand of 7500 MW charging for 25000 MW on account of fixed charges is illegal and hence the fixed charges if at all allowed to be charged then it should be allowed to be charged on MDI load only and not on sanctioned load. Moreover, the fixed for all category should be reduced because in Haryana the maximum fixed charges is Rs. 165 per KVA.

2.110 The DISCOMS should not be allowed to charge more than the fixed charges they are paying.

2.111 Presently sanction load is being increased based on 3 Months average billing whereas during balance of the year period the consumption is quite low, there may be mechanism for reduction in the consumption load considering the same.

2.112 Whenever there is an increase in sanction load, proper intimation should be given to the consumers.

**PETITIONERS' RESPONSE:****BRPL:**

2.113 Retail tariff has been divided into two parts, viz. Fixed Charge and Energy Charge. Further, Regulation 130 of the Tariff Regulations, 2017 provides that fixed components including capacity charge of generating stations and transmission licensees, return on capital employed, depreciation and O&M expenses of distribution licensee are required to be recovered through Fixed Charge of Tariff. Similarly, Regulation 131 of the Tariff Regulations, 2017 provides that cost components including energy charges (Power Purchase Cost excluding Capacity Charges), trading margin and open access charges are required to be recovered through Energy Charge of Tariff. However, during FY 2022-23, the ratio of fixed and variable components of ARR are 46:54, while the fixed and energy charges component in revenue are 16:84, The detailed working of the same is already submitted by the Petitioner at ARR Petition for FY 2024-25.

**TPDDL**

2.114 Fixed charges are part of Total tariff and is used for part recovery of fixed cost of DISCOMs. Further, the levy of Fixed charges is in line with Section 45(3) of the Electricity Act, 2003. Fixed charges are levied so as to be able to cover the fixed expenses / costs of DISCOMs. DISCOMs need to establish and maintain infrastructure and network so as to ensure uninterrupted power supply irrespective of the fact

whether such load demand is actually used or not. DISCOMs also needs to establish its network in N-1 configuration to maintain the redundancy in electrical network in case of fault. Further, the Peak of the different category of consumer varies in time and period and all consumer demand doesn't peak at same time and period. So Peaks for different types of consumptions do not occur simultaneously and hence network is to be maintained in accordance to local peak of network. It is because of above reasons, the installed capacity of network is higher than the peak load. Further, one of the objectives of the Tariff Policy is to ensure creation of adequate capacity including reserves in generation, transmission and distribution in advance for reliability of supply of electricity to consumers as per Section 4 (i) of the Tariff Policy. Lower recovery of fixed costs of a distribution utility from the Fixed Charges increases the variability of recovery of its costs as recovery of Energy Charges depends on the consumption thereby pushing the distribution utility to cut down on building efficient network. Recovery from fixed charges as per Tariff Order for FY 21-22 is only around 17% against around 60% fixed cost of the ARR. In the interest of consumer and financial viability of the Delhi DISCOMs, the Commission is requested to kindly revert to the fixed charges of FY 2018-19 and specify a trajectory in increase in Fixed Charge so as to ensure full recovery of fixed costs from fixed charges and ensure that the ensuing tariff should be cost reflective for each category of consumer as well as recover fixed cost of DISCOMs from fixed part of Tariff.

- 2.115 For all categories other than domestic, fixed charges are levied based on billing demand. For Domestic consumers, there is no timely updation by the consumer of enhanced load being used by them since there is no surcharge levied on excess load. This leads to excessive use of electricity which has a definitive impact on the electricity network. DISCOMs have to arrange for network augmentation since network has to be in conformity with load being supplied. Such excessive load at times leads to burning of meter and enhances consumer indiscipline.
- 2.116 Fixed charges for Domestic consumers if levied on billing demand will help recover costs according to the actual usage of the consumer. Also, the surcharge on excess

load will help ensure discipline amongst Domestic consumers. We welcome this suggestion to bill fixed charges on billing demand.

**NDMC**

2.117 Query does not pertain to NDMC.

**COMMISSION'S VIEW:**

2.118 Aggregate Revenue Requirement (ARR) of DISCOMs recoverable through Electricity Tariff has two parts i.e., Fixed Cost and Variable Cost. The Fixed Cost raised to DISCOMs from Generating Companies/ Transmission Companies includes Capacity Charges to Generating Companies/ Transmission Companies, Depreciation, O&M Expenses, Interest on Loan Expenses related to Infrastructure Cost of DISCOMs based on Sanctioned Load of consumers etc. and Variable Cost raised to DISCOMs from Generating Companies mainly includes Fuel cost of Generating Companies.

2.119 The Fixed Charges, as determined by the Commission mandated under Section 45 of the Electricity Act, 2003, are levied by DISCOMs so as to recover their above mentioned Fixed Costs. These Fixed Costs have to be paid uniformly to Generating Companies and Transmission Companies irrespective of electricity consumption. Any under-recovery on account of these Fixed Charges shall have severe impact on cash inflows of DISCOMs and may disturb timely payments to Generation Companies and Transmission Companies.

2.120 Further, the non-payment of Fixed Charges by consumers leads to non-payment of Fixed Cost to Generation Companies and Transmission Companies by DISCOMs. It results into creation of vicious circle and disturbs the equilibrium of the Power Sector which may lead to non-availability of 24X7 uninterrupted power supply.

2.121 As the distribution company needs to pay the fixed cost to Generating Stations and Transmission Companies uniformly during the year, this erratic cash inflow makes it difficult to make timely payments to Generation Companies and Transmission Companies which derails the entire system. The Commission in its DERC (Terms and

Conditions for determination of Tariff) Regulations, 2017 has specified the components which are part of fixed charges and the variable charges separately.

2.122 Further, the issue is beyond the purview of the True-up Petition shall form part of the ARR proceedings and accordingly will be taken up at the time of hearing of the ARR Petitions and any change in Tariff Category will be discussed during finalization of Tariff Schedule.

#### **ISSUE 7: TRANSMISSION LOSS & CHARGES**

##### **STAKEHOLDER'S VIEW:**

2.123 The average cost of supply for DMRC ought to be lesser than that for other consumer due to the following two reasons:

2.124 DMRC Receiving sub-stations (RSS's) are directly connected to the Intra-State Transmission Network of DTL at 66 kV or 220 kV. Being a public transport utility, DMRC has done huge investment from beginning in laying their own distribution network which is directly connected to DTL network for ensuring reliability of the system. Also, DMRC is doing maintenance of all distribution network system laid by DMRC and DISCOM is not having any role between DTL and DMRC except billing. Therefore, DISCOMS are primarily only billing entities.

2.125 Rather, the distribution losses in DMRC's network are already being billed to DMRC and are being borne/ paid by DMRC, since the energy meters for DMRC's connections are at DTL Grid substation feeders. Since Distribution network system of DISCOMs is not involved / utilized for wheeling of conventional / open access power by DMRC, therefore the question of Distribution losses cannot arise technically and hence, are not applicable for accounting of power being availed by DMRC for tariff determination.

2.126 It is submitted to the Commission for kind consideration that over past 20 years, DMRC has created an extensive 33 kV distribution system spread across the entire city through cable network along the metro route and at every station, the voltage is stepped down to 415 V, 3-phase, which is being utilized for passenger facilities and

safety services viz. lifts, escalators, air-conditioning, lighting, water pumps, fire detection & suppression system, signalling etc. The 25 KV, 1-phase power supply is distributed along the route through extensive overhead catenary network of DMRC.

- 2.127 All these arrangements have been made by DMRC by investing a substantial cost of more than Rs. 1,500 crores to ensure reliable and economic power supply. Thus, there are no significant expenses being incurred by DISCOMs in case of DMRC, except the cost of purchase of power.
- 2.128 Hence, as the Distribution network system of DISCOMs is not involved / utilized for wheeling of power by DMRC, hence the Wheeling charges are also not applicable on DMRC.
- 2.129 TPDDL for FY 2022-23 has claimed Rs. 390.07 Cr. as DTL Wheeling Charges, against the bills raised by DTL amounting to Rs. 352.65 Cr. towards wheeling charges. Further, FY 2024-25, TPDDL has projected an amount of 360 Cr. as DTL & SLDC charges.
- 2.130 As per SLDC data, the actual Intra-state Transmission Losses is 0.84% for FY 2022-23, however TPDDL has not specified any percentage for Intra-State Transmission Losses and has considered Intra-State Transmission Losses as 98.09 MU for FY 2022-23.
- 2.131 NDMC in its True-up Petition for FY 2022-23 has claimed Rs. 48.09 Cr. towards intra-state transmission losses/ charges against the bills raised by DTL amounting to Rs. 47.72 Cr. towards wheeling charges (including incentive / disincentive).
- 2.132 As per SLDC data, the actual Intra-State Transmission Losses are 0.84% for FY 2022-23, however, NDMC has considered the Intra-State Transmission Loss as 11.31 MU @ 0.88% (Table No. 12) for FY 2022-23. This needs to be considered while passing orders on True up Petitions.

**PETITIONERS' RESPONSE:****TPDDL**

- 2.133 For FY 22-23 total bill of Rs. 390.07 Cr. was raised by DTL against the wheeling charges

Break up is : Rs. 352.96 Cr. for FY 2022-24 & Rs.37.12 Cr. arrears for previous Financial Year. Similarly, Tata Power-DDL has considered Rs. 360 Cr. for FY 2024-25 on account of DTL wheeling charges and SLDC charges etc. on the basis of the past trend.

2.134 Tata Power-DDL computes the losses as difference of the actual power scheduled and energy received at Tata Power-DDL periphery and the losses are prorated under Intra state and Interstate losses as follows:

1. For Intra State Losses: - DTL losses have been factored in as per the data shown on the Delhi SLDC Website i.e 0.84% approx. (Delhi STU Loss).
2. For Inter State Losses: - Remaining difference is booked under Interstate head.

2.135 Tariff determination and tariff design for all consumer categories is the sole prerogative of the Commission.

2.136 Further, DMRC is covered under Tariff of Public Utility and is given benefit of lower tariff along with other public utilities in comparison to other industrial & commercial consumers.

#### **NDMC**

2.137 NDMC has verified bills for Rs. 47.04 Cr. from DTL (wheeling charges) for FY 2022-23. NDMC has made payment against DTL Wheeling Charges bills amounting to Rs. 41.25 Cr.

2.138 The intra-state transmission charges including DTL Wheeling Charges (Rs. 41.25 Cr.) + SLDC Charges (Rs. 34,73,177/-), 1% rebate (on Wheeling Charges bills) and Income Tax & Surcharges (on both Wheeling & SLDC Charges bills) + Reactive Charges (Rs. 64,24,779/-). The amount considered in the Petition is Rs. 48.09 Cr. The Projected amount of Rs. 45.40 Cr. for FY 2024-25 is based on the anticipated power purchase through intra-state transmission system. Transmission Losses for FY 2022-23 are (- 11.31) MUs @ 0.88% of 1,455.98 MUs. The projected Transmission Losses for FY 2024-25 as 0.88% i.e. 20.88 MU of 1435.12 MUs in ARR is based on the anticipated power purchase through intra-state transmission system.

**BRPL**

2.139 In view of the role of DMRC as a public utility service, BRPL has special consideration for maintaining quality of power supply to DMRC. BRPL endeavours to maintain the uninterrupted power supply to all its consumers including DMRC. These arrangements ensure uninterrupted and better quality of service to all its consumers. To maintain this level of quality power supply, associated costs (i.e., other than Power Purchase cost) are also borne by the Petitioner, which needs to be factored by Hon'ble Commission in the tariff determination for supply to DMRC and other consumers.

2.140 In order to provide reliable power supply to all consumers and to meet the continuously increasing peak demand, BRPL has entered into long term Power Purchase Agreements (PPAs) with various Central Govt, /State Govt. owned Generating stations & IPPs, In addition to this, the Petitioner also purchases power from other sources such as Power Exchanges, Bilateral & Banking arrangements etc, to meet the energy demand/rate variations, Thus, the cumulative cost of power procurement from all these sources is applicable to all consumers of BRPL including DMRC.

2.141 Considering DMRC as an essential utility service for transportation of passengers, we have been making consistent efforts to ensure supply of reliable and consistent power. In every critical situation, the crucial responsibility of providing quality and reliable power supply to DMRC lies on the shoulders of the Petitioner, for which it has to even arrange power from power market at higher prices.

2.142 In addition to above, determination of electricity tariff to be charged from a certain category of consumers is the sole prerogative of the Commission under Section 61, 62 and Section 45 of the Electricity Act, 2003.

**COMMISSION'S VIEW:**

2.143 The Commission determines the transmission charges of DTL as per Tariff Regulations, 2017 & Business Plan Regulations, 2019. Further, the transmission losses and availability are being considered as provided by Delhi SLDC. With regards to the dues

to DTL by DISCOMs, it is made clear that in case DISCOMs do not pay State GENCO and DTL as per timelines mandated in the Tariff Regulations, 2017 then they are liable for LPSC as stipulated in the said Regulations. LPSC paid by DISCOMs to State GENCO and DTL is not passed through in their ARR.

2.144 Further, Directives has been issued in previous Tariff Order to DISCOMs to make timely payment of bills to all the Generating Companies and Transmission Utilities. No Late Payment Surcharge shall be allowed as a pass through in the ARR on account of delayed payments.

#### ISSUE 8: TIME OF DAY (TOD) TARIFF

##### STAKEHOLDER'S VIEW:

2.145 In the submitted petition, BRPL has submitted following proposal to the Commission regarding applicability of Time of Day (ToD) Tariff

Tariff	May-Sept	(%)	Oct-Apr
Surcharge	14.00 — 17.00 hrs 22.00 - 01.00 hrs	30	
Rebate	04.00 — 10.00 hrs	30	No ToD
Normal	01.00 — 04.00 hrs 10.00 — 14.00 hrs 17.00 — 22.00 hrs	-	

2.146 It is important to note that DMRC is an essential utility service for transportation of passengers and is required to run trains according to a time table to meet demand of commuters. Moreover, in order to help in mitigating Delhi's air pollution, DMRC has to operate additional trips based on directions of the statutory authorities. The

maximum commuter demand is between 08:00 hours to 11:00 hours during morning and 16.00 to 20.00 hrs during evening which coincides with the period of maximum energy demand. The general consumption pattern of DMRC is as under:

00:00 hrs to 06:00 hrs — 5%  
06:00 hrs to 15:00 hrs — 45%  
15:00 hrs to 24:00 hrs — 50%

2.147 Therefore, unlike other industries it is not feasible for DMRC to control the energy consumption during the peak demand of commuter traffic without causing inconvenience to daily commuters. The present rate & time slot of ToD as applicable on DMRC is given in the following table: -

Tariff	May-Sept	(%)	Oct-Apr
Surcharge	14.00 — 17.00 hrs 22.00 - 01.00 hrs	20	No ToD
Rebate	04.00 — 10.00 hrs	20	
Normal	01.00 — 04.00 hrs 10.00 — 14.00 hrs 17.00 — 22.00 hrs	-	

2.148 From the above table, it is evident that due to application of ToD in Summer months (May to September), DMRC is liable to pay 20% extra during the period from 14.00 hrs to 17.00 hrs and from 22.00 hrs to 24.00 hrs.

2.149 DMRC is carrying passenger traffic during the peak hours and thereby de-congesting the roads and therefore contributing in reducing the pollution hence protecting the environment.

2.150 The request of BRPL to increase the ToD peak Surcharge & rebate to atleast 30% should not be applicable for Public utility like DMRC since they are serving the general public

for 18-20 hrs. every day and load pattern as per the commuters' load cannot be changed to reduce the liability on account of ToD with respect to the peak period.

- 2.151 In view of above, Commission is requested to exempt DMRC from ToD metering to avoid additional burden on energy efficient public transport system being used primarily by common men of Delhi NCR.
- 2.152 The demand of BRPL for increasing regulatory surcharge & introducing new surcharge is not justified.
- 2.153 Time of Day surcharge should not be applicable on DMRC keeping in view the nature of operations of DMRC, which does not allow any flexibility of shifting the loads.
- 2.154 ToD surcharge should not be applicable on DMRC, keeping in view the nature of operations, which does not allow any flexibility of shifting of loads.

**PETITIONERS' RESPONSE:****BRPL**

- 2.155 BRPL has proposed in the ARR Petition that ToD peak Surcharge and Rebate to be at least +/-30% so that objective of ToD may be fulfilled by shifting a portion of their loads from peak hours to off-peak-hours thereby improving the system load factor, flatten the load curve and optimize the cost of power purchase which constitute over 80% of the tariff charged from the consumers. Both these steps were envisaged to facilitate flattening of the load curves for the DISCOM.
- 2.156 Further, TOD tariff should reflect the changing power markets and the tariff on offer for peak and off-peak period should reflect the price unpredictability of the market. The marginal impact of power purchase during peak hours as compared to normal hours is considerably higher and not covered under the current margins of TOD tariff. Therefore, the current TOD tariff is not motivating most of the consumers to shift their load to off-peak hours as the current disincentive/incentive for consumption during peak/off-peak hours is having minuscule impact on respective bills and hence is not a decisive factor.

2.157 On the contrary it is observed that the cross-subsidising consumers who have opted open access are availing power from the DISCOM during the peak hours as the power from short term markets are higher thus rendering the TOD mechanism futile.

2.158 In view of the above, it is requested to make TOD applicable for all the category of consumers irrespective of any load band and re-introduce TOD peak Surcharge and Rebate to at least +/-30% to make it more attractive to the consumers and may be a win-win situation for both consumers and the licensee.

2.159 Further, the determination of electricity tariff to be charged from a certain category of consumers is the sole prerogative of the Commission under Section 61, 62 and Section 45 of the Electricity Act, 2003, hence, the DISCOM is bound to levy tariff and charges on consumers for a period as determined and approved by the Commission under the Electricity Act 2003.

**TPDDL**

2.160 Any exemption in tariff is the prerogative of the Commission. However, DISCOM need to purchase High Cost Power up to Rs 10 per unit during the Peak Period and are forced to sell the power in exchange at lower rate during off Peak Period in order to meet the fluctuating Demand of Consumers. Thus, the Tariff of consumer should reflect the actual cost of supply during that period irrespective of its ability to shift the load.

2.161 Further, the present ToD Tariff is applicable since last 8 years and hence, Tata Power-DDL requests the Commission to review its performance basis the load curves noticed during the summer months (April – September) and winter months (October – March) in its distribution area which is as follows:

Two distinct peaks and two distinct off-peak periods are noticed in the load curves for summer as well as winter months:

**Summer:**

Peak Periods: 0000 – 0100 hrs, 1300 – 1700 hrs. and 2100 – 2400 hrs

**Winter**

Peak Periods: 0600 — 1200 hrs, and 1700 — 2200 hrs

Off peak Period: 0000 — 0400 hrs

2.162 While the average power purchase cost at base load is 1400 MW April — September and is 900 MW during October — March is almost the same based on the Merit Order Despatch (MOD) principles, the power purchase cost increases by —150% to meet the peak load during April — September and 30% to meet the peak load during October — March. Accordingly; Tata Power-DDL has submitted the following proposal for ToD:

Month	Peak Period	Surcharge on energy charges	Off peak period	Rebate on energy charges
Apr. – Sept.	0000 – 0100 hrs 1300 – 1700 hrs 2100 – 2400 hrs	50%	0300 – 0900 hrs	20%
Oct. – Mar.	0600 – 1200 hrs. 1700 – 2200 hrs.	20%	0000 – 0400 hrs.	20%

**NDMC**

2.163 Query does not pertain to NDMC.

**COMMISSION'S VIEW:**

2.164 Currently, ToD surcharge is applicable to as specified in Tariff Schedule issued by the Commission:

*"ToD tariff shall be applicable on all consumers (other than Domestic) whose sanctioned load/MDI (whichever is higher) is 10kW/11kVA and above."*

MONTHS	PEAK HOURS (HRS)	SURCHARGE ON ENERGY CHARGES	OFF-PEAK HOURS (HRS)	REBATE ON ENERGY CHARGES
May - September	1400– 1700 & 2200 – 0100	20%	0400 – 1000	20%

2.165 Though DMRC being a Public Utility, abolition of above stated ToD Surcharge will form part of ARR proceedings and accordingly will be taken up at the time of hearing the Petitions of ARR.

#### **ISSUE 9: POWER PURCHASE ADJUSTMENT CHARGES (PPAC) & OTHER SURCHARGES**

##### **STAKEHOLDER'S VIEW:**

2.166 Various surcharges like pension trust, PPAC, differential PPAC, deficit Revenue Recovery Surcharge be withdrawn and PPAC be charged in amount instead of percentage terms and also reduce it.

2.167 DISCOM is allowed to charge Deficit Revenue Recovery Surcharge without assigning any reason but recovery is not shown under any head. This surcharge has increased from 8% in 2012 to 18.3% in Feb. 2023. Hon'ble Commission is requested to drop this surcharge.

2.168 Till July 2018 there was neither PPAC surcharge nor differential PPAC surcharge imposed on the consumers but suddenly from September 2018 a 2.7% PPAC surcharge was imposed but there was no differential PPAC, PPAC was then increased to 4.4.% in Oct.2018, thereafter reducing it to 1.8% in Nov.2020 and so on, thereafter it was increased to 8.7% from Sept.2022 illegally. In Haryana for the last 2 to 3 years there was no fuel surcharge and from April 2023 it is again imposed and an amount of 0.47p per unit is charged which shows that in Delhi PPAC surcharge is on very higher side. PPAC should not be allowed to be charged on percentage, it should be allowed in terms of money, so that no surcharge can be charged on fixed charges.

2.169 Besides PPAC, differential PPAC surcharge was allowed from the consumer from June 2020 starting from 2.63% and it is increased to 13.5%. Such surcharge should not be allowed to be charged from the consumer. Allowing such differential PPAC surcharge

is another way to increase the tariff by indirect way as it has no relevance when PPAC was already charged continuously. That differential PPAC surcharge should not be charged continuously because PPAC can be adjusted quarterly and there is no requirement to charge differential PPAC.

**PETITIONERS' RESPONSE:****TPDDL:**

2.170 Tariff determination and tariff design for all consumer categories is the sole prerogative of the Commission. The PPAC mechanism has been implemented pursuant to the statutory provisions of Electricity Act 2003 and Hon'ble APTEL directions. Timely levy of PPAC / Differential PPAC helps to recover any increase of power purchase in timely manner and minimize the carrying cost burden on consumers.

2.171 Tariff determination falls under the purview of the Commission, which considers multiple factors such as past Regulatory Assets, revenue requirements for the current year and other economic considerations while setting tariffs. Regulatory Assets got created due to non-cost reflective tariff for previous years. Therefore, to address this issue the Commission had introduced Regulatory Surcharge of 8% so that the interest burden can be met out to save the consumers from further accumulation of interest.

**BRPL**

2.172 The Distribution Licensees procure power from central generating stations, state generating stations through the long-term power purchase agreements and through short-term purchases. The power purchase cost accounts for about 80% of Annual Revenue Requirement of the Distribution Licensees and includes the cost paid for procurement of power, transmission charges, UI charges, SLDC/RLDC charges. The net power purchase cost after deducting amounts realized from sale of surplus power is considered for purpose of ARR.

2.173 Since the power purchase costs are uncontrollable in nature, any variation in the cost approved by Hon'ble Commission at the time of Tariff fixation and actual cost incurred

by DISCOM is a pass through.

2.174 Regarding the contention raised by the Stakeholder for PPAC to be charged in terms of money in place of percentage basis, the Petitioner would like to submit that Regulation 135 of DEREC Tariff Regulations, 2017 provides that The Commission has to specify a detailed formula for PPAC in the Tariff Orders of the relevant year and that the Distribution Licensees shall be allowed to recover the incremental Power Procurement Cost on quarterly basis. The PPAC formula as specified by The Commission in applicable Tariff Order dated 30/09/2021 is on percentage basis to be charged on quarterly basis, Moreover, the PPAC formula specified by the Ministry of Power in Schedule II of Rule 14 of the Electricity (Amendment) Rules, 2022 is on percentage basis to be charged on monthly basis without any cap.

#### **NDMC**

2.175 Query does not pertain to NDMC.

#### **COMMISSION'S VIEW:**

2.176 The DEREC (Terms and Conditions for Determination of Tariff) Regulations, 2017, specifies that:

*"134. The Distribution Licensee shall be allowed to recover the incremental Power Procurement Cost on quarterly basis, over and above the Power Procurement Cost approved in the Tariff Order of the relevant year, incurred due to the following:*

- (a) Variation in Price of Fuel from long term sources of Generation;*
- (b) Variation in Fixed Cost on account of Regulatory Orders from long term sources of Generation;*
- (c) Variation in Transmission Charges.*

*135. The Commission shall specify the detailed formula and procedure for recovery of such incremental Power Procurement Cost as Power Purchase Cost Adjustment Charges (PPAC) formula in the Tariff Order."*

2.177 The DERC vide its Tariff Orders specifies that:

*"e) The percentage increase on account of PPAC will be applied as a surcharge on the total energy and fixed charges (excluding short term arrears, LPSC, Electricity Duty etc.) billed to a consumer of the Utility. Further, PPAC surcharge shall not be levied on the 8% surcharge and also the 8% surcharge towards recovery of past accumulated deficit shall not to be levied on PPAC."*

2.178 As seen from above quoted Regulations, PPAC Charges covered variation in Fuel Cost, Fixed Cost on account of Regulatory Orders and variation in Transmission Charges, the same is levied by the Commission on both Fixed and Energy Charges.

2.179 Surcharges levied by the DISCOMs are specified in the Regulations/Tariff Orders as specified above regarding 8% Regulatory Assets Surcharge, Pension Trust Surcharge or PPAC.

2.180 Further, changes in such surcharge is beyond the purview of True-up Petition and will form part of ARR proceedings and accordingly will be taken up at the time of hearing the Petitions of ARR.

#### **ISSUE 10: CHARGING OF LEADING POWER FACTOR WHILE BILLING**

##### **STAKEHOLDER'S VIEW:**

2.181 BRPL has proposed to charge impact of leading power factor on consumers being billed on kVAh basis so that proper voltage is maintained in the grid. Therefore, BRPL has proposed to include lead reactive power for billing consumption.

2.182 DMRC is connected to DISCOM, as a Consumer and is being billed as per DERC Tariff Orders on "kVAh consumption basis" and "Lag only" metering has been accepted by The Commission vide letter dated 27/08/2004 and 1/07/2012. This is in-line with the practice of blocking leading power factor readings in case of Railways and Metro systems being followed by other states as well.

2.183 BRPL in its ARR petition has quoted the UPERC's Order dated May 24, 2023 but BRPL has not quoted the last para and thus not produced the complete picture of UPERC's

order. The last para of the Order mentioned by M/s BRPL is reproduced as under: "*.....However, the aforesaid provision of treating power factor below 0.95 (lead) as the commensurate lagging power factor, for the purposes of billing shall not be applicable on HV-3 category*" (applicable for Railway Traction and Metro Rail Corporation) "and shall be treated as unity. Hence, for HV-3, "lag only" logic of the meter should be used which blocks leading kVAh.

- 2.184 The above para clearly indicates that Hon'ble UPERC has directed DISCOM to consider unity power factor for Railway and Metro Rail Corporation (HV- 3) category in case of leading power factor.
- 2.185 It is pertinent to note that being an open access consumer, reactive energy is already being charged / incentivized to DMRC by DISCOMS.
- 2.186 Hence, the request of BRPL to introduce kVAh billing in both lag and lead mode may not be accepted for DMRC and the existing practice of KVAh billing under "lag only" metering may be continued for DMRC. The existing practice of KVAh billing under "Lag only" metering may be continued for DMRC.

**PETITIONERS' RESPONSE:****BRPL:**

- 2.187 Existing practice of kVAh billing under "lag only" metering may be continued for DMRC.
- 2.188 BRPL have proposed to include lead reactive power for billing consumption owing to the fact that consumer use fixed capacitors, bulk consumption, HT in fixed mode, use of substandard controllers having erratic and inconsistent performance, thereby, leading to additional Reactive (lead) Power Charges causing burden on the distribution licensee. During off-peak period, voltage become high due to high capacitive injection by high end consumers using fixed capacitors vis-a-vis absence of adequate reactive injection which endanger the system stability. Such overconsumption requires transformer of higher capacity to limit increased burden

on the distribution utility. In order to limit such anomaly, Discom has proposed the Commission to introduce kVAh billing in lag as well as lead mode.

2.189 Further, determination of electricity tariff to be charged from a certain category of consumers is the sole prerogative of the Commission under Section 61, 62 and Section 45 of the Electricity Act, 2003.

2.190 Consumers don't provide its equipment and installation with appropriate and adequate capacitor compensation. Mostly consumer uses fixed capacitors or bulk compensation on HT in fixed mode, thereby leading to additional Reactive (lead) Power Charges, which is causing undesirable unwarranted burden on other Tata Power-DDL consumers. It is important to note that, more particularly, during winter season, there is hardly any reactive injection, and due to high capacitive injection by high end consumers, the voltage becomes very high and sometimes so much so that it becomes difficult to control the same. Further, it has been observed that some of the high end consumers are using fix type capacitors matching with maximum demand. In these cases, the reduction in load/less load, causes excess injection of leading reactive power leading to billing of reactive charges by DTL to DISCOMs. However, actions from only DISCOM will not serve the purpose of reactive power management in power system as reactive injection and drawl can be from generator as well as transmission system. It is only the distribution companies who are paying for the inefficiency of other entities in power sector value chain. The reactive compensation is effective when it is nearer to the load and the extra reactive compensation by industrial consumers cannot be used / compensated against extra reactive energy drawl by agricultural section.

2.191 The most effective remedy to remove such anomaly is to introduce kVAh billing in lag as well lead mode i.e. kVARh consumption in the leading power factor mode has to be taken in account as consumption. Introduction of kVAh metering and tariffs in lead as well lag mode will also encourage the consumers to reduce their electricity bill by ensuring that they do not draw reactive power and switch over to using efficient devices with proper power factor correctors or will install only appropriate

capacitors at their premises.

2.192 Therefore, to ensure better quality and reliable supply of power for the consumers, it is proposed to charge even the leading power factor cases on kWh basis so that the injection by high end consumers (More than 30 KVA) is as per their actual requirement and proper voltage is maintained for all the consumers.

**NDMC**

2.193 Query does not pertain to NDMC.

**COMMISSION'S VIEW:**

2.194 This is beyond the purview of True-up Petition shall form part of the ARR proceedings and accordingly shall be taken up at the time of hearing of the ARR Petitions and any change in the billing will be discussed during finalization of Tariff Schedule.

**ISSUE 11: HARMONICS****STAKEHOLDER'S VIEW:**

2.195 DISCOMs may be advised to create awareness regarding harmonics among HT/EHT consumers so that they can take steps to minimize harmonics voluntarily at their level but imposition of penalties is not the correct approach.

**PETITIONERS' RESPONSE:****TPDDL**

2.196 It has to be noted that Tata Power-DDL is creating suitable awareness among the consumers to minimise the harmonics. However, it is not yielding the impact. The presence of harmonic distortion is highly detrimental to the health of electrical network. Bulk consumers of electricity have higher capability to inject current harmonics in the network by virtue of large nonlinear loads. The Forum of Regulators has specified such group of customers as "Designated customers" based on their potential to inject harmonics in the electrical network. The end users and utilities share responsibility for limiting harmonic current injections and voltage

distortion at the point of common coupling.

2.197 Regulation 8 of DERC (Supply Code and Performance Standards) Regulations, 2017, also talks of penal charges on non-compliance which are to be notified by the Commission. This Regulation is reproduced below for ready reference:

*"(5) Failure to comply with the permissible limits of Harmonics after inspection as in sub-regulation (3) above may attract penal charges, as may be notified by the Commission from time to time:"*

2.198 However, since the Commission has not notified any penal charges till date, Tata Power-DDL requests for notification of the same at the earliest and direct all the HT/EHT consumers to install Power Quality meters in accordance to Central Electricity Authority (Technical Standards for Connectivity of the Distributed Generation Resources) Amendment Regulations, 2019 and also specify the periodicity for sharing the recorded data of PQ meters with the DISCOMs as stipulated in the Amended Regulations of CEA.

#### **NDMC**

2.199 Query does not pertain to NDMC.

#### **COMMISSION'S VIEW:**

2.200 DISCOM has proposed Penal Charges @ 20-30% on Energy Charges of the respective consumer category tariff for HT consumers for failing to provide adequate harmonic filtering equipment to avoid dumping of harmonics into DISCOM's network beyond the permissible limits as specified by CEA Regulation. Further, the Petitioner has asked DERC to direct all HT/EHT consumers to install Power Quality meters in accordance to CEA and also specify the periodicity for sharing the recorded data of PQ meters with the DISCOMs.

2.201 DMRC has submitted that they are not using any Distribution power supply network of any of the DISCOMs. Being a Public Utility, efforts are being made by DMRC to maintain grid stability.

2.202 Further, this is beyond the purview of True-up Petition and shall form part of ARR proceedings and accordingly shall be taken up at the time of hearing the Petitions of ARR for FY 2025-26.

#### **ISSUE 12: OTC PLATFORMS**

##### **STAKEHOLDER'S VIEW:**

2.203 CERC introduced OTC Platforms for buyers and sellers of power in their Power Market Regulation 2021 (PMR 2021). In line with PMR 2021, GNA Energy started operating its OTC Platform upon approval of its bye-laws and business rules by the Hon'ble CERC. Further, GNA Energy is also assisting Buyer/Sellers through Data Analytics to take informed decisions on power procurement.

2.204 In this regard, we would also like to bring to your attention that several state regulatory commissions are already allowing utilities in their respective states to use CERC-regulated OTC Platforms.

2.205 Madhya Pradesh Electricity Regulatory Commission (MPERC) in the Discom ARR have directed them to use new Platforms like Power Exchanges/HP-DAM, PUSHP Portal, and OTC Platforms for their power market operation. A relevant extract is provided below for your ready reference:

2.206 MPERC Aggregate Revenue Requirement and Retail Supply Tariff Order for FY2024-25:

*"Based on analysis of actual surplus energy sold, it is observed that sale of surplus energy in open market is showing increasing trend. Therefore, considering the realistic scenario of sale of surplus power through open market and considering gradual increasing trend in previous years, the Commission has considered 5,619 MU as likely scenario for sale of surplus power through power exchanges, bilateral arrangements or through bidding. Although the estimation by the Commission is based on aforesaid numbers, the Commission directs the Petitioners to maximise sale of surplus energy through Power Exchanges, bilateral*

*arrangements or through bidding in order and also make best use of new platforms like HP-DAM (High Price Day Ahead Market), surplus power portal (PUSHp) and OTC Platform for sale of surplus power. The Petitioners are also directed to comply with the directions given by the Commission in para 7.11 of this Order on disposal of Surplus Power”*

2.207 Assam Electricity Regulatory Commission (AERC) in its draft framework for resource adequacy framework have allowed distribution licensees to contract power through OTC Platforms recognised and approved by CERC. A relevant extract is as below:

*“Distribution Licensee may contract power through State Generating Stations / Central Generating Stations/ Independent Power Producers (IPPs) / Captive Power Plants(CPPs)/ Renewable Power Plants including Co-Generation Plants / Central Agencies / State Agencies/ Intermediaries/ traders/Aggregators/ Power Exchanges or through bilateral agreements / Banking arrangements with other Distribution Licensee, over-the-counter (OTC) or any other platform recognized and approved by the Central Electricity Regulatory Commission and any other sources as may be approved by the Commission under Section 62 or Section 63 of the Act in compliance with competitive bidding guidelines.”*

2.208 In view of the above, we request the DERC to allow Distribution Companies in Delhi to use CERC-regulated digital OTC Platforms for the sale of surplus power, procurement of power from other DISCOMs and generators to fulfil short-term, medium-term, and long-term power requirements, and banking with other DISCOMs. Allowing OTC Platforms shall provide several advantages to the DISCOMs and the state of Delhi:

2.209 When buying/selling or banking through trading licensees, DISCOMs have access to a limited number of options. However, listing requirements on an OTC Platform will enable DISCOMs to have greater visibility on options available at a Pan-India level. This will empower them to make better decisions that will benefit the DISCOMs and the state of Delhi.

2.210 OTC Platforms allow direct interaction between utilities, allowing them the safety

and assurance of engaging directly with a secure entity. the Commission may thus allow DISCOMs to execute buy/sell and banking arrangements by listing their requirements on OTC Platforms when the counterparty is another utility and no other intermediary/trading licensee is involved.

2.211 DISCOMs are currently paying an average trading margin of 4 paise per unit to trading licensees for banking tenders executed through them. However, OTC Platforms (specifically GNA Energy) are charging a maximum of only 1.5 paise per unit resulting in +60% savings in the cost of banking for power. Thus, DISCOMs can gain significant savings by banking through OTC Platforms. Such savings shall greatly benefit the state and the people of Delhi.

2.212 We request the Commission to kindly consider this request and suitably include in the ARR to allow DISCOMs to procure power through CERC-regulated OTC Platforms in line with other SERCs as indicated above. We shall be happy to provide additional input required by the DER.

**PETITIONERS' RESPONSE:****TPDDL**

2.213 A suggestion has been provided to the Commission to consider allowing usage of CERC regulated OTC platforms. It is related to the introduction of OTC platforms and is not directly related to the Tariff Petition.

**BRPL & BYPL**

2.214 They have submitted that in terms of Hon'ble CERC Power Market Regulations 2021:

*"2. Definitions and Interpretation*

*(ap) "Over the Counter (OTC) Platform" is an electronic platform for exchange of information amongst the buyers and sellers of electricity.*

*41. The objectives of the OTC Platform shall be:*

*(1) To provide an electronic platform with the information of potential buyers and sellers of electricity,'*

*(2) To maintain a repository of data related to buyers and sellers and provide*

*such historical data to Market Participants, ‘*

*(3) To provide such services as advanced data analysis tools to Market Participants.*

*46. Obligations of the OTC Platforms*

- 1) *The OTC platform shall not engage in the negotiation, execution, clearance or settlement of the contracts.*
- 2) *The OTC platform shall maintain neutrality without influencing the decision making of the Market Participants in any manner.*

2.215 Moreover, on the matter of approving OTC Platforms for the sale of surplus power, procurement of power and banking in line with other DISCOMs, we would like to clarify that, the DISCOMs procure, sale power after Hon'ble Commission's approval/Order/Regulations.

**NDMC**

2.216 The Commission may take a view on this.

**COMMISSION'S VIEW:**

2.217 This is beyond the purview of True-up Petition shall form part of the ARR proceedings and accordingly shall be taken up at the time of hearing of the ARR Petitions.

**ISSUE 13: OUTSTANDING DUES OF WHEELING / TRANSMISSION CHARGES OF DTL**

**STAKEHOLDER'S VIEW:**

2.218 Outstanding dues of DTL to be paid by BRPL is Rs. 2,643.71 Cr. since October 2010 due to which DTL's financial health has deteriorated and it has become challenging for DTL to maintain the Transmission system.

2.219 It is likely that DTL may have to suffer an under-recovery at the end of the license period of BRPL due to non-payment of Transmission Charges by BRPL for the last 14 years. Hon'ble Commission may take necessary steps to ensure timely recovery of

outstanding Transmission Charges within the next 1-2 years.

2.220 BRPL is in breach of the terms of the Bulk Power Transmission Agreement dated 9/10/2009 ("BPTA") due to BRPL's default in payment to DTL. This Commission by Order dated 25/01/2012 in Petition Nos. 67 & 68 of 2011 directed BRPL to continue to pay the current dues of the transmission charges to DTL. The matter was also raised by DTL before this Commission in Petition No. 46 of 2018 for alleged non-payment of wheeling charges, income tax and incentives since October, 2010. Also the issues of violations of provisions of BPTA, timely payment of outstanding amounts along with the applicable surcharge, to establish Letter of Credit (LC), and for opening of Escrow Account, were raised in Petition No. 46 of 2013. Thereafter, Hon'ble Commission disposed of the Petition No. 46 of 2013 by Order dated 22/11/2013 for the constitution of Empowered Committee, and aggrieved of this, DTL filed an Appeal No. 32 of 2014 before Hon'ble Appellate Tribunal for Electricity, which is adjourned till the final judgment of the Hon'ble Supreme Court in W.P. (C) No. 104/ 2014.

2.221 In spite of Orders of this Commission as also the Hon'ble Supreme Court in W.P. (C) No. 104 of 2014 filed by BRPL, BRPL has neither remitted the payment to DTL nor established the requisite Letter of Credit ("LC") by communication 1/06/2018, BRPL had submitted a Liquidation Plan for liquidation of principal overdue. However, after payment of the initial installment, BRPL did not honor its own commitment to make payments as per the Liquidation Plan.

2.222 Hon'ble Commission may direct BRPL to clear the outstanding dues of DTL pending since October 2010 at the earliest including Late Payment Surcharge ("LPSC") @15%/18%

2.223 Hon'ble Supreme Court by its Order dated 12/05/2016 in W.P. (C) No. 104 of 2014 has directed BRPL to clear 70% of the current dues. However, BRPL has been defaulting in the payments to DTL. BRPL has not complied with the directions of Hon'ble Supreme Court for payment of 70% of current dues and has made payment

of 437.34% of current dues.

2.224 The GoNCTD by its letter dated 13/05/2016 directed that the subsidy amount would be adjusted against the outstanding dues only. Accordingly, DTL is adjusting the portion of subsidy against the outstanding dues of BRPL, pending since October, 2010, The said adjustment of subsidy against the outstanding dues was also upheld by the Hon'ble APTEL in the Order dated 23/05/2014 in I.A. No, 164 of 2014 in Appeal No. 32 of 2014. Therefore, DTL is bound to adhere to the above mentioned decisions of Hon'ble APTEL and directions of the GoNCTD.

2.225 BRPL in its True-Up Petition has claimed Rs. 236.8 Cr. (i.e., Rs.233.5 Cr. as Rebatable Amount and Rs. 3.4 Cr. as Non-Rebatable Amount) towards Transmission Charges of DTL for FY 2022-23, against the bills raised by DTL amounting to Rs. 403.07 Cr.

2.226 However, BRPL has not remitted any amount to DTL against Transmission / Wheeling Charges. Therefore, no amount should be allowed to BRPL by the Commission towards Transmission Charges of DTL for FY 2022-23. BRPL has made a payment of only Rs. 50 Cr. which has been adjusted against old outstanding dues of BRPL.

2.227 For FY 2024-25, BRPL has projected the total Transmission Charges of Rs. 1,626.80 Cr. However, BRPL has not specified: -

- Any bifurcation for Intra-State Transmission Charges
- Any roadmap for payment of outstanding dues of DTL

2.228 Despite clear directions from the Commission in past Tariff Orders for timely payment of bills, BRPL has failed to pay Transmission Charges to DTL for the last 14 years. This Commission has also been allowing carrying cost on the Revenue Gap / Regulatory Asset and BRPL is also enjoying interest on the outstanding payments to DTL (Rs. 2643.71 Cr.) withheld by BRPL from October -2010 to March - 2024. Hence the Commission may take a suitable decision on carrying cost / incentives being allowed to BRPL in view of BRPL's default in payment to DTL since October 2010.

2.229 BRPL & BYPL have retrospectively reduced the rate of LPSC payable to DTL on the outstanding dues from 15%/18% to 12% from the past period, which is a clear violation

of the provisions of the BPTA, the Tariff Regulations (*"Tariff Regulations, 2017"* as well as Electricity Act.

- 2.230 The Commission should take necessary steps to ensure the timely recovery of outstanding dues of DTL within the next 1-2 years.
- 2.231 By withholding the amount of the Transmission Charges payable to DTL, BRPL & BYPL have already enjoyed the interest on the unpaid amount of Rs. 2,643.71 Cr. & Rs. 2,050.77 Cr. over the period of last 13-14 years.
- 2.232 The Commission may direct BRPL & BYPL to re-instate the figures of outstanding dues payable to DTL along with LPSC @ 15%/18% for the past periods in the Balance Sheet of BRPL & BYPL.
- 2.233 Clause 5.1 of the BPTA mandates BRPL & BYPL to provide unconditional, un-assignable and irrevocable LC to DTL to duly secure the payment of monthly invoices raised by DTL.
- 2.234 Since 2011, DTL has been requesting BRPL & BYPL every year to provide the requisite LC, however, the same has not been provided by BRPL & BYPL. Hon'ble Commission may direct BRPL & BYPL to open the LC for FY 2023-24 w.e.f. 1/04/2023, at the earliest.

**PETITIONERS' RESPONSE:****BRPL & BYPL**

- 2.235 Contentions raised by DTL are erroneous and misconceived. As regards the contentions of DTL qua alleged non-payment of dues / non-compliance with Orders of the Commission and the Hon'ble Supreme Court, detailed submissions have been made hereinabove at Paras. 2 to 2.9 which may be read as part of the response and the same are not being repeated for the sake of brevity and to avoid prolixity.
- 2.236 On the issue of opening of LC in favor of DTL, considering the stressed financial condition of BRPL, for reasons not attributable to it as explained hereinabove, it is

submitted that the issue of opening of LC was raised by DTL before the Commission in Petition No. 46 and 47 of 2013 wherein the Commission by its Order dated 22/11/2013 directed for constitution of an Empowered Committee. The said Order was challenged by DTL and is pending adjudication in Appeal No. 32 of 2014 before the Hon'ble APTEL. As such, at this stage, DTL ought not to insist upon BRPL to open LC. Further, IPGCL & PPCL by their Communications dated 23/09/2022 had directed BRPL to establish LC in terms of the Electricity (Late Payment Surcharge and related matters) Rules, 2022 which was challenged by BRPL in IA No. 145037 of 2022 in W.P. (C) No. 104 of 2014, wherein Hon'ble Supreme Court has directed the parties to maintain Status Quo as on 28/09/2022.

- 2.237 As regards the Liquidation Plan proposed by BRPL, it is submitted that: -
- 2.238 As stated hereinabove BRPL has been making 100% payment of all current bills of DTL since November 2017 and from June 2018 BRPL has made additional payments to DTL of Rs. 157.50 Cr. to DTL during FY 2018-19 & 2019-20 over and above the 100% current dues of respective financial year, in order to demonstrate and establish BRPL's bona fide intent to pay the admitted dues of DTL. However, BRPL could not sustain the additional payments mainly due to reduction in Retail Tariff (on account of reduction in fixed charges) by the Commission in the Tariff Order dated 31/07/2019 applicable since FY 2019-20.
- 2.239 BRPL by its communications dated 2/07/2022 and 17/08/2022, without prejudice to its rights and contentions in proceedings pending in various fora, had proposed a consolidated and comprehensive One Time Settlement ("OTS") plan for liquidation of overdues of Delhi Utilities.
- 2.240 Proposed OTS plan was also placed before The Commission by BRPL for its guidance and imprimatur by way of Interim Applications in Review Petition Nos. 59 and 60 of 2019 which were disposed of by order dated 15/09/2022, as under:  
*"Heard Mr. Rahul Kinra, holding brief of Sr. Advocate, Mr. Bhatt. We have been informed that IPGCL and PPCL have filed an affidavit before this Commission*

*categorically denying the willingness to participate in the reconciliation proceedings as proposed by the Commission on request of the Petitioner. Earlier also they had appeared and shown reluctance, today the affidavit is on record. Mr. Kinra has pleaded that he may be granted a week's time to consult his clients and the case may be fixed on the next date. However, after going through the contents of the IPGCL and PPCL, the Commission feels that this was an attempt for a reconciliation and the Commission had passed orders in a persuasive manner in the hope that the matter can be settled amicably in the interest of all the parties. However, if the other party has filed a categorical denial to the reconciliation proceedings, no rejoinder can be filed by the Petitioner. Ms. Shandilya, Counsel for DTL, has also submitted orally that as per the instructions they are not willing to come to the table for discussion. Mr. Kinra has pleaded vehemently that the matter should be kept pending but we feel it will be totally unnecessary as the prayer of the Petitioner is categorically denied. The interim relief applications bearing Nos. 3 and 4 of 2022, on which these reconciliation proceeding were sought to be started, stands disposed of. Disposal of these applications will not mean that the contentions of the Petitioner have been rejected or the stand of the opposite parties has been legally accepted."*

- 2.241 The said Review Petitions are still pending before the Commission and were last listed on 4/03/2025 wherein the Commission had adjourned the hearing in the matters and directed the same to be listed after two weeks.
- 2.242 By a Brief Note tendered on behalf of BRPL and BYPL on 18/09/2024 before the Hon'ble Supreme Court, it was mentioned that in order to achieve resolution between BSES DISCOMs and DTL, two issues need either an agreed formulation between the parties for approval of this Hon'ble Court or a decision of the Hon'ble Court.
  - (i) Computation of principal amount of outstanding dues payable by BSES DISCOMs to Delhi Utilities, in terms of the Hon'ble Supreme Court's Order dated 26/03/2014:

- (j) Payment made directly by DISCOMs have to be appropriated first against current dues (amounts payable from 1/01/2014)
- (k) Subsidy amounts unilaterally adjusted by GoNCTD towards pre- 1/01/2014 dues of Delhi Utilities have to be appropriated against current dues
- (l) Rate for LPSC payable on such outstanding dues.

2.243 The above issues are pending consideration before the Hon'ble Supreme Court and the GoNCTD by its Affidavit dated 6/01/2025 has inter-alia stated that the proposal is under consideration. Hon'ble Supreme Court by its Order dated 20/02/2025 reserved the judgment on the issue relating to creation and continuation of the Regulatory Asset by Electricity Regulatory Commissions.

2.244 In view of the above, it is submitted that BRPL has been taking proactive steps to liquidate the outstanding dues of DTL, while suffering on account of the non-cost reflective tariff determined by the Commission year-on-year. Aforesaid contentions of DTL are erroneous and misconceived, and as such, liable to be rejected by the Commission. The Commission is requested to allow the claims of BRPL in the True Up Petition and the ARR Petition in the ensuing Tariff Order.

2.245 As stated hereinabove, in compliance of the Order dated 12/05/2016 passed by the Hon'ble Supreme Court, BRPL has been endeavoring to make 70% payment of the current dues to DTL while also considering the adjustment of Subsidy released by GoNCTD, which is a current receivable to BRPL. BRPL has been making 100% payment of all current bills of DTL since November 2017 and from June 2018 BRPL has made additional payments to DTL of Rs. 157.50 Cr. during FY 2018-19 & 2019-20 over and above the 100% current. dues of respective financial year, in order to demonstrate and establish BRPL's bona fide intent to pay the admitted dues of DTL.

2.246 DTL's contention that Subsidy amount released by the GoNCTD must be adjusted against the outstanding dues only, is misconceived, erroneous and unlawful as it has been the consistent stand of BRPL that the Subsidy amount cannot be adjusted unilaterally towards payment of outstanding dues of other State utilities.

2.247 The subsidy received by BRPL under Section 65 of the Electricity Act is a current receivable / revenue required to meet the current expenses incurred by BRPL including obligations towards power purchase costs on a monthly basis. Had these amounts been recovered as tariff from the consumers, the same would have been utilized to pay only the current dues and could not have been appropriated towards any dues other than current dues related to the period w.e.f. 1/01/2014. The distortion of the device of 'disbursal of Subsidy' cannot be used to divert and alter the payment and appropriation mechanism established by law under Section 65 of the Electricity Act.

2.248 Any adjustment of the subsidy against past dues impairs the ability of BRPL to pay the monthly dues for power purchase cost of the Generating and transmission Companies and also exposes BRPL to levy of unwarranted LPSC.

2.249 On 3/07/2023, Ministry of Power, Government of India ("MoP") has issued the Standard Operating Procedure to ensure compliance with subsidy accounting and payment which *inter alia* provides that "*xi. The State Government / UT Administration shall release the assessed subsidy amount in advance to DISCOMs / PDs for every month / quarter within the first 7 days of the month / within the first 15 days of the start of the quarter*"

2.250 On 26/07/2023, the MoP has notified the Electricity (Second Amendment) Rules, 2023 wherein Rule 15 of the Electricity Rules, 2005 has been amended to *inter alia* provide that subsidy must be provided by State Government in accordance with Section 65 of Electricity Act. In case the subsidy has not been paid in advance, then the State Commission shall issue the order for implementation of the tariff without subsidy, in accordance with provisions of Section 65. Relevant extracts of the Electricity (Second Amendment) Rules, 2023 are as under.

*2. For rule 15 of the Electricity Rules, 2005 (hereinafter referred to as the said rules), the following rule shall be substituted, namely. –*

*'15. Subsidy accounting and payment. -(1) The accounting of the subsidy payable under section 65 of the Act, shall be done by the distribution licensee in accordance with the Standard Operating Procedures issued by the Central Government. In this regard.*

*(2) A quarterly report shall be issued by the State Commission for each distribution licensee, in its jurisdiction, giving findings whether demands for subsidy were raised by the distribution licensee in the relevant quarter based on accounts of the energy consumed by the subsidised category and consumer category wise per unit subsidy declared by the State Government, the actual payment of subsidy in accordance with section 65 of the Act and the gap in subsidy due and paid as well as other relevant details.*

*Explanation. For the purpose of this rule (the term "unit" means Kilo watt hour (kWh) or Kilo Watt (KW) or Horse Power (HP) or Kilo Volt Ampere (kVA). in accordance with the relevant Regulations or the Tariff Orders issued by the Appropriate Commission. The quarterly report shall be submitted by the Distribution licensee within thirty days from end date of the respective quarter and the State Commission shall examine the report, and issue it with corrections, if any, in accordance with sub rule (2), within thirty days of the submission. In case the subsidy has not been paid in advance, then the State Commission shall issue order for implementation of the tariff without subsidy, in accordance with provisions of the section 65 of the Act. If subsidy accounting and the raising bills for subsidy is not found in accordance with the Act or Rules or Regulations issued there under, the State Commission shall take appropriate action against the concerned officers of the licensee for non- compliance as per provisions of the Act.*

2.251 Since Section 65 provides for subsidy to be released in advance for the same to be passed on to the consumers for the respective quarter of the Financial Year, it is evident that subsidy released under section 65 of the Electricity Act is meant for the current quarter and therefore a part of the current revenue. In case the subsidy amount is adjusted towards past dues, BRPL will not be able to discharge its payment obligations towards current dues.

2.252 In fact, even the Subsidy Sanction Orders of the GoNCTD categorically mention that Subsidy amounts are being diverted towards outstanding dues of DTL. However, DTL has not considered the Subsidy amount owed to BRPL, which is being paid directly by the GoNCTD to DTL, as payment against the current dues.

2.253 This unilateral adjustment and appropriation of subsidy amounts against the past outstanding dues is contrary to specific instructions of BRPL to adjust the subsidy amounts against the current dues payable in terms of the Orders dated 26/03/2014 and 12/05/2016 of the Hon'ble Supreme Court as well as provisions of Indian Contract Act, 1872.

2.254 Reliance cannot be placed upon the Hon'ble APTEL's Order dated 23/05/2014 which only relates to the adjustment done in terms of the GoNCTD Letters dated 12/09/2013 and 24/03/2014, and being an Interim Order does not hold any precedent value and cannot be applied as a matter of right and principle for adjustment of subsidy amounts against the old outstanding dues for perpetuity. The GoNCTD Letter dated 13/05/2016 is a response to the representation by BSES DISCOMs and does not direct adjustment of the subsidy towards the old outstanding dues, the GoNCTD Letter refers to the APTEL Order and reiterates that the GoNCTD by its Sanction Orders for adjusting the subsidy against past dues, which is disputed by BRPL and the issue of unilateral adjustment of subsidy amounts contrary to the orders passed by the Hon'ble Supreme Court pending consideration before the Hon'ble Supreme Court.

2.255 Even otherwise, the Order dated 23/05/2014 merely follows the directive of the GoNCTD to adjust Subsidy amounts towards past dues, without examining the issue of whether:

*Such a direction of the GoNCTD was itself permissible in the light of Section 65 of the Electricity Act, which in fact was / is against the Statute.*

*Such a direction was itself in violation of the Hon'ble Supreme Court's Order dated 26/03/2014*

2.256 Order dated 23/05/2014 does not finally or conclusively decide an issue of adjustment of Subsidy. Further - Order dated 23/05/2014 has been challenged by BRPL in Civil Appeal Nos. 8464-66 of 2014 and 8387-89 of 2014 before the Hon'ble Supreme Court inter alia contending that subsidy amount has to be allowed as per mandate of Section 65 of Electricity Act and should be adjusted towards current dues only as per Order dated 26/03/2014 as specifically requested by BRPL and not otherwise. Matters are currently pending before the Hon'ble Supreme Court and being taken up along with other matters including the Writ Petitions.

2.257 By Order dated 19/09/2014, Hon'ble Supreme Court was pleased to issue notice on I.A. No. 2 of 2014 in aforesaid Civil Appeals filed by BRPL seeking stay of the Order dated 23/05/2014.

2.258 By Order dated 9/02/2015, Hon'ble Supreme Court stayed the proceedings before Hon'ble APTEL, wherein the issue of inter alia establishment of Payment Security Mechanism has been raised by the Delhi Utilities, till disposal of W.P. (C) No, 104 of 2014, as under

*“The learned counsel for the parties have brought it to the notice of this Court that the main issue is posted for hearing before this Court on 18.02.2015. therefore, the Appellate Tribunal is directed to defer the hearing slated to 12.02.2015 till the writ petitions are disposed of.”*

2.259 As such, it cannot be said that the issue of adjustment of subsidy has been finally adjudicated or attained finality in terms of the Order dated 23/05/2014 and the subsidy is liable to be adjusted against the old outstanding only.

2.260 It is also submitted that credit of STOA charges to be refunded by DTL to BRPL on monthly basis is to be adjusted with current bills of DTL. DTL cannot be allowed to adjust the same with past alleged overdues, as directed by the Commission in Tariff Order dated 30/09/2021, as under: -

*The Commission directs the Petitioner to disburse Short Term Open Access Charges to*

*DISCOMS as per applicable rules and regulations, on monthly basis on the date of raising Transmission charge bills, Further, no adjustment of STOA charges shall be made towards any past dues or adjustment in transmission bills of utilities.*

2.261 In view of the above, it is submitted that the aforesaid contentions of DTL are erroneous and misconceived, and as such, liable to be rejected by the Commission. The Commission is requested to allow the claims of BRPL in the True Up Petition and the ARR Petition in the ensuing Tariff Order.

2.262 Regarding LPSC, it is submitted that there is no reduction in the LPSC liability and the same has been considered as Trade Payables (12%) and remaining as Contingent Liability based on various background facts, including: -

- a) Regulations specified by the Commission / Hon'ble Central Electricity Regulatory Commission;
- b) Ministry of Power, Government of India's ("MoP") Advisory dated 20/08/2020;
- c) Trend of reducing LPSC rates in the country recognized inter alia in the Electricity (Late Payment Surcharge and Related Matters) Rules, 2022 ("LPSC Rules, 2022") even though the same are not strictly applicable. MoP by its Affidavit dated 12/12/2022 filed in W.P. (C) No 105 of 2014 has stated that: "...the Late Payment Surcharge fixed by most of the Commissions was about 18% which was usurious considering the fact that the present lending rate in Banks is around 6 to 7 percent."
- d) This Commission's Order dated 13/05/2019 in Petition Nos. 8 and 26 of 2018 wherein The Commission has inter alia expressed its 'no-objection' to a Bilateral Settlement between the parties;
- e) Ongoing settlement talks between the Delhi Utilities, BRPL & BYPL;
- f) Proceedings pending adjudication before various fora including the Hon'ble Supreme Court and The Commission.
- g) Constrained ability of BRPL & BYPL to pay LPSC at exorbitant rates especially in view of non-cost reflective tariff fixed by The Commission, year-on-year, resulting in accumulation of substantial Regulatory Asset.
- h) Constrained ability of BRPL & BYPL to pay LPSC at exorbitant rates especially in view of non-cost reflective tariff fixed by The Commission, year-on-year, resulting in accumulation of substantial Regulatory Asset.
- i) Further, the fact that no bills were raised by DTL after June 2014 and the manner of

treatment of LPSC in the Books of Accounts of DTL would show that DTL has been recognizing LPSC in a very conservative manner.

j) BRPL & BYPL has been consistently, honestly, with the highest standards of corporate governance and to provide a true and fair view recognizing and disclosing, in its accounts, even a possible claim of LPSC. LPSC is levied as a penalty for willful non-payment or delay in payment under the Electricity Act and the Regulations framed under it.

6.2 On one hand, BRPL & BYPL is not being fully allowed to recover its cost from the consumers in tariff and, on the other hand, is being burdened with high LPSC rate from the Delhi Utilities on account of delay in payment. LPSC, being levied on account of an artificially induced inability to pay, leads to an incidence of LPSC liability being levied for no fault of BRPL & BYPL. There is clear inconsistency in the rate of LPSC accrued (15% p.a. / 18% p.a.) on BRPL & BYPL as: -

- a) Rate of Carrying Cost being allowed to BRPL & BYPL on the Regulatory Asset which is much lower than the rate of LPSC.
- b) Cost of borrowings of BRPL & BYPL, which was in the range of 13% to 15% p.a. due to the weakened financial position and substantial volume of Trade Payables caused by accumulation of substantial Regulatory Asset being created year-on-year and insufficient tariff being determined by the Commission.
- c) Cost of borrowings of the Delhi Utilities which is at an average rate of - 9% p.a.

6.3 Aforesaid differential impact of 6% p.a. is a perpetual drain on the net worth of BRPL & BYPL, which is not a pass through in tariff, and has deteriorated its financial position and creditworthiness for reasons beyond the control of BRPL & BYPL and which can be fairly considered to be a circumstance akin to Force Majeure. Since the reversal of 6% was neither recovered nor is eligible to be recovered through tariff, there is no question of wrongful gains or illegal profiteering by the BRPL & BYPL. The same issue has been raised by DTL in Petition No. 24 and 25 of 2024. In view of the above, it is submitted that the aforesaid contentions of DTL are erroneous and misconceived, and as such, liable to be rejected by the Commission. The Commission is requested to allow the claims of BRPL & BYPL in the True-up Petition and the ARR Petition in the ensuing Tariff Order.

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2.263 The aforesaid contentions raised by DTL are erroneous and misconceived. Detailed submissions as regards opening of LC by BRPL & BYPL in favor of DTL have been made

hereinabove which may be read as part of the response and the same are not being repeated for the sake of brevity and to avoid prolixity. Hon'ble Commission is requested to allow the claims of BRPL & BYPL in the True-up Petition and the ARR Petition in the ensuing Tariff Order.

**BRPL**

2.264 The contentions raised by DTL are erroneous and misconceived. BRPL has claimed total Transmission Charges of Rs. 957 Cr. including Rs. 236 Cr. paid to DTL. Notably, BRPL has been making payment of current dues of DTL in terms of Orders of the Hon'ble Supreme Court in W.P. (C) No. 104 of 2014, viz.: -

- a) Order dated 26/03/2014 wherein the Hon'ble Supreme Court directed BRPL to make 100% payment of the current dues w.e.f. 1/03/2014 which will relate to the billing period from 1/01/2014, as under: -

*"In our opinion, the suggestion made by Mr. Rohatgi is reasonable. This would avoid unnecessary delay on the ground that necessary information has not been given. Let the necessary questionnaire/proforma be given to the Distribution companies within 10 days from today. The information would be furnished / supplied by the distribution companies within 10 days thereafter to the DERC and within two weeks thereafter, the road map will be prepared by the DERC. In the meantime, the distribution companies will continue to pay the current payments to the generating and transmission companies with effect from 1st March, 2014 which will relate to the billing period from 1st January, 2014. The interim order dated 7th February, 2014 with regard to no disconnection in the supply of electricity shall continue."*

2.265 Order dated 26/03/2014 was continued by Orders dated 06/05/2014 and 03/07/2014.

2.266 Order dated 12/05/2016 wherein the Hon'ble Supreme Court directed BRPL to pay 70% of the current dues to Indraprastha Power Generation Co. Ltd. ("IPGCL"). Pragati Power Corporation Ltd. ("PPCL") and DTL (collectively "Delhi Utilities") as under: -

*“We make it clear that till further orders, the alleged contemnors-respondents shall pay 70 per cent of the current dues”. (Emphasis Supplied]*

2.267 In compliance with the above and contrary to DTL's contentions BRPL has been making 100% payment of all current bills of DTL since November 2017, despite the Order dated 12/05/2016 directing payment of 70% of the current dues. As on 20/03/2025, BRPL has already paid 102.86% of the current bills of DTL since January 2014 in terms of directions of Hon'ble Supreme Court.

2.268 It is ex-facie arbitrary on the part of DTL to contend that BRPL has not remitted any amount to DTL against Transmission / Wheeling Charges. Tabulated statement of the payments made by BRPL against the bills raised by DTL during FY 2022-23 in terms of Orders dated 26/03/2014 and 12/05/2016 of the Hon'ble Supreme Court and after considering adjustment of Subsidy released by the Government of NCT of Delhi (“GoNCTD”) directly to DTL is as under:

**Table 2: Payment of transmission bills for FY 2022-23 (Rs Crore):**

Particulars	Bill for FY 22-23	Payment Through Subsidy	Payment Cash & TDS	Payment STOA Credit	Total Payment
Wheeling charges	362.17	310.95	56.99	128.7	496.64
DTL SLDC	3.36		3.33	-	3.33
<b>Total</b>	<b>365.53</b>	<b>310.95</b>	<b>61.39</b>	<b>127.63</b>	<b>499.97</b>

2.269 Therefore, as against the bill of Rs. 365.53 Cr., the Petitioner has paid Rs. 499.97 Cr., which is 137% of the total invoice raised for FY 2022- 23.

2.270 The aforesaid is without prejudice to the rights and contentions of BRPL as regards the unlawful adjustment of Subsidy by the GoNCTD towards dues of DTL against the prescription of Section 65 of the Electricity Act.

2.271 In BRPL's Tariff Petition, Transmission Charges of Rs. 1626.8 Cr. have been projected based on the escalation observed in the past trend, as referred in the BRPL Tariff Petition. Further, as admitted by DTL in its Letter under response, DTL has been

adjusting the amounts paid by BRPL against the old outstanding amounts and showing current dues outstanding and levying LPSC on the same. This is contrary to the express request of BRPL by its Letters dated 11/02/2025, 21/02/2025, and 20/03/2025, wherein, it has been requesting DTL to adjust the payments against the current dues. The action of DTL in adjusting the payments against the old outstanding is not only contrary to the Hon'ble Supreme Court's Orders dated 26/03/2014 and 12/05/2016 but also causes a dual burden on LPSC on BRPL. This issue has also been raised before the Hon'ble Supreme Court. Any alleged dues of DTL prior to 1/01/2014 have been stayed by the Hon'ble Supreme Court and are subject to final adjudication of W.P. (C) No. 104 of 2014 and connected matters. Contention of DTL that BRPL is liable to pay alleged dues which have accumulated since October 2010 is contumacious and in willful defiance of the Orders and directions including Orders dated 26/03/2014, 12/05/2016 and 28/09/2022 of the Hon'ble Supreme Court. It is pertinent to note that, in case the payments including Subsidy are adjusted against the current dues as per the mandate of the Hon'ble Supreme Court's Orders and Section 65, the entire outstanding of DTL has been cleared by BRPL and there are no outstanding dues pending towards DTL.

2.272 As regards the contention that the Commission has also been allowing carrying cost and surcharge on the Revenue Gap / Regulatory Asset to BRPL, it is submitted that varying cost and surcharge for recovery of Regulatory Asset is to be allowed by the Commission to BRPL in terms of: -

- a) *Clause 8.2.2 of the statutory Tariff Policy, 2016 notified under Section 3 of the Electricity Act;*
- b) *Judgments dated 11.11.2011 in OP No. 1 of 2011 (2011 SCC OnLine APTEL. 188) (Paras. 65 & 66) and 14.11.2013 in OP No. 1 and 2 of 2012 [2013 SCC Online APTEL 137] (Paras. 38 & 40) of the Hon'ble Appellate Tribunal for Electricity ("Hon'ble APTEL"), and*
- c) *Order dated 15.12.2022 in MA Nos. 638-634 of 2022 passed by the Hon'ble Supreme Court.*

2.273 Without prejudice to the above, issue of recovery of Regulatory Asset and insufficiency of 8% surcharge has been raised by BRPL before this Commission, Hon'ble APTEL as well as before the Hon'ble Supreme Court. Surcharge allowed by this Commission was / is inadequate or not commensurate to the revenue requirements of BRPL since the same is insufficient even to recover the Carrying Cost.

2.274 Precarious financial condition of BRPL as also the inadequacy of 8% surcharge allowed by the Commission was admitted by the Commission itself in its Statutory Advice dated 15/12/2010 and 1/02/2013 issued under Section 86(2)(iv) of the Electricity Act to the GoNCTD. Admittedly there has been no tariff hike in retail supply tariff since 2014.

2.275 As stated hereinabove, the Regulatory Asset recognized by Hon'ble Commission in True Up Order dated 19/07/2024, upto FY 2020-21, is Rs. 12,994 Cr. for BRPL, without any liquidation plan for the same. In view of the above, it is submitted that the suggestions / contentions of DTL are erroneous and misconceived, and as such, liable to be rejected by the Commission. Hon'ble Commission is requested to allow the claims of BRPL in the True Up Petition and the ARR Petition in the ensuing Tariff Order.

2.276 Tariff Petitions for True-up FY 2023-24 and ARR FY 2025-26 are under consideration by the Commission and will be available on the website of the Commission and TPDDL after admission. With respect to the Stakeholder's request, we would like to confirm that the Tariff Petition for True-Up of expenses upto FY 2023-24 and ARR for FY 2025-26 have already been submitted to the Commission within timeline approved by the Commission and is yet to be admitted by the Commission

2.277 Further, it may be noted that the current public notice for stakeholder's comments pertain to the Petition for True Up of expenses upto FY 2022-23 and Annual Tariff for FY 2024-25 (hereinafter referred to as "the ARR Petition". Accordingly, we are confining our response limited to matters directly pertaining to the present ARR Petition. However, we would be pleased to respond to the stakeholder's comments on the said Petition for True Up of expenses upto FY 2022-23 and Annual Tariff for FY 2024-25.

**NDMC**

2.278 Query does not pertain to NDMC.

**COMMISSION'S VIEW:**

2.279 The Commission determines the transmission charges of DTL as per Tariff Regulations, 2017 & Business Plan Regulations, 2019. Further, the transmission losses and availability are being considered as provided by Delhi SLDC. With regards to the dues to DTL by DISCOMs, it is made clear that in case DISCOMs do not pay State GENCO and DTL as per timelines mandated in the Tariff Regulations, 2017 then they are liable for LPSC as stipulated in the said Regulations. LPSC paid by DISCOMs to State GENCO and DTL is not passed through in their ARR.

2.280 Further, directives have been issued in previous Tariff Order to DISCOMs to make timely payment of bills to all the Generating Companies and Transmission Utilities. No Late Payment Surcharge shall be allowed as a pass through in the ARR on account of delayed payments.

**ISSUE 14: RENEWABLE PURCHASE OBLIGATION****STAKEHOLDER'S VIEW:**

2.281 Tata Power-DDL should not raise the matter again in ARR regarding renewable power purchase by open access consumers being included in its RPO compliance since it has already been decided against it - by the Commission in petition no. 21/2020.

**PETITIONERS' RESPONSE:****TPDDL:**

2.282 There is a steep RPO trajectory for Delhi DISCOMs for which arrangements have to be made. Proposal for inclusion of consumers such as DMRC in TPDDL's RPO compliance will add to the reduction in Power Purchase Cost. The Petition bearing No 21 of 2020 was filed under the relevant provisions of DERC (Renewable Purchase Obligation and

Renewable Energy Certificate Framework Implementation) Regulations, 2012. However, these Regulations have now been repealed. Hence, DMRC's objections are not valid.

**NDMC**

Query does not pertain to NDMC.

**COMMISSION'S VIEW:**

2.283 The Commission has issued its DERCB (Business Plan) Regulations, 2019 and DERCB (Renewable Purchase Obligation and Renewable Energy Certificate Framework Implementation) Regulations, 2021. The Commission considers and evaluate the RPO Targets as defined under these Regulations.

**A3 TRUE UP FOR FY 2022-23****BACKGROUND**

- 3.1 The True up of FY 2022-23 shall be considered in accordance with the provisions of DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 and DERC (Business Plan) Regulations, 2019.
- 3.2 The Commission has appointed the C&AG empanelled Auditors ADROIT & CO hereinafter referred as 'Regulatory Auditor' Or 'Consultant' for conducting the Regulatory Audit relating to True up of Expenses for FY 2022-23 as claimed under the Petition including verification of Books of Accounts of the Petitioner. The report of the Consultant has been considered appropriately by the Commission for True-up of various parameters of ARR of FY 2022-23 as submitted in the Petition by the Petitioner in accordance with the applicable principles laid down under the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017, DERC (Business Plan) Regulations, 2019 and Books of Accounts maintained as the per Companies Act.
- 3.3 The Commission has also conducted various prudence check sessions with the Petitioner for True-up of various parameters of ARR for FY 2022-23 submitted in the Petition. Wherever required clarifications were sought on various issues from the Petitioner in accordance with the applicable principles laid down under the DERC (Terms and Conditions for Determination of Tariff) Regulations 2017, DERC (Business Plan) Regulations, 2019 and with respect to the Books of Accounts of the Petitioner maintained as per the Companies Act.
- 3.4 The Commission has considered all information submitted by the Petitioner as part of Tariff Petition, Audited Accounts for past years, response to queries raised during discussions and also considered the stakeholder's submission during Virtual Public Hearing process and those submitted in written for finalization of the Tariff Order as per the principle laid down under DERC (Terms and Conditions for Determination of Tariff) Regulations 2017 and DERC (Business Plan) Regulations, 2019. Delhi Electricity Regulatory Commission
- 3.5 Impact on account of the Hon'ble APTEL Judgements/Orders not given in this True Up

order, if any, will be considered in subsequent True-up orders.

## ENERGY SALES

### PETITIONER'S SUBMISSION

3.6 The Petitioner submits the actual energy sales during FY 2022-23 after taking into account the impact of Hon'ble Supreme Court judgment dated 18.10.2022 is 6,958 MU. The category-wise bifurcation of connected load, no. of consumers and energy sales during FY 2022-23 for truing up is tabulated here as follows:

**Table 3. 1: Petitioner Submission – Category - wise energy sales for truing up during FY 2022-23 (MU)**

Sr. No.	Category	Load MW	Consumers No.	Energy Sales MU
1	Domestic	3,180	14,82,641	4,397.3
1.1	Domestic	3,126	14,79,757	4,300.1
1.2	SPD for GHS (CGHS)	8	16	16.6
1.3	Worship & Hospital	37	27	68.8
1.4	DVB Staff	9	2,841	11.9
2	Non-Domestic	1,626	4,07,045	1,714.7
2.1	Non-Domestic LT (up to 3kVA)	502	3,06,672	400.5
2.2	Non-Domestic LT (above 3kVA)	917	1,00,059	1,006.3
2.3	Non-Domestic HT	207	314	307.9
3	Industrial	214	7,654	380.6
3.1	Industrial LT	180	7,620	301.5
3.2	Industrial HT	34	34	79.0
4	Agriculture	0.30	40	0.3
5	Mushroom Cultivation	0	1	0.0
6	Public Utilities	184	4,637	336.8
6.1	Public Lighting	28	2,872	57.7
6.2	Delhi Jal Board (DJB)	94	1,762	165.0
6.3	Delhi Metro (DMRC)	62	3	114.1
7	Advertisement and Hoardings	1	325	0.03
8	Charging Stations for EV	18	934	25.0
8.1	EV Charging at LT	12	932	19.5
8.2	EV Charging at HT	7	2	5.5
9	Self-Consumption	7	280	10.1
10	Temporary Supply	-	-	73.7
11	Enforcement	-	-	19.8
	Total	5,230	19,03,557	6,958.3

**COMMISSION ANALYSIS**

3.7 The Commission during the Prudence Check and based on the verification of the Category-wise Sales data from the Petitioner's SAP system with the Books of Accounts for FY 2022-23 by the Regulatory Auditor appointed by the Commission, validated the billing database. The Commission observed as follows:

**OWN CONSUMPTION**

3.8 Regulations 23(2) and 23(3) of *DERC (Business Plan) Regulations, 2019* stipulates:

*"23(2) The Distribution Licensees shall be allowed own (Auxiliary) consumption, at Zero Tariff for actual recorded consumption subject to a maximum of 0.25% of total sales to its retail consumers for the relevant financial year as part of O&M expenses for the relevant year."*

*"23(3) Actual recorded own (Auxiliary) consumption in excess of 0.25% of total sales to its retail consumers for the relevant financial year, shall be billed at Non Domestic Tariff of respective year's Tariff Schedule and shall form part of revenue billed and revenue collected for the same year."*

3.9 The Petitioner has reported actual Self-Consumption of Energy as 10.1 MU which was lower than the Normative Self-Consumption computed at 17.37 MU [0.25% x (6958.13-10.05)].

**ENFORCEMENT (THEFT) SALES**

3.10 The Petitioner has submitted 19.83 MU on account of Enforcement Sales based on Annual Revenue realised on account of Enforcement as Rs. 22.55 Cr.

3.11 During Prudence check session, the Commission sought sales and revenue relating to enforcement units to be reported in accordance with Regulation 5(10) of DERC (Terms and Conditions for determination of Tariff) Regulations, 2017 category wise revenue collected on account of enforcement. The Petitioner submitted that the treatment of enforcement sales and revenue in the True Up petition for FY 2022-23 is in accordance

with and in strict compliance with Regulation 5(10) of DERC (*Terms and Conditions for Determination of Tariff) Regulations, 2017* read with Hon'ble Supreme Court's judgment dated 18/10/2022.

3.12 Further, the petitioner has relied on Regulation 5(10) of DERC (*Terms and Conditions for Determination of Tariff) Regulations, 2017* which stipulates "*any units assessed and billed on account of theft shall only be considered in the year of its realization as specified in Section 126(6) of the Act*" and Section 126(6) of Electricity Act 2003 states that "*the assessment shall be made at a rate equal to twice the tariff rates applicable for relevant category of services*".

3.13 The Petitioner has also placed its reliance on Hon'ble Supreme Court's judgment dealing with the issue of enforcement sales wherein the Hon'ble Supreme Court has directed that "*the assessed energy has to be considered as supply by the appellants in enforcement cases. Therefore, we direct the DERC to consider assessed energy for calculation of enforcement sales and allow the impact of the same along with carrying costs*"

3.14 Accordingly, on the basis of applicable Regulation, the Commission considers the enforcement units to the extent of units assessed by the Petitioner and billed on account of theft in the year of its realization as specified in Section 126(6) of the Act.

3.15 The Commission observes that Section 126(6) of the Electricity Act,2003 stipulates that the assessment shall be made at a rate equal to twice the tariff rates applicable for relevant category of services. In its claim by the petitioner, it is observed that the revenue billed has been considered as revenue collected by the petitioner as per the earlier practice of the Commission when the Commission used the methodology to derive the assessed units. The Judgment of Hon'ble Supreme Court directs on the assessment not to be revised.

3.16 The data relating to enforcement sales is provisional subject to the final assessment of

the units of energy billed against the enforcement sales.

3.17 Accordingly, the deemed revenue billed at twice the Average billing rate of the Petitioner as reported in form 2.1(a) further multiplying it to the enforcement units is determined as below:

**Table 3. 2: Enforcement Units, Deemed revenue billed during FY 2022-23**

Particulars	As per Commission
Units as reported in form 2.1a (in MU)	19.83
Average billing rate (as per form 2.1(a))	8.04
Deemed Revenue billed (Rs. Cr.)	31.88
Revenue Collected as reported in form 2.1(a) (in Rs.Cr)	22.55

3.18 Accordingly, the Commission considers the Trued-up sales for FY 2022-23 as per form 2.1(a) as follows:

**Table 3. 3: Commission Approved - Trued Up sales FY 2022-23 (MU)**

Sr. No.	Consumer Category	As per Petitioner	As per Commission
1.1	Domestic	4,300.07	4,300.07
1.2	Single Delivery Point on 11 KV CGHS	16.55	16.55
1.3	11 KV Worship/Hospital	68.8	68.80
1.4	DVB Staff	11.9	11.90
2	Non Domestic	1,714.75	1,714.75
3	Industrial	380.56	380.56
4	Agriculture	0.27	0.27
5	Mushroom Cultivation	0.02	0.02
6(a)	DJB	164.96	164.77
6(b)	DMRC	114.11	114.11
6(c)	Other Public Utilities	57.71	57.71
7	Advertisement & Hoardings	0.04	0.04
8	Temporary Supply	73.68	73.68
9	Charging Stations for E Vehicle	25.01	25.01
10	Self consumption	10.05	10.05
11	Enforcement	19.83	19.83
	Total	6,958.33	6,958.13

## DISTRIBUTION LOSS DURING FY 2022-23 PETITIONER'S SUBMISSION

3.19 The Petitioner has in its petition referred to the prayer for redetermination of the Distribution loss targets for FY 2022-23 based on its earlier representation in Petitions relating to True up of FY 2020-21 and FY 2021-22 citing adverse impact of COVID -19 and Lockdown as force majeure event.

3.20 Without prejudice to the above, the Petitioner has submitted its claim based on the Distribution Loss targets in BPR, 2019 as follows:

**Table 3. 4: Petitioner Submission - Distribution loss levels for FY 2022-23**

Sr.No.	Particulars	UOM	FY 2022-23
A	Energy Input	MU	7,501.1
B	Energy Billed	MU	6,958.33
C	Actual Distribution Loss	%	7.24%
D	Target Distribution Loss	%	8.50%
E	Over/ (Under) Achievement	%	1.26%

3.21 The Petitioner further claimed the financial impact on account of overachievement of 1.26% towards DL targets as follows:

**Table 3. 5: Petitioner Submission - Computation of Incentive due Distribution Loss overachievement for FY 2022-23**

Sr.No.	Particulars	UOM	FY 2022-23
A	Distribution loss Target for Previous Year (PYT)	%	8.75%
B	Distribution loss Target for Current Year (CYT)	%	8.50%
C	Actual Distribution Loss	%	7.24%
D	50% of (PYT - CYT)	%	0.12%
E	CYT-50% of (PYT - CYT)	%	8.38%
F	Energy Input	MU	7501.10
G	Average Power Purchase Cost	Rs./Unit	5.87
H	Total Incentive	Rs. Cr.	55.7
I	Petitioner Share 1 of incentive (less than Loss Target-50%*(PYT-CYT)	Rs. Cr.	1.8
J	Petitioner Share 2 of incentive (up to Loss Target-50%*(PYT-CYT)	Rs. Cr.	33.4
K	Total Incentive to Petitioner	Rs. Cr.	35.3
L	Share of financial gain to be passed on to the Consumer	Rs. Cr.	20.4

### COMMISSION ANALYSIS

3.22 The Commission observed that the Energy Input provided by the Petitioner at 7501.10 MU at Distribution periphery was subject to certification by Delhi SLDC.

3.23 The Commission sought the jointly signed reconciliation towards Energy Input between Delhi SLDC and the Petitioner at Delhi periphery.

3.24 SLDC provided the jointly signed Details of Input Energy for FY 2022-23 dated 13.06.2025 to the Commission wherein the Energy Input at Delhi periphery was recorded as follows:

**Table 3. 6: Details of Input Energy for FY 2022-23 as certified by SLDC**

Sr.No.	Particulars	MU
A)	Discoms Total Consumption Based on the SEM Data	7605.71
B)	Details of Energy Scheduled to Open Access Consumers	104.83
C)	Discoms Total Consumption by excluding the Scheduled Energy of OA Consumers (C=A-B)	7500.88
D)	Solar Energy within DISCOM area (self generation)	0.18
E)	Energy input at Delhi Periphery (C+D)	7501.06

3.25 The Commission also observed that the UI Units as reported by SLDC was (116) MU while the petitioner had reported (98.08) MU in its audited power purchase certificate. The SLDC report in this matter recorded the reasons for variation as follows:

*“BYPL considered the UI bills for the FY 2022-23 as on 31.03.2023 issued by SLDC upto 41 week thereafter on provisional basis. However, the difference arises due to revision of bills by SLDC in FY 2023-24 pertains to FY 2022-23 and Previous year adjustments.”*

3.26 The Petitioner vide its letter No. RA/BYPL/2025-26/244 dated 16.12.2025 clarified that *the UI units, as certified through the audited certificate of BYPL, have been duly considered by the Hon’ble Commission in past True-Up Orders, and the same established practice may kindly be continued in the present proceedings. Any revision in UI units by SLDC has arisen solely on account of subsequent revisions in bills raised by SLDC, which are beyond the control of BYPL. Accordingly, BYPL should not be prejudiced on account of such post-facto revisions.”*

3.27 Accordingly, the Commission has considered the UI Units are reported by the Petitioner while arriving at the Units of power purchase. The impact of additional UI sale as per SLDC statement as well as the cost thereof shall be adjusted in the ensuing true up Order.

3.28 The Commission further sought details on Net Energy credits through solar generation within the Delhi state. The Petitioner provided the following information:

Sr. No.	Particulars	Details
A	Gross Generation (MU) (as also considered towards RPO)	28.75
B	Units settled at APPC as mandated under Net Metering Regulations, 2014 at the end of FY 2022-23 (MU)	7.87

3.29 Accordingly, the Commission has considered Net Energy credits of 7.87 MU towards Energy Input during FY 2022-23 and has also considered the same towards the Power Purchase Cost as per Average Power Purchase Cost rate per unit.

3.30 Thus, the Energy Input as approved by the Commission is as follows:

**Table 3. 7 : Commission Approved - Energy Input for FY 2022-23**

Sr. No	Particulars	MU
A	SLDC- Total Input Based on SEM Data	7,605.71
B	SLDC- Open Access	104.83
C	Net input	7,500.88
D	Self Generation – Solar	0.18
E	As per SLDC certificate	7,501.06
F	Net metered Solar Energy	7.87
Total Energy Input (MU)		7,508.93

3.31 Regulation 25(1) of *DERC (Business Plan) Regulations, 2019* specifies the Distribution Loss Targets for FY 2022-23 at 7.90%. Regulation 159 of *DERC (Terms and Conditions for Determination of Tariff) Regulations 2017* states,

*"159. The Financial impact on account of over achievement or under achievement of distribution loss target shall be computed as under:*

$$\text{Incentive or penalty} = Q1 * (L1 - L2) * P * 10^6$$

*Where,*

*Q1 = Actual Quantum of energy Purchased at Distribution periphery.*

*L1 = Distribution Loss Target in %*

*L2 = Actual Distribution Loss in %*

*P = Trued up Average Power Purchase Cost (APPC) per unit at distribution periphery in (Rs./kWh)."*

3.32 Regulation 25(2) of *DERC (Business Plan) Regulations 2019*, states *"The amount for Overachievement/Underachievement on account of Distribution Loss target shall be*

*computed as per the formula specified in the Regulation 159 of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 for the Distribution Licensee."*

3.33 Accordingly, the financial impact of overachievement or under-achievement on account of distribution loss target has been determined in accordance with the Regulation 159 of *DERC (Terms and Condition for Determination of Tariff) Regulations, 2017* as follows:

**Table 3. 8: Commission Approved - Actual Distribution Loss for FY 2022-23**

Sr. No	Particulars	UoM	As per Petitioner	As per Commission
A	Energy Input	MU	7501.1	7508.93
B	Energy Billed	MU	6958.3	6958.13
C	Actual Distribution Loss Level	%	7.24%	7.34%
D	Targeted Distribution Loss Level	%	8.50%	8.50%
E	Average Power Purchase Cost	Rs./Unit	5.87	5.921
F	Financial Impact of Overachievement or (Underachievement)	Rs.Cr	55.7	51.78

3.34 Regulation 25(4) of *DERC (Business Plan) Regulations 2019* states,

*"Any financial impact due to Overachievement on account of Distribution Loss target by the distribution licensee for the relevant year shall be shared between the Distribution Licensee and Consumers as follows:*

*i. in case actual Distribution Loss is between the loss target and loss target minus [50%\*(Previous Year Target-Current Year Target)] for the relevant year shall be shared in the ratio of 2/3rd to Consumers and 1/3rd to the Distribution Licensee;*

*ii. in case actual Distribution Loss is less than loss target minus [50%\*(Previous Year Target-Current Year Target)] for the relevant year shall be shared in the ratio of 1/3rd to Consumers and 2/3rd to the Distribution Licensee."*

3.35 In accordance with the Regulation 25 (4) of *DERC (Business Plan) Regulations 2019*, the sharing of the financial impact of over achievement on account of Distribution Loss

target has been computed as follows:

**Table 3. 9 : Commission Approved - Incentive/Dis-incentive for Distribution Loss**

Sr. No.	Particulars	UoM	As per Petitioner	As per Commission
A	Distribution Loss Target in previous Year	%	8.75%	8.75%
B	Distribution Loss Target in Current Year	%	8.50%	8.50%
C	Actual Distribution Loss	%	7.24%	7.34%
D	50% of (previous year target - current year target)	%	0.12%	0.12%
E	Distribution loss target - 50% of (previous year target - current year target)	%	8.38%	8.38%
F	Actual Energy Input at Distribution periphery	MU	7501.1	7508.93
G	Average Power purchase Cost	Rs/kWh	5.87	5.921
H	Total Incentive	Rs. Cr	55.7	51.78
I	Petitioner Share 1 of incentive (less than Loss Target-50%*(PYT-CYT)	Rs. Cr	1.8	1.85
J	Petitioner Share 2 of incentive (up to Loss Target-50%*(PYT-CYT)	Rs. Cr	33.4	30.82
K	Total Incentive to Petitioner	Rs. Cr	35.3	32.67
L	Incentive to Consumer	Rs. Cr	20.4	19.11

#### **REVENUE BILLED, REVENUE COLLECTED & COLLECTION EFFICIENCY DURING FY 2022-23 PETITIONER'S SUBMISSION**

3.36 The Petitioner submitted that the actual revenue billed (net of E. tax and Pension Trust Surcharge) from sale of power by the Petitioner at approved Retail Supply Tariffs during FY 2022-23 is Rs. 5592.9 Cr. The category wise and component wise revenue billed during the year is tabulated here as follows:

**Table 3. 10: Petitioner Submission - Revenue Billed category wise and component-wise (in**

**Rs. Cr.)**

Sr. No.	Category	Energy Sales	Fixed Charges	Energy Charges (incl. Other)	PPAC	Total Charges	Avg. Billing Rate	Regulatory Assets Surcharge
		MU	₹ Cr.	₹ Cr.	₹ Cr.	₹ Cr.	₹ /Unit	₹ Cr.
1	Domestic	4,397.3	185.6	1,786.8	405.0	2,377.4	0.36	157.9
2	Non-Domestic	1,714.7	481.7	1,429.8	394.3	2,305.8	0.89	152.7

Sr. No.	Category	Energy Sales	Fixed Charges	Energy Charges (incl. Other)	PPAC	Total Charges	Avg. Billing Rate	Regulatory Assets Surcharge
		MU	₹ Cr.	₹ Cr.	₹ Cr.	₹ Cr.	₹ /Unit	₹ Cr.
3	Industrial	380.6	67.5	314.0	79.0	460.5	0.81	30.9
4	Agriculture & Mushroom	0.3	0.0	0.1	0.0	0.1	0.26	0.0
5	Public Utilities	336.8	43.1	218.0	53.7	314.9	0.75	25.3
6	Adv. & Hoardings	0.03	0.0	0.0	0.0	0.1	1.29	0.0
7	Temporary	73.7	13.1	70.6	17.4	101.1	0.91	6.7
8	Charging Stations for EV	25.0	-0.0	10.9	2.3	13.2	0.35	0.9
9	Others	29.9	-0.0	19.8	0.0	19.8	0.42	1.3
10	Total	6,958.3	791.1	3,850.1	951.7	5,592.9	8.04	375.5

3.37 Regarding the Pension Trust Surcharge, the Petitioner further submitted that the Commission in its Tariff Order dated 30.09.2021 has increased the Pension Trust surcharge by 2% resulting into applicability of Pension Trust surcharge of 7% with effect from 01.10.2021 over the approved retail supply tariff to meet the Pension Trust liability of erstwhile DVB employees/ Pensioners as recommended by GoNCT of Delhi. Further, the Commission vide directive 6.2 in the Tariff Order dated 30.09.2021 directed to deposit the collected amount of pension Trust. It is submitted that the Petitioner has collected an amount of Rs. 330.7 Cr. towards Pension Trust Surcharge during FY 2022-23 against billed amount of Rs. 328.2 Cr.

3.38 The Petitioner has submitted that the gross amount billed is Rs. 6,535.1 Cr which includes amount on account of Electricity Tax, Regulatory Asset Surcharge and Pension Trust Surcharge. The net Revenue Billed considered for computation of Collection Efficiency during FY 2022-23 is tabulated here as follows:

**Table 3. 11: Petitioner Submission - Revenue Billed for AT&C Loss True-up for FY2022-23 (Rs. Cr.)**

Sr.No.	Particulars	UOM	FY 22-23
A	Total Revenue Billed (note 59 of AFS)	Rs. Cr.	6535.1
B	Less- Electricity Tax	Rs. Cr.	238.6
C	Less- Regulatory Assets Surcharge	Rs. Cr.	375.5
D	Less- Pension Trust Surcharge	Rs. Cr.	328.2
E	Net Revenue Billed	Rs. Cr.	5592.9

3.39 The Petitioner further submits that the gross revenue realised amounts to Rs. 6615 cr. during FY 2022-23 which includes collection on account of Electricity Tax, Late Payment Surcharge, Regulatory Assets Surcharge and Pension Trust Surcharge. The Revenue Collected considered for the purpose of computation of AT&C losses during FY 2022-23 is tabulated as follows:

**Table 3. 12: Petitioner Submission - Revenue Realised for FY 2022-23 (Rs. Cr.)**

Sr.No.	Particulars	UOM	FY 22-23
A	Total Revenue Realised as per Form 2.1 A	Rs. Cr.	6615.0
B	Less- Electricity Tax	Rs. Cr.	240.1
C	Less- Regulatory Assets Surcharge	Rs. Cr.	380.0
D	Less- Pension Trust Surcharge	Rs. Cr.	330.7
E	Less- Late Payment Surcharge	Rs. Cr.	23.0
F	Net Revenue Realised	Rs. Cr.	5641.2

3.40 Accordingly, in terms of Regulation 163 of Tariff Regulations, 2017 and Regulation 26(1) of Business Plan Regulations, 2019, the financial impact of overachievement of Collection efficiency target as claimed by the Petitioner is tabulated as follows:

**Table 3. 13: Petitioner Submission - Financial Impact of Overachievement of Collection Efficiency Target for FY 2022-23**

Sr.No.	Particulars	UOM	FY 2022-23
A	Net Revenue Billed	Rs. Cr.	5592.9
B	Actual Collection Efficiency	%	100.86%
C	Collection Efficiency Target	%	99.50%
D	Revenue Realised over 99.50% CE Target	Rs. Cr.	76.2
E	Share of financial gain to be retained by the Petitioner	Rs. Cr.	62.3
F	Share of financial gain passed on to the consumers	Rs. Cr.	14.0

### **COMMISSION ANALYSIS**

3.41 Based on the submissions under Form 2.1a as directed by the Commission to be filed

by the Petitioner on regular basis, the Commission observes that the Revenue Billed is as follows:

**Table 3. 14: Revenue Billed for FY 2022-23 as per Form 2.1(a) (Rs. Cr.)**

Sr. No.	Category	Energy Sales (MU)	Fixed Charges	Energy Charges	Other Charges	PPAC Amount	Surcharge (Fixed)	Surcharge (Energy)	Electricity Tax	Peak Surcharge	Off Peak Rebate	Pension Surcharge (Fixed)	Pension Surcharge (Energy)	Total BILLING	Total Collection	ABR	Net Billing (W/o PT Surcharge, RA Surcharge, ETax)
1.1	Domestic	4,300.07	174.39	1,724.62	-0.91	389.78	13.95	137.97	110.74	-	-	12.21	120.72	2,683.47	1,913.91	6.24	2,287.89
1.2	Single Delivery Point on 11 KV CGHS	16.55	1.50	7.52	-0.23	1.80	0.12	0.58	0.47	-	-	0.11	0.51	12.38	9.46	7.48	10.59
1.3	11 KV Worship/Hospital	68.80	9.19	54.96	-1.65	12.84	0.74	4.26	3.26	-	-	0.64	3.73	87.98	113.73	12.79	75.34
1.4	DVB Staff	11.90	0.53	2.45	-0.01	0.62	0.04	0.20	0.16	-	-	0.04	0.17	4.20	4.52	3.53	3.60
2	Non Domestic	1,714.75	481.69	1,427.04	-4.67	394.25	38.55	114.16	90.03	20.20	-12.76	33.72	99.83	2,682.05	2,772.26	15.64	2,305.75
3	Industrial	380.56	67.48	311.58	-0.77	78.96	5.42	25.47	19.84	7.71	-4.50	4.74	22.30	538.24	542.73	14.14	460.46
4	Agriculture	0.27	0.04	0.04	0.00	0.02	0.00	0.00	0.00	-	-	0.00	0.00	0.12	0.10	4.54	0.11
5	Mushroom Cultivation	0.02	0.00	0.01	0.00	0.00	0.00	0.00	0.00	-	-	0.00	0.00	0.01	0.01	7.64	0.01
6(a)	DBJ	164.96	22.15	111.35	(2.73)	27.02	1.77	8.64	6.96	0.82	(1.15)	1.55	7.56	183.93	184.18	11.15	157.46
6(b)	DMRC	114.11	12.23	71.02	(2.24)	16.78	1.37	9.60	-	2.67	(1.43)	1.20	8.42	119.62	137.04	10.48	99.04
6(c)	Other Public Utilities	57.71	8.76	39.63	0.08	9.94	0.70	3.17	1.11	0.04	(0.03)	0.62	2.77	66.79	58.87	11.57	58.42
7	Advertisement & Hoardings	0.04	0.02	0.04	-0.01	0.01	0.00	0.00	0.00	-	-	0.00	0.00	0.07	1.02	16.07	0.06
8	Temporary Supply	73.68	13.13	71.35	-0.92	17.36	1.05	5.62	4.52	0.72	-0.50	0.92	4.92	118.16	-	16.04	101.13
9	Charging Stations for E Vehicle	25.01	-0.00	10.98	-0.07	2.30	-0.00	0.87	0.71	0.03	-0.00	-0.00	0.76	15.58	17.11	6.23	13.24
10	Self consumption	10.05	-0.04	-0.04	0.03	0.00	0.00	0.00	0.00	0.20	-0.15	0.00	0.00	-0.00	-	-0.00	-0.00
11	Enforcement	19.83	-	19.80	-	-	-	1.26	0.75	-	-	-	0.72	22.53	22.55	11.36	19.80
	Total	6,958.33	791.08	3,852.35	-14.09	951.67	63.72	311.82	238.57	32.38	-20.53	55.74	272.42	6,535.14	5,777.49	9.39	5,592.87

3.42 In absence of the information relating to actual revenue billed by the Petitioner, the Commission further considered additional deemed revenue billed on account of the Enforcement units as per twice the ABR of the Petitioner reduced by the Revenue billed as recorded in form 2.1(a).

3.43 The Regulatory Auditor appointed by the Commission verified the Revenue Collected by the Petitioner from the Audited Form 2.1 (a), SAP and accordingly, the Revenue Collected as approved by the Commission, is as under:

**Table 3. 15: Revenue Collection for FY 2022-23 as per Form 2.1(a) (Rs. Cr.)**

Sr. No.	Category	Total Collection
1.1	Domestic	1,913.91
1.2	Single Delivery Point on 11 KV CGHS	9.46
1.3	11 KV Worship/Hospital	113.73
1.4	DVB Staff	4.52
2	Non Domestic	2,772.26
3	Industrial	542.73
4	Agriculture	0.10

Sr. No.	Category	Total Collection
5	Mushroom Cultivation	0.01
6(a)	DJB	184.18
6(b)	DMRC	137.04
6(c )	Other Public Utilities	58.87
7	Advertisement & Hoardings	1.02
8	Temporary Supply	-
9	Charging Stations for E Vehicle	17.11
10	Self consumption	-
11	Enforcement	22.55
	<b>Total</b>	<b>5,777.49</b>
	Add Deemed Collection:	
	Subsidy Disbursed	762.24
	Interest on Security Deposit	38.48
	Security Deposit Adjustment	32.00
	Capital Works Scheme Adjustment	3.66
	Legal Claims/ Adjustment with Debtors	0.00
	TDS on Electricity	0.47
	Credit to Net Metering Consumers	0.62
	Gross Collection	6,614.97
	Less: Collection of charges/tax	
	Pension trust Surcharge	-331.44
	Regulatory Asset Surcharge	-380.01
	Electricity tax	-240.09
	LPSC	-23.00
	<b>Net Collection</b>	<b>5,640.43</b>

3.44 Regulation 163 of *DERC (Terms and Conditions for Determination of Tariff) Regulations 2017* states:

*"163. The financial impact on account of over or under achievement of collection efficiency targets shall be computed as under:-*

$$\text{Incentive or penalty} = (C1 - C2) * Ab$$

Where,

$$C1 = \text{Actual Collection Efficiency in \%} = [Ar/Ab] * 100$$

*Ar = Actual amount collected excluding electricity duty, late payment surcharge, any other surcharge in Rs. Cr.;*

*Ab = Actual Amount Billed excluding Electricity Duty, LPSC and any other surcharges in Rs Cr.*

*C2 = Target Collection Efficiency in %*

3.45 Regulation 164 of *DERC (Terms and Conditions for Determination of Tariff) Regulations 2017* states:

*“Any financial impact on account of underachievement less than the target and overachievement above 100% with respect to Collection Efficiency targets shall be to the Licensee’s account:*

*Provided that any financial impact on account of over achievement over and above the target and limited to 100% with respect to Collection Efficiency targets shall be shared as per the mechanism indicated in the Business Plan Regulations of the Control Period.”*

3.46 Regulation 26 of *DERC (Business Plan) Regulations 2019* states:

**“26. TARGET FOR COLLECTION EFFICIENCY**

*(1) The targets for Collection Efficiency for FY2020-21 to FY2022-23 of the Distribution Licensees shall be 99.50%.*

*(2) The financial impact on account of Collection Efficiency target shall be computed as per the formula specified in Regulation 163 of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 for the Distribution Licensee.*

*(3) The financial impact on account of over-achievement in terms of Regulation 164 of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 for the Distribution Licensee, from 99.50% to 100% shall be shared equally between Consumers and the Distribution Licensees.”*

3.47 Accordingly, the Collection Efficiency for FY 2022-23 is as follows:

Table 3. 16: Commission Approved - Collection Efficiency for FY 2022-23

Sr.No.	Particulars	UOM	As per Petitioner	As per Commission
A	Net Revenue Billed	Rs. Cr.	5592.9	5592.87
B	Additional Deemed Billing for enforcement	Rs. Cr		9.33
C	Total Billed considered towards Coll. Eff.	Rs. Cr		5,602.20
D	Actual Revenue Collected	Rs. Cr		5,640.43
E	Actual Collection Efficiency	%	100.86%	100.68%
F	Collection Efficiency Target	%	99.50%	99.50%
G	Revenue Realised over 99.50% CE Target	Rs. Cr.	76.3	66.24
H	Share of financial gain to be retained by the Petitioner	Rs. Cr.	62.5	52.24
I	Share of financial gain passed on to the consumers	Rs. Cr.	13.8	14.01

#### CASH COLLECTION EXCEEDING Rs. 4,000/-

3.48 As per the directive of the Commission “*No payment shall be accepted by the Distribution Licensees from its consumers at its own collection centres/mobile vans in cash towards electricity bill exceeding Rs. 4000/- except from blind consumers, for court settlement cases & payment deposited by the consumers at designated schedule commercial bank branches upto Rs. 50,000/-*. Violation of this provisions shall attract penalty to the level of 10% of total cash collection exceeding the limit.”

3.49 The Commission has analysed the data submitted for cash collection during FY 2022-23 and it is observed that the cash collections above Rs. 4,000/- the Petitioner are on account of court settlement cases which is permitted as per the directive.

#### POWER PURCHASE QUANTUM (MU)

##### PETITIONER'S SUBMISSION

###### Long Term Power Purchase Quantum

3.50 The Petitioner submits most of the power is purchased from generating companies owned and/ or fully controlled by the Central Government and State Government by

virtue of long term power purchase agreements which have been inherited from DTL (initially signed by M/s DTL) and assigned/approved by the Hon'ble Commission to the Petitioner.

- 3.51 The Petitioner also submitted to have provided to the Hon'ble Commission the details of monthly power purchase cost and invoices raised by Generating Companies and Transmission Companies for the period April 2022 to March 2023.
- 3.52 The Petitioner vide its Letter No. RA/BYPL/2023-24/61 dated 01.06.2023 has also submitted the Power Purchase Cost Statement for the period April 2022 to March 2023 duly certified by the Statutory Auditor.
- 3.53 The petitioner also submits that all the PPAs were submitted to the Commission and approved by the Commission respectively. Further, the details of all PPAs have also been submitted as part of the Business Plan submissions dated 15.09.2022.
- 3.54 The Petitioner submits the summary of actual power purchase quantum procured by the Petitioner during FY 2022-23, subject to certification by Delhi SLDC, as follows:

**Table 3. 17: Petitioner Submission - Power Purchase Quantum for FY 2022-23 (MU)**

Sr. No	Particulars	FY 2022-23
A		Power Purchase:
i	Gross Power Purchase Quantum	9,806.4
ii	Power sold to other sources	1,893.1
iii	Net Power Purchase	7,913.2
B	Transmission Loss:	420.2
iii	Net Metering and self generation	8.1
C	Net power available after Transmission Loss	7,501.1

#### Short Term Power Purchase Quantum

- 3.55 During FY 2022-23, the Petitioner has procured total of 1,168 MU through Bilateral/Banking/Intrastate/UI under short term purchase. The summary of source-wise details of short term power purchase is tabulated below:

**Table 3. 18: Petitioner Submission - Details of Short Term Power Purchase**

Sr. No	Particulars	FY 2020-21	FY 2020-21	FY 2021-22	FY 2021-22	FY 2022-23	FY 2022-23
		Energy	(%)	Energy	(%)	Energy	(%)
		(MU)		(MU)		(MU)	
A	Bilateral	62	9%	17	2%	28	2%
B	Banking	426	62%	548	76%	856	73%
C	Exchange	192	28%	154	21%	283	24%

Sr. No	Particulars	FY 2020-21	FY 2020-21	FY 2021-22	FY 2021-22	FY 2022-23	FY 2022-23
		Energy (MU)	(%)	Energy (MU)	(%)	Energy (MU)	(%)
D	Intra-State	0	0%	0	0%	0	0%
E	UI	7	1%	4	1%	1	0.1%
F	Total	687		723		1,168	

### Short Term Power Sales Quantum

3.56 During FY 2022-23, the Petitioner has sold short term sale through Bilateral/Banking/Intrastate/UI mode. The Petitioner has tabulated the source-wise details of sale of surplus power as below:

**Table 3. 19: Petitioner Submission - Details of Short Term Power Sales**

Sr. No	Particulars	FY 2019-20		FY 2020-21		FY 2022-23	
		Energy (MU)	(%)	Energy (MU)	(%)	Energy (MU)	(%)
A	Bilateral	267	19%	73	4%	57	3%
B	Banking	466	33%	908	47%	1102	58%
C	Exchange	614	43%	932	48%	734	39%
D	Intra-State	0	0%	0	0%	0	0%
E	UI	66	5%	38	2%	0	0%
F	Total	1,412		1,950		1893	

3.57 In continuation to above, the Petitioner has submitted Plant-wise Power Purchase Quantum for FY 2022-23 as follows:

**Table 3. 20: Petitioner Submission - Details of Power Purchase Quantum Station wise for FY 2022-23 (MU)**

Sr. No	Stations	Total Generation	Energy received at Delhi Periphery	Petitioner Share
Central Sector Generating Stations (CSGS)				
A	NTPC			
1	ANTA GAS POWER PROJECT			0.4
2	AURAIYA GAS POWER STATION			0.5
3	BADARPUR THERMAL POWER STATION			-
4	DADRI GAS POWER STATION			3.7
5	FEROZE GANDHI UNCHAHAR TPS 1			27.0
6	FEROZE GANDHI UNCHAHAR TPS 2			68.9
7	FEROZE GANDHI UNCHAHAR TPS 3			45.9
8	FARAKKA STPS			28.1
9	KAHALGAON THERMAL POWER STATION 1			79.7
10	NATIONAL CAPITAL THERMAL POWER			0.0
11	RIHAND THERMAL POWER STATION 1			0.0

Sr. No	Stations	Total Generation	Energy received at Delhi Periphery	Petitioner Share
12	RIHAND THERMAL POWER STATION 2			257.9
13	SINGRAULI STPS			529.3
14	KAHALGAON THERMAL POWER STATION 2			271.5
15	TALCHER			0.0
16	DADRI TPS-II			812.3
17	RIHAND THERMAL POWER STATION 3			404.1
18	KOLDAM HPS-I			0.0
	Sub Total			2529.4
B	NHPC Ltd.			
1	BAIRASUL P S			17.0
2	SALAL P S			90.5
3	CHAMERA I P S			37.0
4	TANAKPUR P S			13.5
5	URI P S			75.0
6	DHAULIGANGA PS			42.6
7	CHAMERA - II PS			44.3
8	DULHASTI PS			65.5
9	SEWA-II			17.3
10	CHAMERA - III PS			32.0
11	URI II			51.5
12	PARBATI-III			20.3
	Sub Total			506.5
C	NPCIL			0
1	Nuclear Power Corp. of India Ltd.			
2	Nuclear Power Corp. of India Ltd. Narora			0
3	Nuclear Power Corp. of India Ltd. Kota UNIT - 5&6 RAPP			104.1
	Sub Total			104.1
D	Satluj Jal Vidyut Nigam Ltd.			168.1
E	Tehri Hydro Development Corp. Ltd.			
	Tehri			0
	KOTESHWAR			0
	Sub Total			0
F	Tala Power thru PTC			17.7
G	Damodar Valley Corporation			
1	Mejia Units 6			142.6
2	CTPS 7 & 8			456.7
3	MTPS Unit 7			786.2
	Sub Total			1385.6
H	Power stations in Delhi			
1	Indraprastha Power Generation Co.Ltd. IP			0

Sr. No	Stations	Total Generation	Energy received at Delhi Periphery	Petitioner Share
2	Indraprastha Power Generation Co.Ltd. RPH			0
3	Indraprastha Power Generation Co.Ltd. GT			77.9
4	Pragati Power Corp.Ltd. Pragati I			142.5
5	Pragati Power Corp.Ltd. Pragati III (Bawana)			425.0
	Total SGS			645.4
I	Others			
1	Delhi MSW Solution Limited			33.0
2	Tehkhand WTEPL			7.8
J	Total Other			40.7
	Power stations in Delhi			686.1
K	Aravali Power Corporation Ltd.			
	JHAJJAR			328.0
	Sub Total			328.0
L	Sasan			2235.9
M	SECI			
1	SECI - SITAC			107.7
2	SECI - THAR			107.5
3	SECI SBSR			128.1
4	SECI EDEN RCPL			126.8
5	SECI - Kilaj S(M)PL			124.9
6	SECI - Alfanar EPL			138.3
7	SECI - EDEN MSPL			43.0
	Sub Total			776.3
	Total (A to M)			8737.7

3.58 The Petitioner requested the Commission to consider the actual gross power purchase quantum during FY 2022-23 as submitted in the above table.

#### COMMISSION ANALYSIS

3.59 The Commission directed Delhi SLDC to verify the figures of Long Term Power Purchase and Short Term Power purchase/sale for Delhi DISCOMs and submit a reconciliation to the Commission. The jointly signed statement dated 13.06.2025 by SLDC and the Petitioner for source wise Long Term Power Purchase and Short Term Power purchase/sale was submitted.

3.60 The Commission observed that there exists deviation in the Power Purchase Quantum submitted by the Petitioner and that submitted by SLDC to the Commission for few plants due to peripheral mismatches. The Petitioner has considered the power at Northern periphery whereas SLDC has considered the same at DTL periphery. During Prudence check, the DISCOMs submitted that the Power Purchase quantum is considered based on the units actually billed to them by the Generators. Due to the differential reporting of the energy by SLDC and the DISCOMs, the Commission considered the units actually billed by the Generators to the DISCOMs for the purpose of arriving at Power Purchase quantum.

3.61 Further, the Commission has considered Net Energy Credits as per Regulation 9 of *Delhi Electricity Regulatory Commission (Net Metering for Renewable Energy) Regulations, 2014*.

3.62 Based on the audited Power purchase certificate and submission of SLDC, the Power Purchase Quantum of the petitioner is trued up for FY 2022-23 as follows:

**Table 3. 21: Commission Approved - Power Purchase Quantum (MU)**

Source of power purchase	Quantum in MU
Long term power purchase	8737.54
Interstate generation	8051.42
Intrastate Generation	686.12
Short term power Purchase	1166.91
Bilateral	27.88
Banking	855.84
Exchange	283.18
Short term power sale	-1893.15
Banking	-1101.94
Exchange	-734.36
Bilateral	-56.84
UI Sale and purchase (net)	-98.08
Solar Energy net metering and own Solar Generation	8.05
Power Purchase Quantum	7921.28
Transmission Loss (MU)	412.35
Energy Input (MU)	7508.93

#### **POWER PURCHASE COST**

#### **PETITIONER SUBMISSION**

**LONG TERM POWER PURCHASE**

3.63 The Petitioner submits that the Power Purchase cost is primarily based on the Tariff determined by the Appropriate Commission under section 62(1)(a) or adopted under Section 63 of the 2003 Act for the supply of electricity from generating companies to distribution licensees. Accordingly, when the generating company is owned and/or controlled by the Central Govt. or is supplying to more than one State, Hon'ble CERC determines/adopts the tariff for those generating companies. In rest of the cases, this Commission determines/adopts the tariff of the generating companies owned and/or controlled by the GoNCT of Delhi. As stated above, the Petitioner has already submitted the monthly invoices raised, to the Commission. The Petitioner has considered the total cost on account of long term sources during FY 2022-23 which includes fixed cost, variable cost, arrears, other charges etc. as scheduling of power is controlled by SLDC.

3.64 It is pertinent to mention that during FY 2022-23 force majeure/exceptional circumstances persisted due to decline in coal supply to TPPs. The details of such circumstances are explained as below:

- i. Ministry of Power (MoP) in press release dated 29.08.2021 highlighted that there has been issue of severe coal shortage in Central Generating Power Plants supplying power to GoNCT of Delhi. This unprecedented coal shortage has adversely affected the Petitioner's power procurement position in FY 2021-22 and FY 2022-23. In this regard, the Petitioner vide letter no. RA/BYPL/2022-23/17 dated 22.04.2022 intimated the Hon'ble Commission of the situation and request to take cognizance of the matter as Force Majeure/exceptional circumstances for FY 2022-23 and sought suitable relief.
- ii. After considering the aforesaid request of the Petitioner, the Hon'ble Commission letter no. F.3(598)/Tariff-Engg./DERC/2019-20/Part II/6647/236 dated 29.04.2022 has approved the following relaxations as an interim measure till 31.07.2022:
  - a. Additional UI Charges and Sustain Deviation Charges as a pass

through in Power Purchase Cost;

- b. Exemption in seeking prior approvals for Banking and Bilateral Contracts.
- c. Allowance of Overlapping in Bilateral and Banking transactions;
- d. Exemption for non-intimation and non-consideration of the Power Procured above Rs.5/kWh for computing restriction in impact of such purchase on total Short Term Power Purchase not exceeding 10 Paise/kWh for True-up of FY 2022-23;
- e. To consider Bilateral Contract linked to International Coal Cost; and
- f. To consider Market Spot rates (IEX) as Energy Charges for those Open Access Consumers who are opting back power from DISCOMs

- iii. Thereafter, Hon'ble CERC vide its Order dated 30.06.2022 has extended the capping on exchange prices till September, 2022 by monitoring the trend in prices and volume of electricity transacted at the Power Exchanges, and other related factors having impact on the demand and supply of electricity. Moreover, due to the sharp increase in electricity demand and the consequent power shortage, Ministry of Power, vide its press release dated 18.05.2022 directed all gencos for timely Import of Coal for blending purposes and the power plants (who have not yet started blending by imported coal) will ensure that they blend coal at the rate of 15 % upto October, 2022 and thereafter at the rate of 10% from November 2022 to March 2023.
- iv. Under this situation, the dependency on gas station supplying power to Delhi increased but gas plants supplying power to Delhi do not have adequate APM gas to run full capacity and fully relies on RLNG/Spot market. Further, Ministry of Power, NRPC vide its letter dated 29.06.2022 has re-allocated 500 MW of Delhi's Power to Haryana from Dadri-II thermal Power Station till 31.10.2022.
- v. Owing to the above force majeure condition, the Petitioner through

various communication dated 12.07.2022, 27.07.2022 and 29.07.2022 requested the Hon'ble Commission to further extend the above exemptions till 31.03.2023.

- vi. Taking cognizance of the aforesaid letters, the Hon'ble Commission vide letter no. F.3(98)/Tariff-Engg./DERC/2019-20/Part-II/6647/1019 dated 02.08.2022, has relaxed the following directives till 31.10.2022 as stated below:
  - a. Exemption in seeking prior approvals for Banking and Bilateral Contracts.
  - b. Allowance of Overlapping in Bilateral and Banking transactions.
- vii. Subsequently, the Petitioner vide its letter dated 05.08.2022 sought the following to the Hon'ble Commission till 31.03.2023:
  - a. Exemption for non-intimation and non-consideration of the power procured above INR 5/kWh for computing restriction in impact of such purchase on total Short Term Power purchase not exceeding 10 paise/kWh for True-up of FY 2022-23;
  - b. Additional UI Charges and Sustained Deviation Charges as a pass through in Power Purchase Cost.

3.65 Therefore, in view of the above, the Petitioner request the Hon'ble Commission to consider the power crisis position during FY 2022-23 and relax applicable Regulation 37 of Business Plan Regulation, 2019 read with Regulation 172 of Tariff Regulations, 2017.

3.66 In addition to above aspect, following vital aspects may also be kindly noted with respect to actual power purchase cost.

- a. SLDC has clearly intimated that scheduling of Central Generating Stations and other inter-state Generating Stations is controlled by RLDC and hence DISCOM wise scheduling is not possible.
- b. The availability of Plants is beyond the control of DISCOMs and the actual availability of Plants differs from the projections. The monthly MOD submitted by the DISCOMs is based on past Month ECR which may not be

valid on real time basis.

c. Further, CERC (IEGC) 4th amendment 2016 Regulation provides as under: "The CGS or ISGS may be directed by concerned RLDC to operate its unit(s) at or above the technical minimum but below the normative plant availability factor on account of grid security or due to the fewer schedules given by the beneficiaries and it is further stated that where the CGS or ISGS, whose tariff is either determined or adopted by the Commission, is directed by the concerned RLDC to operate below normative plant availability factor but at or above technical minimum, the CGS or ISGS may be compensated depending on the average unit loading duly taking into account the forced outages, planned outages, PLF, generation at generator terminal, energy sent out ex-bus, number of start-stop, secondary fuel oil consumption and auxiliary energy consumption, in due consideration of actual and normative operating parameters of station heat rate, auxiliary energy consumption and secondary fuel oil consumption etc. on monthly basis duly supported by relevant data verified by RLDC or SLDC, as the case may be..."

In case of coal / lignite based generating stations, following station heat rate degradation or actual heat rate, whichever is lower, shall be considered for the purpose of compensation:

Sr. No.	Unit loading as a % of Installed Capacity of the Unit	Increase in SHR (for supercritical units) (%)	Increase in SHR (for sub-critical units) (%)
1.	85-100	Nil	Nil
2.	75-84.99	1.25	2.25
3.	65-74.99	2	4
4.	55.64.99	3	6

Compensation for the Station Heat Rate and Auxiliary Energy Consumption shall be worked out in terms of energy charges."

As can be inferred from above, there are multiple buyers from each generator and this part load operation will impact the MOD schedule of the buyers.

d. Further to the above, it is submitted that operation of Plant is not under the control of DISCOMs, and Delhi DISCOMs allocation is around 10% 20% in a significant number of Plants. Since allocation of these Plants are on shared basis and operation of the same is on the basis of aggregation of demand and keeping into account the Grid Security, therefore, the decision of actual operation/availability of plant is not under control of the DISCOMs.

3.67 Besides the above uncontrollable situations, the Petitioner strictly follows the Merit Order Dispatch (MOD) while giving request of schedules to Delhi SLDC on daily basis.

3.68 However, as per Para 3.148 of Tariff Order for FY 2021-22, the Hon'ble Commission has excluded various power stations from Merit Order Dispatch principle which have must run status like Nuclear & Hydro, State GENCOs which are considered in the islanding scheme of Delhi and Eastern Region Plants where there is time delay in revision of schedule.

3.69 Further, the Petitioner also requests the Hon'ble Commission to consider forced outage/Force Majeure data while considering scheduling and other factors which are beyond the control of Petitioner.

3.70 Considering the above, the details of station-wise power purchase cost during FY 2022-23 is tabulated below:

**Table 3. 22: Petitioner Submission - Details of Power Purchase Cost Station wise for FY 2022-23**

Sr. No	Stations	Petitioner Share (MU)	Fixed Cost (Rs. Cr.)	Variable Cost (Rs. Cr.)	Other Charges (Rs. Cr.)	Arrears (Rs. Cr.)	Total Charges (Rs. Cr.)	Average Rate (Rs. / kWh)
1	2	3	4	5	6	7	8	9
Central Sector Generating Stations (CSGS)								
A	NTPC							
1	ANTA GAS POWER PROJECT	0.36	5.5	0.7	0.0	-0.04	6.1	171.34
2	AURAIYA GAS POWER STATION	0.54	8.0	1.1	0.0	0.06	9.1	170.47
3	BADARPUR THERMAL	0.00	0.0	0.0	0.0	0.00	0.0	

Sr. No	Stations	Petitioner Share (MU)	Fixed Cost (Rs. Cr.)	Variable Cost (Rs. Cr.)	Other Charges (Rs. Cr.)	Arrears (Rs. Cr.)	Total Charges (Rs. Cr.)	Average Rate (Rs. / kWh)
	POWER STATION							
4	DADRI GAS POWER STATION	3.69	8.0	7.3	0.0	0.12	15.4	41.64
5	FEROZE GANDHI UNCHAHAR TPS 1	27.04	4.2	11.9	0.4	1.27	17.8	6.57
6	FEROZE GANDHI UNCHAHAR TPS 2	68.92	8.8	28.4	0.6	3.09	40.8	5.92
7	FEROZE GANDHI UNCHAHAR TPS 3	45.92	5.9	20.1	0.4	0.86	27.3	5.95
8	FARAKKA STPS	28.06	3.2	10.7	0.7	2.01	16.5	5.89
9	KAHALGAON THERMAL POWER STATION 1	79.72	9.2	29.6	1.0	2.85	42.6	5.34
10	NATIONAL CAPITAL THERMAL POWER	0.00	0.0	0.0	0.0	-0.12	-0.1	
11	RIHAND THERMAL POWER STATION 1	0.00	0.0	0.0	0.0	0.00	0.0	
12	RIHAND THERMAL POWER STATION 2	257.92	17.2	40.3	2.9	4.14	64.5	2.50
13	SINGRAULI STPS	529.33	33.9	79.0	2.8	10.71	126.4	2.39
14	KAHALGAON THERMAL POWER STATION 2	271.55	25.2	95.9	3.6	11.39	136.0	5.01
15	TALCHER	0.00	0.0	0.0	0.0	0.00	0.0	
16	DADRI TPS-II	812.28	138.5	384.8	0.1	2.61	526.0	6.48

Sr. No	Stations	Petitioner Share (MU)	Fixed Cost (Rs. Cr.)	Variable Cost (Rs. Cr.)	Other Charges (Rs. Cr.)	Arrears (Rs. Cr.)	Total Charges (Rs. Cr.)	Average Rate (Rs. / kWh)
17	RIHAND THERMAL POWER STATION 3	404.06	54.1	62.4	3.3	8.37	128.2	3.17
18	KOLDAM HPS-I	0.00	0.0	0.0	0.0	0.00	0.0	
	Sub Total	2529.38	321.5	772.0	15.9	47.3	1156.7	4.57
B								
	NHPC Ltd.							
1	BAIRASIUL P S	17.0	2.1	1.9	0.0	1.7	5.7	3.36
2	SALAL P S	90.5	10.6	5.7	9.9	9.9	36.0	3.98
3	CHAMERA I P S	37.0	3.7	4.2	0.0	-1.6	6.3	1.69
4	TANAKPUR P S	13.5	3.1	2.2	0.3	0.8	6.4	4.74
5	URI P S	75.0	7.3	6.2	3.1	2.2	18.8	2.50
6	DHAULIGA NGA PS	42.6	6.0	5.2	0.3	3.1	14.7	3.44
7	CHAMERA - II PS	44.3	5.4	4.5	0.0	1.2	11.1	2.50
8	DULHASTI PS	65.5	14.3	14.5	3.2	-12.1	20.0	3.06
9	SEWA-II	17.3	5.3	4.6	0.3	0.4	10.5	6.08
10	CHAMERA - III PS	32.0	7.7	6.3	0.0	0.6	14.7	4.58
11	URI II	51.5	10.5	9.7	4.0	1.2	25.4	4.94
12	PARBATI-III	20.3	9.7	3.1	0.0	0.6	13.4	6.60
	Sub Total	506.5	85.8	68.1	21.1	7.9	183.0	3.61
C								
1	Nuclear Power Corp. of India Ltd.							
2	Nuclear Power Corp. of India Ltd. Narora	0.0	0.0	0.0	0.0	0.0	0.0	
	Nuclear Power Corp. of India Ltd.	104.1	0.0	38.9	1.9	0.6	41.4	3.98

Sr. No	Stations	Petitioner Share (MU)	Fixed Cost (Rs. Cr.)	Variable Cost (Rs. Cr.)	Other Charges (Rs. Cr.)	Arrears (Rs. Cr.)	Total Charges (Rs. Cr.)	Average Rate (Rs. / kWh)
	Kota UNIT - 5&6 RAPP							
	Sub Total	104.1	0.0	38.9	1.9	0.6	41.4	3.98
D	Satluj Jal Vidyut Nigam Ltd.							
	Satluj Jal Vidyut Nigam Ltd.	168.1	22.1	19.8	0.0	0.2	42.1	2.50
	Sub Total	168.1	22.1	19.8	0.0	0.2	42.1	2.50
E	Tehri Hydro Development Corp. Ltd.							
	Tehri	0.0	0.0	0.0	0.0	0.3	0.3	0
	KOTESHWAR	0.0	0.0	0.0	0.0	-0.3	-0.3	0
	Sub Total	0.0	0.0	0.0	0.0	0.0	0.0	0
F	Tala Power thru PTC	17.7	0.0	4.0	0.0	0.0	4.0	0
G	Damodar Valley Corporation							
1	Mejia Units 6	142.6	22.3	53.3	0.0	5.6	81.2	5.69
2	CTPS 7 & 8	456.7	78.8	167.8	0.0	15.2	261.8	5.73
3	MTPS Unit 7	786.2	113.3	276.9	0.0	23.5	413.6	5.26
	Sub Total	1385.6	214.4	497.9	0.0	44.2	756.6	5.46
H	Power stations in Delhi							
1	Indraprastha Power Generation Co.Ltd. IP	0.0	0.0	0.0	0.0	0.0	0.0	-
2	Indraprastha Power Generation Co.Ltd. RPH	0.0	0.0	0.0	0.0	0.0	0.0	-
3	Indraprastha Power	77.9	12.1	112.3	0.0	-0.1	124.3	15.96

Sr. No	Stations	Petitioner Share (MU)	Fixed Cost (Rs. Cr.)	Variable Cost (Rs. Cr.)	Other Charges (Rs. Cr.)	Arrears (Rs. Cr.)	Total Charges (Rs. Cr.)	Average Rate (Rs. / kWh)
	Generation Co.Ltd. GT							
4	Pragati Power Corp.Ltd. Pragati I	142.5	24.6	229.0	0.0	-1.0	252.6	17.73
5	Pragati Power Corp.Ltd. Pragati III (Bawana)	425.0	220.1	286.7	-0.2	-0.5	506.1	11.91
	Total SGS	645.4	256.7	628.1	-0.2	-1.7	882.9	13.68
I	Others							
1	Delhi MSW Soluction Limited	33.0	0.0	23.2	0.0	0.0	23.2	7.03
2	Tehkhand WTEPL	7.8	0.0	3.3	0.0	0.0	3.3	4.30
	Power stations in Delhi	686.13	256.74	654.56	-0.18	-1.67	909.45	13.25
J	Aravali Power Corporation Ltd .							
	JHAJJAR	328.0	76.0	150.8	4.6	1.3	232.7	7.10
	Sub Total	328.0	76.0	150.8	4.6	1.3	232.7	7.10
K	Sasan							
L	SECI							
1	SECI – SITAC	107.7	0.0	29.8	0.0	0.0	29.8	2.77
2	SECI Thar	107.5	0.0	23.2	0.0	0.0	23.2	2.15
3	SECI SBSR	128.1	0.0	34.3	0.0	1.1	35.4	2.76
4	SECI EDEN RCPL	126.8	0.0	33.9	0.0	0.0	33.9	2.67
5	SECI - Kilaj S(M)PL	124.9	0.0	32.6	2.3	0.0	34.9	2.80
6	SECI - Alfanar EPL	138.3	0.0	34.9	0.0	0.0	34.9	2.52
7	SECI - EDEN MSPL	43.0	0.0	23.6	0.0	0.0	23.7	5.51
	Sub Total	776.3	0.0	212.2	2.4	1.1	215.6	2.78
	Total (A)	8737.7	1012.1	2675.3	79.6	103.0	3870.0	4.43

3.71 In accordance with the above, the Petitioner requested the Commission that the aforesaid power purchase cost incurred from long term sources during FY 2022-23 may kindly be allowed.

#### SHORT TERM POWER PURCHASE

3.72 The Petitioner has considered the power purchase cost through short term sources during FY 2022-23 which includes the cost on account of purchase through bilateral, banking, Exchange, intra-state and UI.

3.73 The source-wise details of short term power purchase cost during FY 2022-23 as follows:

**Table 3. 23: Petitioner Submission - Details of Short Term Power Purchase for the year FY 2022-23**

Sr. No	Particulars	FY 2020-21		FY 2021-22		FY 2022-23	
		Rate per unit	Amount	Rate per unit	Amount	Rate per unit	Amount
		(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	( Cr.)
A	Bilateral	4.65	29	6.69	11	9.20	26
B	Banking	4.63	197	4.68	256	4.96	425
C	Exchange	3.51	67	6.02	93	8.29	235
D	Intra-State	-	0	-	0	-	0
E	UI	4.90	3	10.05	4	2.72	1
F	Total		297		364		686

#### SALE OF SURPLUS ENERGY

3.74 The Petitioner has submitted that it has realized the revenue of Rs.983 Cr. from sale of surplus power during FY 2022-23.

3.75 The source-wise details of revenue realized through sale of surplus energy during FY 2022-23 are tabulated as follows:

**Table 3. 24: Petitioner Submission –Revenue from Short Term Power Sales FY 2022-23**

Sr. No	Particulars	FY 2020-21		FY 2021-22		FY 2022-23	
		Rate per unit	Amount	Rate per unit	Amount	Rate per unit	Amount
		(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)
A	Bilateral	2.97	79	4.84	35	6.21	35

Sr. No	Particulars	FY 2020-21		FY 2021-22		FY 2022-23	
		Rate per unit	Amount	Rate per unit	Amount	Rate per unit	Amount
		(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)
B	Banking	4.53	211	4.62	420	5.32	586
C	Exchange	2.27	139	3.44	321	4.55	334
D	Intra-State	-	0	-	-	-	-
E	UI	2.06	14	2.08	8	-	28
F	Total		443		784		983

3.76 The Petitioner requested the Commission to consider the revenue on account of sale of surplus power while approving the net power purchase.

3.77 The Petitioner respectfully submits that the extant Regulations contemplate a slot-wise/time block basis for the computation of incentives and not on monthly basis. Additionally, as per the Indian Electricity Grid Code (IEGC) all the power (Long term + Short term) is scheduled/managed on a 15 minutes' time block. Further, it is a settled law that Regulations made under the Electricity Act, 2003 are also binding upon the Regulatory Commissions including this Hon'ble Commission and any deviation from the same/derogation is illegitimate. Without Prejudice to the above, the Petitioner has computed Incentive on sale of surplus in line with the letter dated 16.11.2018 of the Hon'ble Commission.

3.78 Accordingly, the petitioner has claimed an incentive as follows:

**Table 3. 25: Petitioner Submission - Details of Total Sale Rate Incentives (Rs.Cr.)**

Sr. No	Particulars	Amount
1	Total Incentive earned	26.5
2	DISCOM Share (as per BPR 2019)	13.6

\*Excludes banking incentive;

## TRANSMISSION CHARGES

3.79 The Petitioner has considered the Transmission charges for FY 2022-23 as follows:

**Table 3. 26: Petitioner Submission - Transmission Charges for FY 2022-23(Rs. Cr.)**

Sr. No	Particulars	Submission
i	Power Grid Corp. of India Ltd.	592.8
ii	Delhi Transco Ltd.	179.0
iii	Other Transmission etc.	12.3
iv	Open Access Charges	79.7
v	Less: Transmission Rebate	7.8
vi	Total Transmission charges	855.9

**REBATE ON POWER PURCHASE AND TRANSMISSION CHARGES**

3.80 The Petitioner has submitted that the Commission vide letter dated 05/06/2014 specified the format for submission of details of rebate on power purchase and transmission charges. As regards the long term generating and transmission companies charges, rebate is not allowed on interest charges and other billing items which are in nature of reimbursement, such as Income Tax, Other Taxes, Cess, Duties etc. Rebate is generally allowed on all other billing items. The rebate on power purchase and Transmission Charges is tabulated below:

**Table 3. 27: Petitioner Submission - Details of Rebate Claimed for FY 2022-23 (Rs. Cr.)**

Sr. No.	Party/Company	Rebatable Amount	Non-Rebatable Amount	Actual Rebate Claimed
1	NTPC	1123.3	33.4	17.6
2	NHPC	183.0	0.0	2.3
3	Nuclear	40.0	1.5	0.5
4	SJVNL	42.1	0.0	0.6
5	THDC	0.0	0.0	0.0
6	Tala HEP	4.0	0.0	0.0
7	DVC	713.1	43.5	0.0
8	Power stations in Delhi			
8.1	PPCL	758.6	0.0	0.0
8.2	IPGCL	124.3	0.0	0.0
9	ARAVALI	234.0	-1.3	0.0
10	SASAN	292.5	35.8	6.5
11	SECI	184.8	30.8	2.7
12	EDWPCPL	3.3	0.0	0.0
13	DMSWSL	23.2	0.0	0.5
A	Total Long Term Purchase	3726.2	143.8	30.8
11	Short Term Purchase	25.7		
12	Short Term sale	35.3		
13	Transmission Charges			
13.1	Power Grid Corp. of India Ltd.	592.8	0.0	7.8
13.2	Delhi Transco Ltd.	179.0	0.0	0.0
13.3	Bhakra Beas Management Board	0.0	0.2	0.0
13.4	NTPC	4.3	0.0	0.0
13.6	Damodar Valley Corporation			

Sr. No.	Party/Company	Rebatable Amount	Non-Rebatable Amount	Actual Rebate Claimed
		1.3	0.0	0.0
13.7	SECI	0.0	6.2	0.0
13.8	DTL SLDC Chg	0.0	-0.5	0.0
B	Total Transmission Charges	777.3	5.9	7.8
C	Total	4503.5	149.7	38.5

3.81 In this regard, it is respectfully submitted that the normative rebate ought not be applied at the time of truing-up due to the following reasons:

- Power purchase being an uncontrollable parameter has to be trued up on the basis of actuals. The rebate on power purchase being an intrinsic and inseparable part of power purchase must also be trued up on actual in terms of Regulation 152 of the Tariff Regulations, 2017. In terms of Regulation 119 of the Tariff Regulations, 2017, normative rebate is to be considered only while projecting the tariff i.e. at the time of ARR and not truing up. Considering the normative rebate in the truing up is ex facie contrary not only to the aforesaid Regulation 152 of the Tariff Regulations but also to the truing up principles held by the Hon'ble Supreme Court in its Order and judgment dated 18.10.2022.
- The Revenue from the Tariff was not enough during FY 2021-22 to meet actual power purchase cost and other expenses. Therefore, the recovery of power purchase cost during FY 2021-22 was deferred due to delay in issuance of PPAC Orders. Also, the Hon'ble Commission itself directed Delhi Discoms to approach CERC for deferment of huge arrears bills of Genco/Transco.
- A large part of the tariff of the Discoms is unrecovered in the form of Regulatory Assets. The accumulated Regulatory Assets is of no immediate value to the Petitioner in discharging contractual liabilities for carrying out its business year on year. The Petitioner has faced an acute stringency of cash flow on account of the huge accumulated Regulatory Assets. It is no consolation to the Petitioner that someday the tariff may be revised by taking into account of the Regulatory Asset. Factually, on account of cash crunch (due to accumulated Regulatory Asset) the

Petitioner was unable to avail the benefit of the rebate offered by Genco/Transcos.

- d) A similar issue is pending before Hon'ble Tribunal in the Tariff Appeals filed against the previous Tariff Orders.
- e) The concept of normative rebate is based on assumptions that the system is perfect and business is being conducted as usual. The assumption that:
  - a. There is no creation of Regulatory Asset. However, there is an accumulated figure of ₹3111 Crore upto FY 2019-20 as Regulatory Asset (as per Tariff Order dated 30.09.2021);
  - b. Various APTEL's judgments have been implemented. However, in point of fact, that is not the case and various judgments are yet to be implemented;
  - c. There is no major variation in power purchase cost, which is also not the case.

Pertinently, to the best of the knowledge of the Petitioner, in no other state any DISCOM has been able to avail maximum normative rebate when aforesaid conditions are not met.

- f) Without prejudice to the above, the Hon'ble Commission in the past Tariff Orders has considered rebate on entire power purchase cost incurred by the Petitioner. However, the Hon'ble Commission has made certain disallowances. Therefore, the Hon'ble Commission has considered the rebate even on disallowed power purchase cost thereby doubly penalizing the Petitioner.
- g) The Petitioner has been burdened with deduction of an artificial Rebate on Power Purchase Cost @ 2%. The Hon'ble Commission cannot in law assume that the maximum normative Rebate was availed of by the Petitioner, when the same is not actually the factual position since Petitioner is not left with sufficient funds, owing to the non-cost reflective tariff and accumulation of Regulatory Asset, to be able to avail the maximum Rebate.
- h) If, in the true up, the two parameters that determine if and whether a licensee can avail rebate, i.e. Sales and Power Purchase, both are "uncontrollable", then even the Rebate that can be availed is "uncontrollable". Hence if ought to be trued up on actuals.

- i) Additionally, the Petitioner also has to pay LPSC to the generators which is not allowed by Hon'ble Commission and where there is a difference in the rate of LPSC charges (18%) vis-a-vis rate of funding & carrying cost resulting in further adverse financial constraint to the Petitioner.
- j) In view of the above submissions read with the Regulation 152, the Petitioner requests the Hon'ble Commission to consider the actual rebate on power purchase and Transmission Charges during FY 2022-23.

#### RENEWABLE PURCHASE OBLIGATION

3.82 On 01.03.2021, the Petitioner has filed a detailed representation in Petition no. 23 of 2021 before the Hon'ble Commission in the matter of waiver/deferment/relaxation of RPO targets for FY 2019-20 and FY 2020-21 and relaxation of norms of RPO for period FY 2019-20 onwards up till FY 2021-22. Thereafter, the Petitioner has filed an amendment application no. I.A. 3 of 2023 to the aforesaid Petition seeking relaxation/waiver of RPO targets for FY 2022-23. As this Petition is pending for adjudication before the Hon'ble Commission, the Petitioner requests the Hon'ble Commission to waive off/relax RPO target for FY 2022-23.

#### TOTAL POWER PURCHASE COST

3.83 The summarized Power Purchase cost as claimed by the petitioner is as follows:

S. No	Particulars	FY 2022-23
A	Long Term Power Purchase	3,870.0
B	Short Term Power Purchase	658.4
C	Less: Banking Sale	585.9
D	Other Payments	1.431
E	Less: Bulk Sale of Power	369.6
F	<b>Total</b>	<b>3,574.4</b>
G	Transmission cost	863.7
H	Less: Rebate	38.5
I	Add: Net Metering	3.7
J	Add: Self Generation (at BYPL Roof Top)*	0.1

#### COMMISSION ANALYSIS

3.84 The Regulatory Auditor of the Commission in their Regulatory Audit Report has submitted that they had verified all the invoices raised by Generating Stations consisting of Capacity Charges (Fixed Charges), Energy Charges (Variable Charges) and Other Charges for FY 2022-23 vis-à-vis Petitioner's claim submitted in the Petition and Audited Power Purchase Certificate.

3.85 **OVER LAPPING OF BANKING TRANSACTIONS & CONTINGENCY LIMIT OF 5% FOR SALE OF POWER** - The Regulatory Auditor of the Commission also verified if there were no overlapping of banking transactions and no violation of Contingency limit of 5% for sale of power through deviation settlement mechanism.

3.86 **NORMATIVE COST OF BANKING TRANSACTIONS** - The Commission considers the normative cost towards banking transactions as follows:

**Table 3. 28: Commission Approved normative banking cost**

Particulars	UoM	FY 2022-23
Banking Export units	MU	1101.94
Banking Import Units	MU	855.84
Banking Export average Rate per unit	Rs./ kWh	5.32
Banking Import average Rate per unit	Rs./ kWh	4.96
Banking Trading margin per unit		
Net Banking (Import - Export)	MU	-246.10
Normative Cost on Banking i.e. Variable Cost of weighted average rate of all long term sources- as per Clarification issued vide DERC letter dated 16/11/2018 on DERC Tariff Regulations, 2017 and BPR, 2017	Rs./kWh	3.06
Net Normative Cost / (Sale) to be allowed	Rs. Cr.	-75.35

3.87 **ADDITIONAL UI DEVIATION AND SUSTAINED DEVIATION** - The Commission verified the Audited Power purchase cost Certificate as submitted by the Petitioner and has disallowed the Additional UI Deviation and Sustained Deviation charges levied on the Petitioner except for the period under relaxation. The Commission approved to allow the additional UI charges and Sustain Deviation Charges as a pass through for the power purchase cost from 29/04/2022 to 31/7/2022. Accordingly, the Additional UI amounting to Rs. 1.37 Cr and Sustained deviation charges amounting to Rs. 0.93 Cr. for 3 months, May – July 2022 have been allowed as a pass through in the power

purchase cost of the Petitioner.

3.88 **REBATE** - Based on the maximum rebate as per the terms of the PPA in accordance with the applicable Regulations, the Commission considers the Rebate to be reduced from the Power purchase cost as follows:

**Table 3. 29: Maximum Rebate on Power purchase cost for FY 2022-23 (Rs. Cr.)**

Particulars	Normative rebate %	Rebatable Amount	Amount of Normative Rebate
<u>Long Term Power Purchases</u>			
NTPC Ltd.	1.50%	1,123.30	16.85
NHPC Ltd.	1.50%	182.97	2.74
Nuclear Power Corp. of India Ltd.	2.50%	40.00	1.00
Satluj Jal Vidyut Nigam Ltd.	1.50%	42.10	0.63
Tehri Hydro Development Corp. Ltd.	1.50%	0.03	0.00
Tala Power thru PTC	1p/unit	4.03	0.02
Damodar Valley Corporation	1.50%	713.10	10.70
Delhi SGS	2.00%	882.94	17.66
Delhi MSW Solution Limited	2.00%	23.17	0.46
Tehkhand WTEPL	2.00%	3.34	0.07
Aravali Power Corporation Ltd .	1.50%	234.00	3.51
Sasan	2.21%	292.50	6.46
SECI	2.00%	184.80	3.70
<u>Transmission Charges</u>			
Power Grid Corp.of India Ltd.	1.50%	2.64	0.04
Central Transmission Utility of India Limited	1.50%	590.11	8.85
Delhi Transco Ltd. Wheeling Charges	2.00%	179.01	3.58
Damodar Valley Corporation	1.50%	1.26	0.02
NTPC Ltd.	1.50%	4.25	0.06
<b>Total</b>			<b>76.35</b>

3.89 **COST OF POWER THROUGH SOLAR NET METERS** - The Commission considers the Average power purchase cost towards the solar net metered units considered in the Energy Input at 7.87 MU as sold to the Consumers of Delhi other than to the Consumer who generates such solar power.

3.90 **RENEWABLE PURCHASE OBLIGATION** - Regarding the Renewable Purchase Obligation of the Petitioner, it is verified by the Regulatory Auditor of the Commission that the Petitioner has purchased the power through large hydro plants and other sources as

follows:

Particulars	Large Hydro Power procured (MU)
NHPC	494.55
SJVNL	168.13
Tala HEP (PTC)	17.74
Bilateral arrangements	44.48
Total Power from Large Hydro plants	724.90

3.91 The RPO targets for FY 2022-23 for the Petitioner as per the Regulations are 10.50% each for Solar and Non Solar and 0.35% towards HPO. It is observed that the Petitioner has not been able to meet its Obligation towards Renewable power purchase in full during the year. Thus, the RPO penalty as imposed by the Commission on the basis of the CERC Floor price for FY 2022-23 leviable is as follows:

**Table 3. 30: Penalty on account of RPO Non Compliance**

Particular	Solar	Non Solar	HPO
Consumption		6,958.13	
Less:- Procurement of Hydro Power		724.90	
Consumption excluding Large Hydro		6,233.23	
RPO Targets (%)	10.50%	10.50%	0.35%
RPO target (MU)	654.49	654.49	21.82
RPO Met by Petitioner			
Self generation	0.18		
Solar Roof top from Net Metering Consumer	28.75		
SECI	530.30	246.02	
Other Sources	2.06		
GTAM			1.20
GDAM/GTAM		36.67	
Delhi MSW		32.96	
Tehkhand WTEPL		7.77	
Bairasul(70%)			11.91
Sub Total - Renewable power procured	561.29	323.41	13.11
Excess / (Shortfall)	-93.20	-331.08	-8.71
Achieved Compliance	85.76%	49.41%	60.09%
Shortfall in RPO (MU)		432.99	
Average Floor price for REC	Rs. 1000/MWh		
Penalty on shortfall of RPO (Rs. Cr.)		4.33	

3.92 In this regard it is also noted that the petitioner has filed a petition for waiver/relaxation of targets for FY 2022-23 which is yet to be disposed off by the Commission. The Commission shall decide the said petition based on the facts and merits of the case.

3.93 **EXEMPTION FOR NON-INTIMATION AND NON-CONSIDERATION OF THE POWER PROCURED ABOVE RS. 5/KWH** - The petitioner sought exemption for non-intimation and non-consideration of the power procured above Rs. 5/kWh for computing restriction in impact of such purchase on total Short Term Power purchase not exceeding 10 paise/kWh for True-up of FY 2022-23. The Commission had relaxed various directives due to power crisis expected to have risen out of coal shortage and skyrocketing ST power prices including allowing the purchase of power beyond Rs. 5/kWh.

3.94 **INCENTIVE ON SALE OF SURPLUS POWER** - Regulation 121 of *DERC (Terms and Conditions for determination of Tariff) Regulations 2017*, stipulates that *while approving the cost of power purchase, the Commission shall determine the quantum of power to be purchased considering the principles of merit order schedule and despatch based on ranking of all approved sources of supply in the order of their variable cost of power purchase on monthly basis.*

3.95 As per the above mentioned Regulation, the Petitioner is required to procure the power in an economical manner following the principle of Merit Order Dispatch which is an integral part of this process. As per Merit Order Dispatch principle, the plants are stacked in least cost approach of their Variable Cost. The demand is then met through stations in ascending order of their Variable Cost subject to various technical constraints and the balance power though available from the left over stations after meeting the required demand, are thus not scheduled. Such balance power as available from the left over stations could have been backed down considering Technical Constraints or kept under reserve shutdown and such surplus costly power could have been avoided.

3.96 The Commission further observes that it has directed SLDC vide its letter dated 21/11/2013 to implement DISCOM-wise scheduling in Delhi based on the request of the Distribution Licensees.

3.97 The Commission excludes various power stations from Merit Order Dispatch principle which have must run status like Nuclear & Hydro, State GENCOs which are also considered in the islanding scheme of Delhi and Eastern Region Plants where there is time delay in revision of schedule.

3.98 Regulation 123 of *DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017* states,

*“123. To promote economical procurement of power as well as maximizing revenue from Sale of Surplus Power the distribution licensee shall ensure the cost benefit for rate of sale of surplus power in the relevant slots through Banking, Bilateral and Power Exchange transactions other than the forced scheduling, as certified by the SLDC, in comparison with the next higher variable cost of the generating stations from which power is surplus after meeting the demand of power in its area of supply;”*

3.99 Regulation 165 of *DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017* states,

*“165. Any financial impact of over realisation on account sale of Surplus Power as, specified in Regulation 123 of these Regulations, shall be adjusted as per the mechanism indicated in the (Business Plan) Regulations of the control period:*

*Provided that any financial impact of under realisation on account sale of Surplus Power as specified in Regulation 123 of these Regulations shall be to the account of distribution licensee.”*

3.100 Regulation 29 of *DERC (Business Plan) Regulations 2019* defines the incentive sharing mechanism as follows:

***“29. INCENTIVE SHARING MECHANISM FOR SALE RATE OF SURPLUS POWER***

*(1) The computation of incentive for Sale Rate of Surplus Power in terms of the Regulation 165 of the DERC (Terms and Conditions for Determination of Tariff)*

*Regulations, 2017 from FY 2020-21 to FY 2022-23 of the Distribution Licensees shall be as follows:*

*i. The variable cost of the generating station for which power is surplus and required to be sold through Power Exchanges shall be considered as the previous month's billed variable cost of such generating station.*

*ii. The variable cost of the generating station for which power is surplus and required to be sold through Banking and Bilateral arrangements shall be considered as the previous month's billed variable cost of such generating station prevalent at the date of entering into such contracts:*

*Provided that the normative cost of banking transactions shall be weighted average rate of variable cost of all long term sources.*

*iii. The incentive shall be the product of Rate difference (Actual Sale Rate-Variable Cost) and Quantum of Power actually sold.*

*(2) The incentive computed under sub-clause (1) above shall be shared between the Consumers and the Distribution Licensees in the following prescribed manner: -*

*i. The incentive realisation upto 100% recovery of Average Fixed Cost per unit of all Generating sources of relevant year, projected by the Commission in the relevant Tariff Order, prorated to actual sale of Surplus Power shall be shared in the ratio of 2/3rd to the Consumers and 1/3rd to the Distribution Licensees.*

*ii. The incentive realisation above 100% recovery of Average Fixed Cost per unit of all Generating sources of relevant year, projected by the Commission in the relevant Tariff Order, prorated to actual sale of Surplus Power shall be shared in the ratio of 1/3rd to the Consumers and 2/3rd to the Distribution Licensees."*

3.101 The Commission vide its letter dated 16/11/2018, in respect of clarification sought by the Petitioner for rate of Banking transaction and mechanism for incentive of surplus power as per various provisions of *DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017* and *DERC (Business Plan) Regulations, 2017*, has clarified as under:

*"the normative cost of banking transactions shall be weighted average rate of all long term sources considering only variable cost for the relevant year. Further the sample calculation for incentive on sale of surplus power is annexed herewith."*

- 3.102 The Commission through the above referred letter dated 16/11/2018 clarified by way of sample calculation the computation of the incentive on a monthly basis in line with the Regulation 165 of *DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017*.
- 3.103 Accordingly, the methodology followed by the Commission is as per the above letter of the Commission and whenever there was a surplus sale of power, such surplus sale of power has been considered from the station having higher variable cost as lower variable cost stations must have been used first for the consumers.
- 3.104 Further, in the cases where the selling rate of surplus power was excess of power purchase cost of high variable cost station, that case only was considered for the calculation of Incentive on surplus power.
- 3.105 The Commission also had sought further information regarding the claim of incentive by the Petitioner vide email dated 29.05.2024. The Petitioner, in response to the query raised, furnished additional submission with reference to slot wise calculation of the incentive on sale of surplus power. As per the additional submission, the claim of the petitioner stood revised from Rs. 13.6 Cr to Rs. 80.56 Cr. which is based on the slot wise sale of surplus power whereas as per the clarification vide letter dated 16/11/2018 issued by the Commission, the incentive on sale of surplus power shall be on monthly basis which has already been admitted by the Petitioner in their claims in the previous year Petitions. Therefore, the revised amount of incentive on sale of surplus power claimed by the Petitioner cannot be admitted. On the other hand, the information sought by the Commission in respect of the claim of Rs. 13.60 Cr. during prudence check has not been received from the petitioner and therefore, the claim for incentive on surplus sale of power is not being considered at present in this order and will be considered only when the necessary information and details are provided by the petitioner.

3.106 Accordingly, the Commission approves the Power purchase cost for the Petitioner as follows:

**Table 3. 31: Commission Approved - Long Term Power Purchase Cost for FY 2022-23 (Rs. Cr)**

Particulars	As per Commission
Long term power purchase	
Interstate generation	2,960.58
Intrastate Generation	909.45
Short term power Purchase	
Bilateral	25.66
Exchange	234.73
Short term power sale	
Bilateral	-35.27
Exchange	-334.33
UI Sale and Purchase	-26.70
Additional Deviation Charges	1.37
Sustained Deviation charges	0.93
Other Charges	
Open Access Charges	79.69
Transmission Charges	783.18
DTL Reactive Energy Charges	1.43
RLDC charges	0.85
Other Payments (excl Solar net metering)	-4.40
Solar Energy net metering (7.87MU x 5.645)	4.66
Purchase of Self generation	0.10
Rebate	-76.35
Normative banking cost	-75.35
RPO Penalty	-4.33
Net power Purchase Cost	4,445.89
Units purchased (MU)	7,921.28
Transmission Loss MU	412.35
Energy Input (MU)	7,508.93
Average PPC/Unit	5.921

## OPERATION AND MAINTENANCE EXPENSES (O&M) EXPENSES

### PETITIONER SUBMISSION

3.107 The Petitioner has submitted that the normative O&M expenses for FY 2022-23 are

computed by multiplying the average capacity of line length and transformers during FY 2022-23 with approved per unit rates for FY 2022-23.

3.108 The Petitioner has submitted the addition to its network capacity as follows:

**Table 3. 32: Petitioner Submission – Network Capacity Addition during FY 2022-23 (Rs. Cr.)**

Particulars	Unit	Opening 01.04.2022	Additions	Closing 31.03.2023	Avg. Capacity
66KV	₹ Lakh/ckt. km	244	0	244	244
33KV	₹ Lakh/ckt. Km	423	9	432	427.5
11KV	₹ Lakh/ckt. Km	3123	84	3207	3165
LT line	₹ Lakh/ckt. Km	5765	150	5915	5840
66/11	₹ Lakh/MVA	1865	0	1865	1865
33/11	₹ Lakh/MVA	2065	59	2124	2094.5
11/0.415	₹ Lakh/MVA	3575	62	3637	3606

3.109 The Petitioner has accordingly computed the normative O&M expenses for FY 2022-23 as follows:

**Table 3. 33: Petitioner Submission - O&M Expenses during FY 2022-23 (Rs. Cr.)**

Assets/ lines	Avg. Capacity	Norms	Unit	Amt. (Rs. Cr)
66 kV lines	244	5.236	Rs. Lakh/ ckt km	12.78
33 kV lines	428	5.236	Rs. Lakh/ ckt km	22.41
11 kV lines	3165	2.195	Rs. Lakh/ ckt km	69.472
LT lines system	5840	9.890	Rs. Lakh/ ckt km	577.58
33/11 kV grid sub-station	1865	1.247	Rs. Lakh/ MVA	23.257
66/11 kV grid sub-station	2095	1.247	Rs. Lakh/ MVA	26.125
11/0.415 kV DT	3607	2.732	Rs. Lakh/ MVA	98.543
<b>Total</b>				<b>830.158</b>

3.110 The Petitioner has requested the Commission to allow the normative O&M expenses of Rs.830.2 Crore during FY 2022-23 as submitted in the above table as per the DERC (*Business Plan*) Regulation, 2019.

## COMMISSION ANALYSIS

3.111 The Commission at Regulation 23 of DERC (Business Plan) Regulations, 2019 has notified norms for Operation and Maintenance Expenses for FY 2022-23 in terms of Regulation 4(3) of DERC (Terms and Conditions for determination of Tariff) Regulations, 2017 as follows:

“23. Operation and Maintenance Expenses

(1) *Normative Operation and Maintenance Expenses in terms of Regulation 4(3) and Regulation 92 of the DERC (Terms and Conditions for determination of Tariff) Regulations, 2017 for the Distribution Licensees shall be follows:*

**O&M Expenses for BYPL for the Control Period**

Particulars	Unit	2020-21	2021-22	2022-23
66 kV Line	Rs. Lakh/ckt. Km	4.857	5.043	5.236
33 kV Line	Rs. Lakh/ckt. Km	4.857	5.043	5.236
11kV Line	Rs. Lakh/ckt. Km	2.036	2.114	2.195
LT Line system	Rs. Lakh/Ckt. Km	9.173	9.524	9.890
66/11 kV Grid S/s	Rs. Lakh/MVA	1.157	1.201	1.247
33/11 kV Grid S/s	Rs. Lakh/MVA	1.157	1.201	1.247
11/0.415 kV DT	Rs. Lakh/MVA	2.534	2.631	2.732

.....”

3.112 The Petitioner has submitted the actual network capacity as on 31/03/2023 as above and claimed towards the O&M expenses Rs. 830.2 Cr. The prudence and due diligence exercise of the Capitalisation of Assets (works & Schemes) are continuing process of the Commission. While the Commission is approving the O&M expenses based on the details of the Capitalisation submitted by the Petitioner, any discrepancy/shortfalls/defaults in such capitalisation observed/noticed/verified by the Commission at any point of time irrespective of the period/ Financial Year shall be suitably adjusted (recovered) from the ARR of the Petitioner for the period during which such discrepancy/shortfalls/defaults are found by the Commission.

3.113 Accordingly, the Commission considers the capitalisation as per Audited book of Accounts for FY 2022-23 and approves the amount on normative basis towards the O&M expenses for FY 2022-23 as follows:

**Table 3. 34: Commission Approved - Normative O&M Exps for FY 2022-23 (Rs. Cr.)**

Particulars	Network Capacity as on 01.04.2022	Additions to Capacity during the year	Network Capacity as on 31.03.2023	Normative Rate/Unit	O&M Expenses
66/33 kV Line (ckt. km)	666.30	9.00	675.30	5.236	35.12

Particulars	Network Capacity as on 01.04.2022	Additions to Capacity during the year	Network Capacity as on 31.03.2023	Normative Rate/Unit	O&M Expenses
11KV line (ckt. km)	3,123.80	84.00	3,207.80	2.195	69.49
LT Line System (ckt. km)	5,765.40	150.00	5,915.40	9.890	577.62
66/11 & 33/11 kV Grid S/s (MVA)	3,930.00	59.00	3,989.00	1.247	49.37
11/0.415KV DT (MVA)	3,575.25	62.00	3,637.25	2.732	98.52
				Total	830.13

#### ADDITIONAL O&M EXPENSES

##### PETITIONER SUBMISSION

3.114 As regards additional expenses, Regulation 23 (5) of Business Plan Regulation, 2019 states as under:

“23...

*(5)The impact of difference of amount on account of actual implementation of Seventh Pay Revision and Interim Relief already considered for determination of norms for O&M Expenses, if any, shall be allowed separately in line with the methodology adopted for computation of norms for O&M Expenses, at the time of True up of ARR for relevant Financial year subject to prudence check.”*

3.115 Accordingly, the Petitioner in terms of above Regulations claims item wise amount on account of additional O&M expenses which are uncontrollable in nature as well as not covered in the above-mentioned normative O&M expenses

3.116 The Petitioner has claimed the additional O&M expenses as a part of truing-up requirement for FY 2022-23 are tabulated as follows:

**Table 3. 35: Petitioner Submission - Additional O&M Expenses for FY 2022-23 (Rs. Cr.)**

Sr. No	Particulars	Amount
1	Arrears paid on account of 7th Pay Commission revision	93.5

Sr. No	Particulars	Amount
2	Legal Expenses	23.4
	Property Tax	11.6
3	Loss on Sale of Retired Assets	4.9
4	LC	3.2
5	Expenses for raising loan	1.0
6	Ombudsman Fees	0.2
	License Fee paid on assets	1.8
7	GST	3.9
8	New Initiatives	0.1
	Total	143.6

#### ARREARS PAID ON ACCOUNT OF 7<sup>TH</sup> PAY COMMISSION

##### PETITIONER SUBMISSION

3.117 The Petitioner has submitted that a Wage Revision Committee was constituted by the GoNCTD vide office memorandum bearing No. F.11(62)/2015/Power/271 dated January 25, 2016 to examine and recommend to the Government the Pay Revision for the employees. Such recommendations become applicable on the Petitioner as per the tripartite agreement. The Committee had given recommendation vide order no DTL/108/04/2017-HR(Policy) /101 dated July 28, 2017 for payment of Interim Relief (IR) to the eligible employees at the rate of 2.57 times of Basic pay + Grade Pay w.e.f. January 01, 2016. Accordingly, the Petitioner has disbursed Rs.128.04 Cr. from FY 2017-18 to FY 2019-20 as Special Interim Relief (IR).

3.118 Thereafter, DTL Board vide its office order HR/CC/2020-211208 dated October 15, 2020 accepted the recommendation for payment of 7th Pay Commission to the eligible employees of the erstwhile DVB during the year. In compliance to the said order, the Petitioner has implemented the recommendations of Wage Revision Committee (WRC) Report during financial year 2020-21 for payment of 7th Pay commission benefits and paid the differential amount as arrears to the eligible employees of erstwhile DVB employees.

3.119 However, the Petitioner vide letter dated 27.08.2021 and 09.09.2021 has apprised the Commission that in view of the financial constraints coupled with the then impediments created by COVID-19 pandemic, the Petitioner was not able to pay

provisional amount on account of 7th pay commission to its GPA Employees and was not in a position to discharge its liabilities to make such payments in the absence of sufficient cash flow.

3.120 The Petitioner submits to have fully paid out the provisions made earlier in FY 2022-23 as tabulated below:

**Table 3. 36: Petitioner Submission - Total impact of 7th Pay Commission for FY 2022-23 (Rs. Cr.)**

Particulars	Gross Earnings	LSC & PC	Total	Actual Paid	Actual Pymt. out of Provisions	Actual Payment
FY 2017-18 (Including Arrear w.e.f 01.01.2016)	47.62	42.52	90.14	47.62	0.00	47.62
FY 2018-19	36.16	18.16	54.32	36.16	0.00	36.16
FY 2019-20	44.26	18.36	62.62	44.26	0.00	44.26
FY 2020-21	107.93	47.74	155.67	107.93	0.00	107.93
FY 2021-22	0.00	11.01	11.01	0.00	43.89	43.89
FY 2022-23	0.00	0.00	0.00	0.00	93.52	93.52
Total –till FY 2022-23	235.97	137.79	373.76	235.97	137.41	373.38

3.121 The petitioner submits that as depicted from the above table, the total provisions for 7th pay commission upto FY 2022-23 was Rs. 137.79 Crore which pertains to LSC and PC both for active employees and retirees and also includes SVRS pension amount for retirees which amounts to Rs. 0.93 Crore during FY 2020-21 on account of 7th pay commission. Out of the total provision of Rs. 137.79 Crore, the Petitioner has paid an amount of Rs. 43.9 and Rs. 93.52 Crore during FY 2021-22 and FY 2022-23 respectively. Further, the amount Rs. 93.52 Crore paid during FY 2022-23 also includes Rs. 0.55 Crore of SVRS pension paid to retirees of FRSR employees. Accordingly, the Petitioner requests the Commission to allow Rs. 93.52 Crore on account of actual payment of 7th Pay Commission over and above the normative O&M expenses.

## COMMISSION ANALYSIS

3.122 With regard to the claim of Petitioner towards actual impact of wage arrears on account of 7<sup>th</sup> CPC, the Commission notes that Regulation 23(4) of the Delhi Electricity Regulatory Commission (Business Plan) Regulations, 2017 provides as under:

*"Impact of any statutory pay revision on employee's cost as may be applicable on case to case basis shall be considered separately, based on actual payment made by the Distribution Licensees and shall be allowed by the Commission after prudence check at the time of true-up of ARR for the relevant financial year."*

3.123 Accordingly, the Commission notes that the impact of wage revision arrear on account of 7<sup>th</sup> CPC shall be required to be worked out as difference between the amount of revised wages as per 7<sup>th</sup> CPC and the amount of wages as per the 6<sup>th</sup> CPC (pre-revised) upto the date of implementation of the 7<sup>th</sup> CPC by the Petitioner i.e. up to the date after which the Petitioner started releasing payment of salaries to its employees and officers on revised pay scale as per 7<sup>th</sup> CPC. Whereas in respect of the amount of revised salaries as per 7<sup>th</sup> CPC, the Petitioner was required to furnish the total amount of the revised salaries up to the date of implementation of 7<sup>th</sup> CPC i.e. up to 31.12.2020 along with the details duly corroborated with the audit accounts. From the said amount of revised salaries, the amounts paid against the same by the Petitioner shall be reduced to arrive at the amount of arrears which would be recoverable by the Petitioner in the form of additional O&M Expenses in terms of Regulation 23(4) of DER (Business Plan Regulation, 2017), as part of the Trued up ARR. The said payments of the arrears shall comprise amount of IR paid by the Petitioner to its employees and officers up the date of implementation of 7<sup>th</sup> CPC i.e. 31.12.2020 and the balance amount of the said arrear also paid by the Petitioner. In addition, the Petitioner will also be allowed to recover the additional amount of LSC and PC due to DVB Pension Trust attributable to the revision of the salaries of the DVB origin employees as per 7<sup>th</sup> CPC. Therefore, the Petitioner is also required to show the proof of the said payment of additional LSC and PC to DVB Pension Trust by corroboration with their audited accounts for the financial year/s in which such amount/s have been paid by the Petitioner to DVB Pension Trust. In response to the details sought by the Commission by the Petitioner on several occasions, the Petitioner provided different statements and details from which, the Commission was unable to verify the claim towards the 7<sup>th</sup> CPC arrear with the audited accounts of the Petitioner for the FY 2022-23 and of the preceding financial years. Even the certificate provided by the Petitioner from its

statutory auditors could not corroborate its claims towards the 7<sup>th</sup> CPC arrears. Till the date of finalization of the True-Up Order by the Commission the Petitioner was unable to provide the reconciled and explanatory details/statement in respect of its claim towards 7<sup>th</sup> CPC duly corroborated with the audited accounts or the certificate as its auditors. Under the circumstances the Commission is unable to consider the claim of Petitioner towards 7<sup>th</sup> CPC in the True-Up Order 2022-23, which therefore shall be considered and allowed if due, based on the reconciled details and statements duly corroborated with the audited accounts or the certificate as its auditors as explained hereinabove.

#### INCREMENTAL PROPERTY TAX PAID

##### PETITIONER SUBMISSION

3.124 The Petitioner submits to have paid property tax in respect of properties which were transferred to it as licensee through Delhi Electricity Reforms Act-Transfer Scheme Rules 2001. MCD as land owning agency, raises bills for payment of property tax against which payments are made by the Petitioner. Such levy of tax is beyond the control of the Petitioner and it is a statutory requirement to pay such tax by the Petitioner. In this regard, the Petitioner has paid Rs. 13.02 Crore in FY 2022-23. This amount includes arrears of Rs. 11.72 Crore from FY 2016-17 to FY 2021-22 duly paid in FY 2022-23.

3.125 The petitioner submits that the Commission has not considered the aforesaid arrears as a part of the expenses considered for computation of normative O&M Expenses for the control period from FY 2020-21 to FY 2022-23. In view of the aforesaid facts, the net incremental impact of the property tax paid as claimed by the Petitioner in FY 2022-23 is Rs.11.6 Crore .

**Table 3. 37: Petitioner Submission - Table: Incremental Property Tax paid (₹ Crore)**

Particulars	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23
Property Tax	1.17	1.17	1.16				
Average Base		1.17					
Escalation Factor			3.83%	3.83%	3.83%	3.83%	3.83%
Normative Payment							1.4

Actual Payment							13.0
Difference							11.6

### COMMISSION ANALYSIS

3.126 The Commission observed that the normative O&M expenses allowed by the Commission included the payments on a/c of property tax as forming part of the base costs at the time of determination of O&M norms. Accordingly, after considering the Property Tax considered in base year O&M expenses with a due escalation factor of 3.83%, no additional Property Tax need to be additionally considered for payment, other than normative O&M Expenses. Therefore, the additional claim sought by the petitioner is not justified. Accordingly, the Commission has disallowed the claim of Rs. 11.6 Cr.

### LOSS ON SALE OF RETIRED ASSETS

#### PETITIONER SUBMISSION

3.127 The Petitioner has referred the Regulation 45 of Tariff Regulations, 2017 states as under:

*“45. Loss or Gain due to de-capitalisation of asset based on the directions of the Commission due to technological obsolescence, wear & tear etc. or due to change in law or force majeure, which cannot be re-used, shall be adjusted in the ARR of the Utility in the relevant year.”*

3.128 In view of the above and as per the methodology provided in the Tariff Regulations 2017, the Petitioner claims Rs. 4.8 Crore for retirement of assets as per Audited Accounts for FY 2022-23.

### COMMISSION ANALYSIS

3.129 Regulation 45 to 47 of DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 stipulates as under:

*“45. Loss or Gain due to de-capitalization of asset based on the directions of the Commission due to technological obsolescence, wear & tear etc. or due to change*

*in law or force majeure, which cannot be re-used, shall be adjusted in the ARR of the Utility in the relevant year.*

*46. Loss or Gain due to de-capitalization of asset proposed by the Utility itself for the reasons not covered under Regulation 45 of these Regulations shall be to the account of the Utility.*

*47. Loss or Gain due to de-capitalization of asset after the completion of useful life of asset shall be to the account of the Utility.”*

3.130 Commission has sought the necessary data from the Petitioner through various communications vide email dated 10/10/2024, 11/11/2025 and 17/11/2025. Further, Commission vide letter dated 24/11/2025, had directed the petitioner to submit the required data as per the format by 01/12/2025, which is still to be submitted as per the format. Accordingly, the Commission has not considered the impact of the same over and above the normative O&M expenses in the true up of FY 2022-23.

## **LC CHARGES**

### **PETITIONER SUBMISSION**

3.131 The Petitioner has incurred Rs. 3.2 Crore on account of LC charges for FY 2022-23. Therefore, the Petitioner is claiming said expenses due to its uncontrollable nature and under the provisions of aforesaid MOP rules in order to maintain 24 X 7 continuous power supply to consumers of Delhi.

### **COMMISSION ANALYSIS**

3.132 The expenses pertaining to opening of letter of credit are of routine nature and are forming part of the normative expenses of the Petitioner. Under DERC (Business Plan) Regulations, 2019 such expenses are already been included in the norms of O&M expenses. The additional claim of expenses is part of the normative O&M expenses and do not qualify for the provisos to the Regulation 87 of DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017. Accordingly, the Commission has disallowed the claim of the Petitioner.

**LEGAL EXPENSES****PETITIONER SUBMISSION**

3.133 The Petitioner has incurred Rs. 23.6 Crore towards legal expenses as per Audited books of Accounts during FY 2022-23. This total expense includes Ombudsman fee of Rs. 0.22 Crore paid by the Petitioner for FY 2022-23 which has been claimed separately in subsequent paragraphs. Accordingly, the Petitioner has incurred Rs. 23.4 Crore towards legal fee and claims in FY 2022-23.

3.134 The Petitioner has referred Regulation 23(7) of *Business Plan Regulations, 2019* states as under:

“23...

*(7) The Distribution Licensee may claim the legal expenses separately, subject to prudence check at the time of true up on submission of documentary evidence:*

*Provided that the legal expenses on account of cases filed against the Orders or Regulations of the Commission before any Court and the legal claims (compensation/penalty) paid to the consumer, if any, shall not be allowed.”*

3.135 In terms of above regulation, Rs. 2.2 Crore is towards filing appeals against the Orders (including Tariff Orders) of the Commission out of Rs. 23.4 Crore towards legal fee and claims in FY 2022-23. However, the Petitioner mention that Regulation 23(7) of the Business Regulations Plan, 2019 seeks to exclude the Legal Expenses which are challenged against the Commission from the allowable cost of the Petitioner and impinges upon Petitioner's fundamental right to be represented by a lawyer before any court / forum of its choice as well as its freedom of trade guaranteed under Article 19(1)(g) of Constitution of India. This Regulation restrict and curtail the Petitioner's rights and freedoms. In fact, Business Plan Regulations, 2019 discriminate between the Petitioner and other Power Generation and Transmission Utilities (“Delhi Power Utilities”) in the NCT of Delhi, by arbitrarily: -

- Excluding Legal Expenses from O&M Expenses of the Petitioner under Regulation 23(7), whereas allowing the Legal Expenses to other Delhi Power Utilities in the NCT of Delhi as part of their O&M Expenses. Legal Expenses are

incurred for the purpose of the licensed business of the Petitioner i.e., Distribution and Retail Supply of electricity, for risk mitigation, reducing financial exposure and enforcement of their legal rights.

- Discriminating between various categories of similarly situated and equivalent employees of the Petitioner and also amongst the employees of other Delhi Power Utilities under Regulation 23(5) and 23(6) while allowing Employee Expenses as part of the O&M Expenses. This adversely impacts the Petitioner's ability to retain talent to conduct its business in the most efficient manner, as it has been doing till date.

3.136 Since, Delhi Generation and Transmission Utilities are also regulated by the Commission, there is no intelligible differentia for such different treatment given for costs incurred by them vis-à-vis the Petitioner. Moreover, the Electricity Act, 2003, allows the Petitioner the right to avail its statutory remedies under section 111 and other applicable provisions. Therefore, actual legal expenses of Rs. 23.4 Crore without any distinction should be allowed as an expense in the ARR. The details of legal expenses are provided in Form 7(a) submitted along with this Petition. Accordingly, the Petitioner requests the Commission to allow the legal expenses amounting to Rs. 23.4 Crore over and above the normative O&M expenses in True-up of FY 2022-23.

#### COMMISSION ANALYSIS

3.137 Regulation 23(7) of DERC (Business Plan) Regulations, 2019 stipulates as under:

*"The Distribution Licensee may claim the legal expenses separately, subject to prudence check at the time of true up on submission of documentary evidence:*

*Provided that the legal expenses on account of cases filed against the Orders or Regulations of the Commission before any Court and the legal claims (compensation/penalty) paid to the consumer, if any, shall not be allowed."*

3.138 During the prudence check, the commission observed that the petitioner has claimed the total legal expenses of Rs. 23.4 Cr. The Commission is of the view that the legal expenses incurred by the petitioner on account of cases filed against the Orders or Regulations of the Commission before any Court is not allowed as per DERC (Business

Plan) Regulations, 2019. Accordingly, the remaining legal expenses of Rs. 12.36 Cr is considered by the Commission towards Additional O&M expenses.

#### **OMBUDSMAN FEES**

##### **PETITIONER SUBMISSION**

3.139 As per the directions of the Commission, the Petitioner has incurred an expenditure of Rs.0.22 Crore for the year FY 2022-23. Further, the Commission excluded the said expense for determining the norms of O&M expenses from FY 2020-21 to FY 2022-23. Accordingly, the Petitioner is claiming ombudsman expenses of Rs. 0.22 Crore as the said expenses is not the part of normative O&M expenses.

##### **COMMISSION ANALYSIS**

3.140 During the prudence check, BYPL has clarified that the above expenses have been incurred for the establishment of the expense for the office of the Ombudsman. The Ombudsman Expenses of Rs. 0.22 Cr. during FY 2022-23 has been considered by the Commission as the Ombudsman Expenses are the expenses which are used in the running the establishment of Ombudsman, Electricity. Hence, allowed.

#### **RAISING LOAN FOR FUNDING OF WORKING CAPITAL & REGULATORY ASSET**

##### **PETITIONER SUBMISSION**

3.141 The Petitioner has submitted that the Commission in its Business Plan Regulations 2019 stated as under:

*“23..(6) The Distribution Licensee may claim the expenses for raising loan for working capital and regulatory assets under O&M expenses separately, subject to prudence check at the time of true up on submission of documentary evidence: Provided that if this amount has been included in the interest on working capital and/or Regulatory assets, the same shall not be allowed.”*

3.142 Accordingly, the Petitioner is claiming the expenses for raising loan for funding of Working Capital amounting to Rs.1.0 Crore as the said expenses is not the part of

normative O&M expenses.

### COMMISSION ANALYSIS

3.143 Regulation 23(6) of DERC (Business Plan) Regulations, 2019 stipulates as under:

*“The Distribution Licensee may claim the expenses for raising loan for working capital and regulatory assets under O&M expenses separately, subject to prudence check at the time of true up on submission of documentary evidence:*

*Provided that if this amount has been included in the interest on working capital and/or Regulatory assets, the same shall not be allowed.”*

3.144 The charges for raising working capital loans and loan for financing RA shall be allowed if the same do not form part of Interest cost. The fresh borrowings are already netted-off with processing charges and the impact of same shall come in the Interest Cost. Hence the above claim regarding loan on working capital is not allowed by the Commission.

### EXPENSES ON ACCOUNT OF NEW INITIATIVES

#### PETITIONER SUBMISSION

3.145 The Petitioner has submitted that during FY 2022-23 it had undertaken the following new initiatives:

- 1) Digital Platform for Energy Management: The digital energy management platform is established which involves analytics & data integration across DISCOM's multiple data sources for accurate and timely monitoring of various energy vectors viz., solar rooftop systems, energy storage systems and EV chargers along with operational & planning decisions. It is intended to integrate Solar, EV charger and Energy storage on a single platform for testing integrated operation in view of varying grid conditions and prices. This cloud-based platform would help in lowering maintenance costs, reducing failure rates, and extending the life of distribution assets. It provides proactive and predictive reporting of data and is easily scalable to support voluminous structured data points. For this, the Petitioner has paid an amount of Rs. 0.06 Crore during FY 2022-23.

2) Charging Management by Balancing Dynamic Demand Through EV with Static Load: The main objective of this project was to demonstrate Smart Managed EV Charging with Load Balancing which optimizes the cost and reduces the network congestion and can act as a demand side management tool for power distribution utilities. Smart chargers installed are able to regulate charging demand through load balancing feature. The successful demonstration of this smart EV Charging system was to demonstrate the load balancing feature of the smart Chargers through the Cloud Management System by altering the output load of electricity from the Chargers in accordance with the dynamic demand of the EVs and input static load of electricity available ("Available Load") from the distribution transformer ("DTR") at a given time. This paves the way for a huge positive impact on the way the stakeholders are doing business in the EV Charging industry, making way for the next generation of technological advancement, including Vehicle Grid Integration (VCI), Demand Response, Smart Grid, V2G and V2H. Under this project, the Petitioner has paid Rs. 0.08 Crore during FY 2022-23. Since, the aforesaid expenses are not the part of normative O&M expenses, the Petitioner requests the Hon'ble Commission to allow Rs. 0.14 Crore towards the expenses incurred in FY 2022-23 on account of new initiatives undertaken by the Petitioner over and above the normative O&M expenses.

3.146 The Petitioner has claimed Rs. 0.14Cr. as the expenses on account of new initiatives undertaken as the said expenses is not the part of normative O&M expenses.

#### **COMMISSION ANALYSIS**

3.147 The petitioner has claimed additional O&M expenses to the tune of Rs. 0.14 Cr. under the head of certain new initiatives. However, these are normal activities/part of business and should be covered under O&M expenses, hence the above expenses cannot be allowed.

**LICENSE FEE PAID ON ASSETS****PETITIONER SUBMISSION**

3.148 License Fee paid for land rights / distribution assets is a statutory levy and uncontrollable in the hands of the Petitioner. It is pertinent to mention that pursuant to Ind AS 116 notified by MCA on March 30, 2019, the nature of expenses has changed from lease rent in previous years to depreciation cost for the right-of-use assets (RoU), and finance cost for interest accrued on lease liability. Accordingly, from April 2019 such expenses are not reflected in A&G expenses but included in Depreciation & Finance Cost and hence are not reflected in O&M expenses since FY 2019-20 onwards.

3.149 Accordingly, the Petitioner requests the Hon'ble Commission to allow the license fees of Rs. 1.8 Crore paid to GoNCT, over and above the normative O&M expenses in True-up of FY 2022-23.

**COMMISSION ANALYSIS**

3.150 The actual O&M expenses considered by the Commission include the expenses on account of the license fee paid on assets of GoNCTD. The normative O&M expenses allowed by the Commission contains both elements of escalation on a year-to-year basis and additional O&M expenses on account of an increase in network capacity. Accordingly, after considering the license fee paid on assets considered in base year O&M expenses with a due escalation factor of 3.83%, no additional license fee need to be additionally considered for payment, other than normative O&M expenses. Therefore, the additional claim sought by the Petitioner is not justified. Accordingly, the Commission has disallowed the claim of the Petitioner.

**INCREMENTAL GST IMPACT****PETITIONER SUBMISSION**

3.151 The Petitioner has submitted that with effect from 01.07 2017, the Petitioner is mandated to pay GST (@18%) instead of service tax (12% to 15%). Further, as per the circular no. 34/8/2018 – GST, there are few services that are provided by the Petitioner to consumers which are now deemed as GST taxable services. However, the GST rate

is 18% which is higher than the service tax rate. As per Business Plan Regulations, 2019, the Commission has allowed the GST charges on normative basis for FY 2022-23 by considering an escalation factor of 3.83% on the average value of FY 2017-18 to FY 2018-19. It is submitted that law is very clear towards implementation of any new tax and time and again the impact on account of the same have been allowed by various statutory authorities as pass through. It is submitted that there are plethora of Orders approving impact of increase in tax/introduction of new taxes, Change in law and such additional costs have been allowed as pass through. The said relief has also been approved by the Hon'ble CERC/APTEL for various competitively Bid Projects awarded under Section 63 of the Electricity Act, 2003 and therefore not allowing such impact to be recovered on actual basis for tariff determined under Section 62 of the Electricity Act 2003 shall be in gross violation to the statue and therefore the impact needs to be allowed on actual basis due to change in law.

3.152 Accordingly, Petitioner requested the Commission to allow the incremental GST charges impact of Rs.3.9 Crore paid to employees during FY 2022-23 as follows:

**Table 3. 38: Petitioner Submission - Incremental GST Impact during FY 2022-23 (Rs.Cr.)**

Sr. No	Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
1	Actual GST/Service Tax as per Audited Accounts	25	40	45				
2	Considered for base year FY 2017-18 (equivalent to average value from FY 2017 to FY 2019)		37					
3	Escalation Rate			3.83%	3.83%	3.83%	3.83%	3.83%
4	Considered as Normative							44.4
5	Actually paid							48.3
6	Incremental Impact							3.9

#### COMMISSION ANALYSIS

3.153 Regulation 23 of DERC (Business Plan) Regulations, 2019 stipulates the normative O&M expenses of the Petitioner. The Commission has determined the norms for O&M expenses based on the actual O&M expenses of the Petitioner during FY 2016-17 to FY 2018-19. In the actual O&M expenses, the expenditure incurred towards legal fee, legal claims, rebate paid to the consumer on monthly bills, provisions, loss on sale of

retirement of assets have not been considered.

3.154 Under DERC (Business Plan) Regulations, 2019 and through its Statement of Reasons Business Plan Regulation, 2019, the Commission has clarified that revision of minimum wages/Any Statutory impact has already been included in the norms of O&M expenses. The additional claim of expenses related to manpower based contract is part of the normative O&M expenses and do not qualify for the second proviso to the Regulation 87 of DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017. Hence, the claim of incremental impact as claimed cannot be allowed.

3.155 In line with above discussions, the Commission has approved the following Additional O&M for FY 2022-23:

**Table 3. 39: Commission Approved - Additional O&M Expenses for FY 2022-23**

Sr. No	Particulars	Petitioner Submission	Commission Approved
1	Loss on Sale of Retired Assets	4.9	-
2	Incremental impact of 7th Pay Commission	93.5	-
3	Legal Expenses	23.4	12.36
4	Ombudsman/legal Fees	0.2	0.22
5	Incremental License Fee paid on assets	1.8	-
6	Syndication Fee/Bank charges regarding loan of Working Capital and Regulatory Assets	1.0	-
7	Property Tax	11.6	-
9	Incremental GST Impact	3.9	-
10	New Initiatives	0.1	-
11	Letter of Credit Charges	3.2	-
12	Total	143.7	12.58

## CAPITAL EXPENDITURE AND CAPITALISATION

### PETITIONER SUBMISSION

3.156 The Petitioner has considered the capital expenditure and capitalisation for FY 2022-23 as per the audited accounts. The opening Gross Fixed Assets (GFA) for FY 2022-23 has been considered in terms of the Hon'ble Supreme Court Order dated 01.12.2021. Hence, the closing balance of GFA for FY 2021-22 as filed in the True-up Petition dated

30.11.2022, has been considered as the opening GFA for FY 2022-23.

3.157 De-capitalisation of assets upto FY 2022-23 has been considered as per the audited accounts provided that the Hon'ble Commission allows the loss on sale of retired assets for the respective years in terms of the Tariff Regulations 2017. The actual capitalisation and de-capitalisation as per the Audited Accounts for FY 2022-23 has been considered to derive the closing balance of GFA as under:

**Table 3. 40: Petitioner Submission - Gross Fixed Assets for FY 2022-23 (Rs. Cr.)**

Sr. No	Particulars	FY 2022-23
A	Opening GFA	4405.5
B	Capitalisation during the year	289.3
C	De-capitalisation	15.5
D	Closing GFA	4679.2
E	Average GFA	4542.35

3.158 Regarding provisions capitalised towards 7th Pay Commission, the petitioner further submits that all the provisions which were made till FY 2021-22 has now been completely paid by the Petitioner and that the Commission has reduced the provision capitalised on account of 7th pay commission from FY 2017-18 to FY 2019-20 reproduced as below:

Particulars	FY 2017-18	FY 2018-19	FY 2019-20	Total
Assets Capitalised	347	338	247	932.47
Less: Reduction of capitalisation by provision capitalized on a/c of 7th pay	5.67	2.23	1.98	9.88
Net Assets capitalised approved by DERC	341	336	245	922.59

3.159 The above table clearly depicts that the Commission has reduced Rs.9.88 Crores towards the provisions capitalised from the total capitalisation on account of 7th pay commission from FY 2017-18 to FY 2019-20 by merely stating the reason that such amount has not been paid by the Petitioner. Since, the provision of 7th pay commission has now been full paid in FY 2021-22 and 2022-23, the Petitioner requests the Hon'ble Commission to allow the actual capitalisation amount from FY 2017-18 to

FY 2019-20 based on the audited accounts of the Petitioner by reversing the amount of Rs. 9.88 Crore disallowed by the Commission.

3.160 The actual consumer contribution and grants capitalised till FY 2006-07 is Rs. 8.71 Crore and Rs. 16.22 Crore respectively. However, the Hon'ble Commission has considered consumer contribution received instead of actual consumer contribution capitalised from FY 2002-03 to FY 2006-07.

3.161 Also, in terms of Tariff Regulations 2007, the actual data pertaining to capital expenditure and capitalization is required to be considered while truing-up Return on Capital Employed ("RoCE") and depreciation at the end of the Control period. The relevant extracts are as below:

*"5.6 The Regulated Rate Base (RRB) shall be used to calculate the total capital employed which shall include the original cost of assets and working capital, less the accumulated depreciation. Capital work in progress (CWIP) shall not form part of the RRB. Consumer Contribution, capital subsidies / grants shall be deducted in arriving at the RRB."*

3.162 In contrary to the above, the Commission has allowed lower RoCE and Depreciation for subsequent years by considering an incorrect figure of Consumer Contribution assets capitalised from FY 2002-03 to FY 2006-07 by invalidly relying on Petitioner's letter 12.03.2010 and not as per actuals.

3.163 It may be noted that the Commission vide e-mail dated March 24, 2015 directed the Petitioner to submit the consumer contribution data duly audited in a specified format. The Petitioner vide letter dated May 18, 2015 submitted the data duly certified by Auditor with respect to consumer contribution. Accordingly, the Petitioner request the Commission to consider the actual data for opening balance of Consumer Contribution from FY 2007-08 onwards.

3.164 Based on the above submissions, the average Consumer Contribution including grants for FY 2022-23 is tabulated below:

**Table 3. 41: Petitioner Submission - Consumer Contribution including Grants for FY2022-23 (Rs. Cr.)**

Sr. No	Particulars	FY 2022-23
A	Opening Balance	370.2

Sr. No	Particulars	FY 2022-23
B	Additions during the year	10.7
C	Closing Balance	380.9
D	Average Consumer Contribution	375.5

3.165 The average Grants for FY 2022-23 is tabulated below:

**Table 3. 42: Petitioner Submission - Grants for FY 2022-23 (Rs. Cr.)**

Sr. No	Particulars	FY 2022-23
A	Opening Balance	16.22
B	Additions during the year	-
C	Closing Balance	16.22
D	Average Grants	16.22

### COMMISSION ANALYSIS

3.166 The prudence and due diligence exercise of the Capitalisation of Assets including the capex verification of the said Assets are continuing process of the Commission. The Commission approves Capitalisation as submitted by the Petitioner. Any discrepancy/shortfalls/defaults in the capitalisation observed/noticed/verified by the Commission at any point of time irrespective of the period/ Financial Year shall be suitably adjusted (recovered) from the ARR of the Petitioner for the period during which such discrepancy/shortfalls/defaults are found by the Commission.

3.167 In case of Capitalisation, the Regulatory Auditor appointed by the Commission observed that the vehicles procured during the FY 2022-23 for capital addition, the petitioner failed to substantiate its business use. Thus, in absence of adequate justification establishing the necessity and relevance of these vehicles to the company's day-to-day operations, an amount of Rs. 1.47 Cr. towards procurement of such vehicles has been disallowed from the capitalization for the respective year.

3.168 Further, the Regulatory Auditor also observed that the petitioner has capitalized assets with an individual value of less than Rs. 5,000. Considering the principle of materiality, such assets should not be included in capital addition, as they do not meet the threshold for capitalization, such cost of these assets should have been treated as an operational and maintenance (O&M) expense. Furthermore, since the Commission allows O&M expenses on a normative basis, these expenditures have already been

factored into the normative rate calculation. Therefore, to avoid duplication of cost recognition, the Commission disallows an amount of Rs. 10.31 lakh from the Capitalization.

3.169 Further, The Commission considers de-capitalisation as per Audited book of Accounts for FY 2022-23.

3.170 The Commission is of the view that the Consumer Contribution has been correctly considered by the Commission during the Policy Direction period and that the opening balance for FY 2007-08 as recorded in the respective Tariff Order has no anomaly. It is also observed that the issue pertains to earlier years which are already trued up and raising of the issue by the Petitioner in this petition which specifically pertains to true up of FY 2022-23 is not correct.

3.171 Accordingly, the Commission considers the capitalisation and de-capitalisation as per Audited book of Accounts for FY 2022-23 as under:

**Table 3. 43: Commission Approved - Capitalization upto FY 2022-23**

Particulars	Amount (In Rs. Cr)
Trued up opening balance of Gross Fixed Assets	4,265.58
Add- Capitalization during the year	288.02
Less- Retirement/ De-capitalization for the year	15.53
Closing balance of Gross Fixed Assets	4,538.07
Average Gross Fixed Assets	4,401.83

## MEANS OF FINANCE

### PETITIONER SUBMISSION

3.172 During FY 2022-23, the Petitioner has capitalised Rs.289.3Crore which includes Rs.15.5Cr. and Rs10.7 Cr. on account of De-capitalisation and Consumer Contribution capitalised respectively during the year. The Petitioner has sought financing of Capitalisation (net of de-capitalisation and Consumer Contribution) through debt and equity in the ratio of 30:70 as shown below:

**Table 3. 44: Petitioner Submission - Financing of Capitalisation for FY 2022-23(Rs.Cr.)**

Sr. No	Particulars	FY 2022-23
A	Total Capitalisation	289.3
B	De-capitalisation	15.5
C	Consumer Contribution	10.7

Sr. No	Particulars	FY 2022-23
D	Balance Capitalisation	263.1
E	Debt	184.1
F	Equity	78.9

### COMMISSION ANALYSIS

3.173 The Commission has considered the closing balance of Consumer Contribution and Grants approved for FY 2021-22 as opening balance of Consumer Contribution and Grants for FY 2022-23. The Commission verified the additions towards Consumer Contribution and Grants during the year from the audited financials of the Petitioner.

3.174 Accordingly, the addition to the Consumer Contribution/Grants for the year have been considered as follows:

**Table 3. 45: Commission Approved - Consumer Contribution/Grants (Rs. Cr.)**

Sr. No.	Particulars	As per Petitioner	As per Commission
A	Opening Balance	386.4	419.21
B	Capitalized during the year	10.7	10.69
C	Closing Balance	397.1	429.9
D	Average	391.8	424.6

3.175 The funding requirement for capitalisation has been dealt in the section of Regulated base rate in subsequent paras.

### DEPRECIATION

#### PETITIONER SUBMISSION

3.176 For the purpose of computing depreciation for True-up of FY 2022-23 the Petitioner has followed the same methodology as considered by the Commission in the past i.e. the average rate of Depreciation based on the Audited Accounts of the Petitioner has been applied on the average GFA net of Consumer Contribution and Grants.

3.177 The Petitioner has tabulated the average rate of Depreciation for FY 2022-23 based on Audited Accounts as below:

**Table 3. 46: Petitioner Submission - Depreciation Rate for FY 2022-23 (Rs. Cr.)**

Sr. No	Particulars	Actual
A	Opening GFA as per audited accounts	4376.1
B	Closing GFA as per audited accounts	4649.8
C	Average of GFA	4512.95
D	Depreciation as per Audited Accounts	212.1
E	Average depreciation rate in %	4.7

3.178 The Petitioner has submitted that as per Companies Act, the depreciation rate in case of a regulated entity has to be adopted as prescribed by the Regulator. The depreciation has been computed in the audited accounts based on the schedule of depreciation rates given in the Tariff Regulations, 2017. In audited accounts, the depreciation has been computed based on life of assets as specified in the Regulations. In case the Commission desires the computation in support of depreciation on assets appearing in audited accounts, the same can be provided.

3.179 The Petitioner has calculated the allowable depreciation after excluding consumer contribution and Grants from the Gross Fixed Assets as under:

**Table 3. 47: Petitioner Submission - Depreciation for FY 2022-23 (Rs. Cr.)**

Sr. No	Particulars	FY 2022-23
A	Average GFA	4542.35
B	Less: Average Consumer Contribution and Grants	-375.5
C	Average assets net of consumer contribution & Grants	4166.85
D	Average rate of depreciation	4.70%
E	Depreciation	195.8

3.180 The Petitioner has calculated the cumulative depreciation on fixed assets at the end of FY 2022-23 as tabulated below:

**Table 3. 48: Petitioner Submission - Cumulative Depreciation on fixed assets upto FY 2022-23(Rs. Cr.)**

Sr. No	Particulars	FY 2022-23
A	Opening balance of cumulative depreciation	2310.1
B	Additions during the year	195.8
C	Closing balance of cumulative depreciation	2505.9

3.181 Accordingly, the depreciation has been utilised for repayment of loan as under:

**Table 3. 49: Petitioner Submission - Utilisation of Depreciation for FY 2022-23 (Rs. Cr.)**

Sr. No	Particulars	FY 2022-23
A	Depreciation	195.8

Sr. No	Particulars	FY 2022-23
B	Depreciation utilised for debt repayment	195.8

## COMMISSION ANALYSIS

3.182 Regulations 78 to 83 of *DERC (Terms and Conditions for Determination of Tariff)*

*Regulations, 2017* stipulates the provisions of Depreciation as follows:

*"78. Annual Depreciation shall be computed based on Straight Line Method for each class of asset as specified in Appendix-1 of these Regulations.*

*79. The base value for the purpose of depreciation shall be the capital cost of the asset approved by the Commission. Depreciation shall be chargeable from the first year of commercial operation and in case of commercial operation of the asset for part of the year, depreciation shall be charged on pro rata basis.*

*80. The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset:*

*Provided that any depreciation disallowed on account of lower availability of the generating station or generating unit or transmission system as the case may be, shall not be allowed to be recovered at a later stage during the useful life and the extended life.*

*81. Land other than the land held under lease shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the asset.*

*82. In case of existing assets, the balance depreciable value as on 1st April of any financial year shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to 31st March of the preceding financial year from the gross depreciable value of the assets.*

*83. The Depreciation for Life extension projects/scheme shall be allowed in the manner as indicated in Regulation 51 of these Regulations."*

3.183 Based on the Regulatory Audit Report of the Consultant, the Commission has considered Depreciation rate as 4.70% for FY 2022-23, therefore, Depreciation on the assets capitalised is computed as below:

**Table 3. 50: Commission Approved - Depreciation for FY 2022-23 (Rs. Cr.)**

Sr.No.	Particulars	Petitioner Submission	Commission Approved
A.	Average of Fixed Assets	4,542.3	4,401.83
B.	Average Consumer Contribution	375.5	424.56
C.	Average Fixed Assets (net of consumer contribution & grant)	4,166.8	3,977.27
D.	Average depreciation rate	4.70%	4.70%
E.	Allowable Depreciation	195.8	186.93

3.184 Accordingly, the accumulated depreciation for FY 2022-23 is as follows:

**Table 3. 51: Commission Approved - Accumulated Depreciation for FY 2022-23 (Rs. Cr.)**

Sr. No.	Particulars	Petitioner Submission	Commission Approved
A.	Opening balance of cumulative depreciation	2,310.1	1,821.36
B.	Additions during the year	195.8	186.93
C.	Less: Depreciation towards assets retired	9.6	9.60
D.	Closing balance of cumulative depreciation	2,496.3	1,998.69

## WORKING CAPITAL

### PETITIONER SUBMISSION

3.185 The Petitioner has computed the Working Capital Requirement for FY 2022-23 as under:

**Table 3. 52: Petitioner Submission - Working Capital Requirement (Rs. Cr.)**

Sr. No	Particulars	FY 2022-23
A	Annual Revenues from Tariff & Charges	6140.6
A1	Receivables equivalent to two months average	1023.6
B	Power Purchase Expenses	4403.4
B1	Less: 1/12th of power purchase expenses	366.9
C	Working Capital	656.5
D	Opening Working Capital	579.4
E	Change in Working Capital	77.1

3.186 Further, the Petitioner has claimed funding of the Debt and Equity as per the directions and principles laid down by the Hon'ble Supreme Court in Order and Judgment dated 01.12.2021 and 18.10.2021 passed in case of the Petitioner. Accordingly, the average debt and equity for FY 2022-23 is tabulated below:

**Table 3. 53: Petitioner Submission - Average Debt & Equity for FY 2022-23 (₹ Cr.)**

Particulars	Debt	Equity
Opening	1533.9	1167.5
Additions during the year:		
Capitalisation	184.1	78.9
Working capital	77.1	
Less: Repayment	153.4	
Closing	1641.7	1246.4
Average	1587.8	1206.9

## COMMISSION ANALYSIS

3.187 Regulation 84(4) of *DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017* stipulates the working capital determination for Distribution Licensee as follows:

*"84. The Commission shall calculate the Working Capital requirement for:*

*(4) Distribution Licensee as follows:*

*(i) Working capital for wheeling business of electricity shall consist of ARR for two months of Wheeling Charges.*

*(ii) Working capital for Retail Supply business of electricity shall consist of:*

*(a) ARR for two months for retail supply business of electricity;*

*(b) Less: Net Power Purchase costs for one month;*

*(c) Less: Transmission charges for one month; and"*

3.188 The Commission has computed the Working Capital considering the net Power Purchase Cost including Transmission Charges and ARR as approved in the truing up for FY 2022-23 as follows:

**Table 3. 54: Commission Approved - Working Capital for FY 2022-23 (Rs. Cr.)**

Sr. No	Particulars	As per Petitioner	As per Commission
A	ARR	6,140.6	5,622.23
A1	Receivables equivalent to two month ARR	1,023.4	937.04
B	Power Purchase Expenses	4,403.4	4,445.89
B1	Less: 1/12th of power purchase expenses	366.9	370.49
C	Total Working Capital	656.5	566.55
D	Opening Working Capital	579.4	470.15
E	Change in Working Capital	77.1	96.40

**REGULATED RATE BASE (RRB)****PETITIONER SUBMISSION**

3.189 The Petitioner has computed the Regulated Rate Base (RRB) for FY 2022-23 as below:

**Table 3. 55: Petitioner Submission - Regulated Rate Base for FY 2022-23 (Rs. Cr.)**

Sr. No	Particulars	FY 2022-23
A	RRB Opening	2,530.7
B	ΔAB (Change in Capital Investments)	76.9
C	Investments Capitalized	273.8
D	Depreciation	195.8
E	Add: Depreciation on De-capitalised Assets	9.6
F	Consumer Contribution	10.7
G	Change in WC	77.1
H	RRB Closing	2,684.7
I	RRB (i)	2,646.2

**COMMISSION ANALYSIS**

3.190 Regulation 65 to 70 of *DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017* stipulates as under:

*“65. Return on Capital Employed shall be used to provide a return to the Utility, and shall cover all financing costs except expenses for availing the loans, without providing separate allowances for interest on loans and interest on working capital.*

66. *The Regulated Rate Base (RRB) shall be used to calculate the total capital employed which shall include the Original Cost of Fixed Assets (OCFA) and Working Capital. Capital work in progress (CWIP) shall not form part of the RRB. Accumulated Depreciation, Consumer Contribution, Capital Subsidies / Grants shall be deducted in arriving at the RRB.*

67. *The RRB shall be determined for each year of the Control Period at the beginning of the Control Period based on the approved capital investment plan with corresponding capitalisation schedule and normative working capital.*

68. *The Regulated Rate Base for the  $i$ th year of the Control Period shall be computed in the following manner:*

$$RRBi = RRB_{i-1} + \Delta ABi / 2 + \Delta WCI;$$

Where,

*"i" is the  $i$ th year of the Control Period;*

*RRBi: Average Regulated Rate Base for the  $i$ th year of the Control Period;*

*$\Delta WCI$ : Change in working capital requirement in the  $i$ th year of the Control Period from  $(i-1)$ th year;*

*$\Delta ABi$ : Change in the Capital Investment in the  $i$ th year of the Control Period;*

*This component shall be arrived as follows:*

$$\Delta ABi = Invi - Di - CCi - Reti;$$

Where,

*Invi: Investments projected to be capitalised during the  $i$ th year of the Control Period*

*and approved;*

*Di: Amount set aside or written off on account of Depreciation of fixed assets for the ith year of the Control Period;*

*CCi: Consumer Contributions, capital subsidy / grant pertaining to the ΔABI and capital grants/subsidies received during ith year of the Control Period for construction of service lines or creation of fixed assets;*

*Reti: Amount of fixed asset on account of Retirement/ Decapitalisation during ith Year;*

*RRB i-1: Closing Regulated Rate Base for the Financial Year preceding the ith year of the Control period. For the first year of the Control Period, Closing RRB i-1 shall be the*

*Opening Regulated Rate Base for the Base Year i.e. RRBO;*

*RRBO = OCFAO – ADO – CCO+ WCO;*

*Where;*

*OCFAO: Original Cost of Fixed Assets at the end of the Base Year;*

*ADO: Amounts written off or set aside on account of depreciation of fixed assets pertaining to the regulated business at the end of the Base Year;*

*CCO: Total contributions pertaining to the OCFAo, made by the consumers, capital subsidy /grants towards the cost of construction of distribution/service lines by the Distribution Licensee and also includes the capital grants/subsidies received for this purpose;*

*WCO: working capital requirement in the (i-1)th year of the Control Period.*

*Return on Capital Employed (RoCE) for the year “i” shall be computed in the following manner:*

*RoCE=WACCi\* RRBi*

*Where,*

*WACCI is the Weighted Average Cost of Capital for each year of the Control Period;*

*RRBi – Average Regulated Rate Base for the ith year of the Control Period.*

*70. The WACC for each year of the Control Period shall be computed at the start of the Control Period in the following manner:*

$$\text{WACC} = \left[ \frac{D}{D+E} \right] * r_d + \left[ \frac{E}{D+E} \right] * r_e$$

*Where,*

*D is the amount of Debt derived as per these Regulations;*

*E is the amount of Equity derived as per these Regulations;*

*Where equity employed is in excess of 30% of the capital employed, the amount of equity for the purpose of tariff shall be limited to 30% and the balance amount shall be considered as notional loan. The amount of equity in excess of 30% treated as notional loan. The interest rate on excess equity shall be the weighted average rate of interest on the actual loans of the Licensee for the respective years. Where actual equity employed is less than 30%, the actual equity and debt shall be considered;*

*Provided that the Working capital shall be considered 100% debt financed for the calculation of WACC;*

*Rd is the Cost of Debt;*

*Re is the Return on Equity.”*

3.191 Accordingly, the Commission approves the RRB for FY 2022-23 as follows:

**Table 3. 56: Commission Approved - RRBi for FY 2022-23 (Rs. Cr.)**

Sr. No.	Particulars	As per Petitioner	As per Commission
A	Opening Original Cost of Fixed Assets (OCFA <sub>o</sub> )		4,265.58
B	Opening Accumulated depreciation (ADo)		1,821.36

Sr. No.	Particulars	As per Petitioner	As per Commission
C	Opening consumer contributions received (Cco)		419.21
D	Opening Working capital (WCo)		470.15
E	Opening RRB (RRBo)	2,530.7	2,495.16
F	Investment capitalised during the year (INVi)	273.8	288.02
G	Depreciation during the year (Di)	195.8	186.93
H	Depreciation on decapitalised assets during the year	9.6	9.60
I	Consumer contribution during the year (Cci)	10.7	10.69
J	Fixed assets retired/decapitalised during the year		15.53
K	Change in capital investment ( $\Delta$ ABi)	76.9	84.47
L	Change in working capital during the year ( $\Delta$ Wci)	77.1	96.40
M	RRB Closing	2,684.7	2,676.03
N	RRBi	2,646.2	2,633.79

#### DEBT AND EQUITY, INTEREST ON LOAN, WEIGHTED AVERAGE COST OF CAPITAL (WACC)

##### PETITIONER SUBMISSION

3.192 The rate of interest applicable to a Capital Expenditure (CAPEX) loan would necessarily have to be the allowable interest as per the Regulation applicable on the date of capitalisation/COD. This is clear from harmonious reading of Regulation 1(2) proviso read with Regulation 74 to 77. There is nothing in Regulation 74 to 77, either express or implied, which provides that where the interest on a CAPEX loan taken in a previous year has been allowed by the Commission for that year, that such interest now needs to be reworked for every subsequent year. Therefore, the interest on CAPEX loan is worked out with reference to the date of commissioning/capitalisation of the assets in accordance with aforesaid Regulations. Accordingly, the rate of interest on CAPEX loan is 12% for FY 2022-23.

3.193 For the computation of rate of interest on working capital, Regulation 85 of Tariff Regulations, 2017 states that:

*"85. Rate of Interest On Working Capital shall be considered as the bank rate as on 1st April of the year plus margin as specified by the Commission for the Control Period and shall be trued up on the basis of prevailing bank rate as on 1st April of the respective financial year."*

3.194 Further, Regulation 22 of Business Plan Regulations, 2019 specifies capping of 3.50% on margin for FY 2022-23. Accordingly, the margin for computation of interest on working capital is considered as under:

**Table 3. 57: Petitioner Submission - Rate of Interest on Loan (%)**

Sr. No.	Particulars	Rate
A	Rate of interest on Loan	10.41%
B	SBI MCLR as on 01.04.2021	7.00%
C	Difference	3.41%
D	Margin for FY 2022-23	3.41%

3.195 Hence, in the terms of the aforesaid Regulations, the rate of interest on term loan and working capital shall be minimum of (i) approved base rate of RoE of 14.00%, (ii) rate of interest w.r.t actual loan and working capital portfolio during FY 2022-23 and (iii) Bank Rate of 7.00% as on April 1, 2022 plus margin for rate of interest on loan as per Business Plan Regulations, 2019. Accordingly, the blended rate of interest rate on loan is computed as under:

**Table 3. 58: Petitioner Submission - Weighted Average Interest Rate on Loan for FY 2022-23 (%)**

Sr. No.	Particulars	FY 2022-23
A	Closing Balance of Debt	1641.7
B	Closing Debt at 100% Working Capital	656.5
C	Closing Balance of CAPEX Loan	985.2
D	Rate of Interest on Loan	12.00%
E	Rate of Interest on Working Capital	10.41%
F	Blended Rate of Interest on Loan	11.36%

3.196 The Petitioner has submitted the RoCE for FY 2022-23 as under:

**Table 3. 59: Petitioner Submission - Return on capital employed (ROCE) (Rs.Cr.)**

Particulars	FY 2022-23
Weighted Average Cost of Capital (WACC)	15.69%
RRB (i)	2,646.2
RoCE	415.2

## COMMISSION ANALYSIS

3.197 Regulation 22 of the *DERC (Business Plan) Regulations, 2019* stipulates the margin for rate of interest on loan as follows:

### ***"22. MARGIN FOR RATE OF INTEREST ON LOAN***

*(1) The rate of interest on loan for a financial year shall be Marginal Cost of Fund based Lending Rate (MCLR) of SBI as on 1<sup>st</sup> April of that financial year plus the Margin. The Margin, in terms of Regulation 4(2) of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 towards capitalisation of Assets, Working Capital and Regulatory Assets for Distribution Licensee, is allowed as the difference between the weighted average rate of interest on actual loan portfolio and the MCLR as on 1 st April of that financial year:*

*Provided that the Margin shall not exceed 5.00%, 4.25% and 3.50% for the first, second and third year of the control period, respectively: Provided further that the rate of interest on loan (MCLR plus Margin) in any case shall not exceed approved base rate of return on equity i.e. 14.00%.*

*(2) The Distribution Licensees shall follow transparent mechanism to avail Loans and, to the extent possible, shall endeavour to invite open tender for availing Loans."*

3.198 Accordingly, the Commission based on the Loan Portfolio as submitted by the Petitioner further limited to MCLR plus the margin, has approved the rate of interest for various loans as follows:

**Table 3. 60: Commission Approved - Interest rates for FY 2022-23**

Type of funding	Actual RoI	MCLR	Actual Margin	Max Margin Allowed as per BPR 2019	Lower of actual or Max margin	Interest rate approved
Capitalisation	12.33%	7.00%	5.33%	3.50%	3.50%	10.50%
Working Capital	10.41%	7.00%	3.41%	3.50%	3.41%	10.41%

Regulatory Funding	Gap	12.73%	7.00%	5.73%	3.50%	3.50%	10.50%
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3.199 The Commission also observed that the Petitioner had revised the equity and reserves & Surplus in its respective Books of Accounts in the FY 2021-22 owing to retrospective revision in the LPSC charges as leviable on its outstanding dues towards Gencos and Transco. The matter is currently subjudice under petitions 24-26 of 2024 filed before the Commission. The Commission had considered the increase in Equity during the FY 2022-23 for the respective Financial year subject to the outcome of the said Petitions before the Commission.

3.200 In continuation to the methodology adopted citing matter being subjudice, the provisional utilisation of Equity is being considered as follows:

Sr. No	Particular	Amount (in Rs. Cr.)
A	Opening equity, R&S (as per True Up order dated 25/10/25)	1793.31
B	Addition to equity, R&S as per B/Sheet	555.26
C	Closing equity, R&S (A+B)	2,348.57
D	Average equity, R&S (Average of A,C)	2,070.94
E	Equity Used for Capitalization	620.17
F	Equity Used for Short Term Gain	211.89
G	Funds available towards Regulatory Assets	1,238.88

3.201 Accordingly, the WACC, ROCE as approved by the Commission for the Petitioner is as follows:

**Table 3. 61: Commission Approved - WACC and ROCE for FY 2022-23 (Rs. Cr.)**

Sr. No.	Particulars	As per Petitioner	As per Commission
A	RRBi	2,646.2	2,633.79
B	Opening Equity for net Capitalisation		607.50
C	Closing Equity limiting to 30% of net capitalization		632.85
D	Average Equity for net Capitalisation (limited to 30%)		620.17
E	Opening Debt at 70% of net capitalization		1,417.51
F	Closing Debt at 70% of net capitalization		1,476.64
G	Average Debt at 70% of net capitalisation		1,447.07
H	Debt at 100% of working capital		566.55
I	Total Debt		2013.62
J	Rate of return on equity (re)		16.00%

K	Rate of debt (rd) on capitalization	12.00%	10.50%
L	Rate of debt (rd) on working Capital	10.41%	10.41%
M	Rate of interest on debt(rd)	11.36%	10.47%
N	WACC	15.69%	11.78%
O	RoCE	415.2	310.15

## INCOME TAX

### COMMISSION ANALYSIS

3.202 The Commission based on the submitted data for Income Tax return as mentioned in previous section of the Tariff Order has computed the income tax for FY 2022-23 as follows:

**Table 3. 62: Commission Approved - Income tax for FY 2022-23 (Rs. Cr.)**

Sr. No.	Income Tax	Approved
A	Average Equity for Capitalisation (limited to 30%) (Rs. Cr.)	620.17
B	Rate of return (re) (%)	16%
C	Return on equity (Rs. Cr.)	99.23
D	Income Tax Rate (%)	0.00%
E	Return on equity including income tax (Rs. Cr.)	99.23
F	Tax (Rs. Cr.)	0.00
G	Actual Tax payable (Rs. Cr.)	0
H	Tax allowed (Rs. Cr.)	0.00

## NON-TARIFF INCOME

### PETITIONER SUBMISSION

3.203 The Petitioner has submitted the Non-Tariff Income during FY 2022-23 as tabulated below:

**Table 3. 63: Petitioner Submission - Non-Tariff Income for FY 2022-23**

Sr. No	Particulars	Amount (Rs. Cr.)
A	Other Operating Income	73.4
B	Other Income	43.6
I	Total Income as per Accounts	117.0
C	Add: Interest on CSD	20.9
D	Add: Differential in SLD	40.0

Sr. No	Particulars	Amount (Rs. Cr.)
II	Total Other Income	178.0
	Less: Income from other business	9.8
E	Pole Rental Income	4.7
F	Street Light Maintenance Charges	5.1
III	Net Income to be considered	168.2
G	Less: LPSC	12.4
I	Less: Transfer from Consumer contribution for capital works	19.7
H	Less: Short term gain	10.9
J	Less: Bad debts recovered	3.5
	Less: MNRE incentive	0.7
K	Less: Write-back of misc. provisions	2.5
L	Less: Commission on collection of Electricity Duty	7.5
	Less: Income Tax Refund	0.2
	Less Gain on Retirement of Assets	1.1
	Less: Income from sale of scrap	4.8
	Net Non-Tariff Income	104.9

### COMMISSION ANALYSIS

3.204 Regulation 94 of *DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017* states,

*"94. The Utility shall submit forecast of Non-Tariff Income to the Commission, in such form as may be stipulated by the Commission from time to time, whose tentative list is as follows:*

- (i) Income from rent of land or buildings;*
- (ii) Net Income from sale of de-capitalised assets;*
- (iii) Net Income from sale of scrap;*
- (iv) Income from statutory investments;*
- (v) Net Interest on delayed or deferred payment on bills;*
- (vi) Interest on advances to suppliers/contractors;*
- (vii) Rental from staff quarters;*
- (viii) Rental from contractors;*
- (ix) Income from Investment of consumer security deposit;*
- (x) Income from hire charges from contractors and others, etc."*

3.205 The Commission has trued up the Non-Tariff Income in accordance with the Regulation

94 of DERC Tariff Regulations, 2017 as stated above in subsequent paras:

**1) INTEREST ON CONSUMER SECURITY DEPOSIT (CSD)**

**PETITIONER SUBMISSION**

3.206 In line with the treatment followed by the Commission in the previous Tariff Orders, The Petitioner has considered the difference of normative interest on CSD and the actual interest booked as expense in the Audited Accounts has been added in NTI as under:

**Table 3. 64: Petitioner Submission - Interest on Consumer Security Deposit (Rs.Cr.)**

Sr. No	Particulars	FY 2022-23
A	Opening Balance of CSD	543.1
B	Closing Balance of CSD	597.7
C	Average Balance	570.4
D	Interest Rate	10.41%
E	Interest on CSD	59.4
F	Interest booked in Audited Accounts	38.5
G	Net Interest to be considered	20.9

**COMMISSION ANALYSIS**

3.207 The Commission has verified the Consumer Security Deposit with the Petitioner from the Audited financial statements for FY 2022-23. Further, it is observed from the Notes of Audited financial statements, the Consumer Security Deposit have been bifurcated by the Petitioner under two heads i.e. other financial liabilities – non-current and other financial liabilities – current. The Commission has considered the amount of Consumer Security Deposit depicting under both the heads of the liabilities as the interest is to be paid on total liability towards the Consumer Security Deposit laying under current and non-current financial liability.

3.208 The Commission has considered the working capital interest rate for FY 2022-23 for the purpose of determining normative Interest on Consumer Security Deposit.

3.209 The actual amount of interest paid to the consumers comes to Rs. 59.38 Cr. as per the

Notes of Annual Audited Books of Accounts for FY 2022-23. Accordingly, the difference in the normative interest income and the actual interest booked as expense for FY 2022-23 is being considered as part of the Non-Tariff Income of the Petitioner as follows:

**Table 3. 65: Commission Approved - Consumer Security Deposit for FY 2022-23 (Rs. Cr.)**

Sr. No.	Particulars	Petitioner submission	Commission approved
A	Opening Balance of Consumer Security Deposit	543.1	543.10
B	Closing Balance of Consumer Security Deposit	597.70	597.70
C	Average Balance of Consumer Security Deposit	570.4	570.40
D	Working Capital Interest Rate	10.41%	10.41%
E	Normative amount of Interest	59.4	59.38
F	Actual Amount of Interest	38.5	38.48
G	Difference to be additionally offered as NTI	20.9	20.90

## 2) DIFFERENCE ON ACCOUNT OF SERVICE LINE DEVELOPMENT (SLD) CHARGES PETITIONER SUBMISSION

3.210 The Petitioner has stated that the Commission in its Tariff Order dated 29/09/2015 ruled as under:

*“3.373 The Commission has considered the service line charges as income for a period of three years for true-up up to FY 2011-12. The service line charges up to FY 2012-13 have been considered as part of revenue gap up to FY 2012-13 as discussed in earlier paragraphs. For FY 2013-14, service line charges of Rs. 43.37 Crore as per audited financial statement of FY 2013-14 are being considered as part of the non-tariff income of the Petitioner.”*

3.211 The Petitioner has challenged the aforesaid issue before Hon'ble ATE in Appeal 290 of 2015 which is pending. Without prejudice to the contentions in the Appeal, the Petitioner has added the difference between the SLD Charges received during FY 2022-23 and that appearing in the Other Income in the Audited Accounts for the purpose of

computation of Non-Tariff Income as under:

**Table 3. 66: Petitioner Submission - Difference on account of SLD (Rs. Cr.)**

Sr. No	Particulars	FY 2022-23
1	Received during the year	67.5
2	SLD Appearing in Other Income	27.5
3	Difference Considered	40.0

3.212 Accordingly, the Petitioner has adjusted Rs. 40.0 Crore during FY 2022-23 for the purpose of computation of Non-Tariff Income.

## **COMMISSION ANALYSIS**

3.213 The Commission has been considering the SLD charges on receipt basis as part of the Non-Tariff income of the Petitioner and thus added Rs. 40 Cr. as income towards NTI.

### **3) STREET LIGHT MAINTENANCE**

#### **PETITIONER SUBMISSION**

3.214 The Petitioner has submitted that apart from distribution licensee's business, the Petitioner is also generating revenue from other business. These other businesses are being operated in parallel by the Petitioner along with the Distribution Business. The Petitioner is exercising its fundamental right to carry out these unrelated businesses.

3.215 Section 51 of the 2003 Act entitles the Distribution Licensee such as the Petitioner to engage in any other business for optimum utilization of its assets. Section 51 also requires that a certain proportion of "the revenues" derived from such business be utilized for reducing the wheeling charges. Section 51 is an enabling provision contained in the legislation with some purpose. Disallowance of the legitimate expenses relating to other business would be ex facie contrary to Section 51 of the 2003 Act and would lead to discouraging the distribution licensee such as the Petitioner from generating income from other business, which is otherwise undertaken considering the interest of consumers at large and optimum utilization of assets of distribution business. The Petitioner has engaged in the businesses (as

described in subsequent paragraphs) which are within the scope of Section 51 of the 2003 Act and has hereinafter provided reasons for this Commission to consider: (1) The Income by deducting the expenditure from the Revenue; and (2) Reworking of the proportion of the Revenues to be retained by the Petitioner in excess of the 20% which was stipulated in the 2005 Regulations as “a general principle” and entitling the Petitioner to “approach the Commission for change of the aforesaid sharing formula with proper justification, for approval of the Commission”.

3.216 The Petitioner has submitted that the responsibility of maintaining street light is not contained in the Distribution License of the Petitioner. The Electricity Act, 2003 does not mandate the Distribution Licensee to maintain Street Lights. Further, as per Section-42 of Delhi Municipal Corporation Act, 1957, it is the responsibility of MCDs to maintain Street lighting system which is reproduced below:

“42. Obligatory functions of the Corporation

....

*(o) the lighting, watering and cleansing of public streets and other public places;*

...

*(w) the maintenance and development of the value of all properties vested in or entrusted to the management of the Corporation;”*

3.217 With the unbundling and restructuring of Delhi Vidyut Board (DVB) into corporate entities and privatisation of Distribution Business, the past legacy of maintenance of public lighting was passed on to the Petitioner as matter of course, though as distribution licensee the maintenance of public lighting was not their function. In fact, the Petitioner vide letter dated 24/03/2004 intimated the Commission that maintenance of street lighting is the responsibility of MCDs under DMC Act and not the Petitioner. Also the Commission in Order dated 03/09/2003 ruled as under:

*“10. Having heard the submission of the parties, the Commission observed that it was the prerogative of the MCD, either to get the work done themselves or through the DISCOMs, in the latter alternative, scope of works, as also the*

*commercial terms and conditions, shall need to be proposed by MCD. Thereafter, the Commission shall determine the maintenance charges, etc. after having considered the responses of the DISCOMs."*

3.218 The Petitioner has stated that maintenance of street lighting is an activity assigned to the Petitioner by MCDs under DMC Act and does not fall under Regulated Business.

3.219 However, there was a dispute between the Delhi DISCOMs and MCDs on scope of work of the activities and charges at which the maintenance is to be undertaken by Delhi DISCOMs. During FY 2003-04, the Commission received number of complaints on the poor conditions of street light prevailing in respect of Public Lighting in Delhi. Consequently, in order to settle the matter, the Commission vide letter dated 15/10/2003, identified the scope of works as maintenance of existing streetlights, addition of new streetlights, installing of high mast lights, transformers, etc. Further, the Commission vide Order dated 5/03/2004 determined the rates for maintenance of street lights. These rates were further amended by the Order issued by the Commission on 24/09/2009.

3.220 It is further submitted that the determination of rates and scope of work by the Commission does not mean that maintenance of streetlights fall under Licensed Activity and is a part of regulated business. The scope of work and determination of rates by the Commission, in which this Commission acted almost as a Mediator or a Conciliator rather than an adjudicator has helped MCD and the Petitioner to reach at a consensus.

3.221 Therefore, the Petitioner is maintaining Street Lights not as an obligation under Licensed Business or a part thereof but on behalf of road owning agencies, viz. MCD, NHAI, PWD in the areas comprising East and Central Delhi.

3.222 For carrying out the maintenance services the Petitioner optimally engages its existing manpower, Technicians, Electricians, Electric Men, Line Engineers and also outsources further manpower.

3.223 Since the activity of maintenance of Street Lights is neither a licensed activity nor an activity related to licensed business so no part of the cost of such activity nor the

revenue accrued therefrom should form part of the ARR of the licensed business.

3.224 In point of fact, the cost of such activity does not form part of the O&M cost in the ARR since the O&M costs is permitted by the Commission on normative base which has no reference to the actual expenses of the Petitioner. For example, the R&M expenses are given as a percentage of Gross Fixed Assets.

3.225 In view of the aforesaid, the Petitioner requested that entire income on account of maintenance of Street Lights may be allowed to be retained by the Petitioner as it is neither a non-tariff income nor an income within the scope of Section 51 of the 2003 Act.

3.226 The Petitioner has requested the Commission to consider the street light maintenance charges of Rs. 5.1 Cr. to be reduced from the Non-Tariff Income

#### COMMISSION ANALYSIS

3.227 The Commission in its Order dated 5/03/2004 regarding directions for street lighting in the areas of MCD stated,

*"11. ... The best way doing this would be to have an in-built system of providing incentives in case of good performance and likewise, impose penalties in case the performance is lower than expectations...*

*The Commission would like to evolve a system whereby good performance is rewarded. Similarly, poor performance also needs to be discouraged and therefore, the Commission directs that full maintenance charges may be paid for 90% performance. Performance higher than 90 shall earn an incentive for the DISCOMS according to the following table:*

<b>Performance level achieved</b>	<b>Incentive</b>	<b>Example</b>
<i>Between 90-95%</i>	<i>1% for each percentage in over achievement from target of 90%</i>	<i>Actual Performance 93% Incentive 93-90 = 3%</i>
<i>Between 95-97%</i>	<i>1.5% for each percentage in over achievement from target of 95%</i>	<i>Actual Performance 97% Incentive = 5 + 3 = 8%</i>

<b>Performance level achieved</b>	<b>Incentive</b>	<b>Example</b>
Above 97%	2.0% for each percentage in over achievement from target of 97%	Actual Performance 99% Incentive = 8 + 4 = 12%

*Performance less than 90% shall attract disincentive for the DISCOMS according to the following table:*

<b>Performance level achieved</b>	<b>Incentive</b>	<b>Example</b>
Between 80-90%	1% for each percentage in shortfall to achieve target of 90%	Actual Performance 83% Disincentive 90-83 = 7%
Between 70-80%	1.5% for each percentage in shortfall to achieve target of 80%	Actual Performance 77% Disincentive 10+4.5 = 14.5%
Above 70%	2.0% for each percentage in shortfall to achieve target of 70%	Actual Performance 60% Disincentive 25 + 20 = 45%

*The incentive or disincentive would not be a pass through in the calculation of the Annual Revenue Requirement and the payment would be made by the 15th day of the following month.”*

3.228 The Petitioner could not substantiate its claim by way of documentary evidence of the performance levels achieved in order to claim the incentive. The Petitioner shall be allowed incentive, if any, on account of street light maintenance for FY 2022-23 on production of documentary evidence without any carrying cost. Accordingly, Commission has not reduced Rs. 5.10 Cr. from Non-Tariff Income.

#### 4) POLE RENTAL INCOME

##### PETITIONER SUBMISSION

3.229 The Petitioner has submitted that the Commission in its Order dated 06/10/2006 in Petition No. 4 of 2005 filed by NDPL has stated that the DISCOM's LT Poles can be used for laying the cable TV network and such usage can be done by way of an agreement

between the cable operator and the Licensee for generating revenue. The relevant extract of the Order is reiterated as below:

*“29. The Commission is therefore, of the opinion that the poles other than the Central Verge and the HT Poles can be used for laying the cable TV network and such usage can be done by way of an agreement between the cable operator and the Licensee. Any revenue generated thereto shall be subject to the Regulations made by the Commission on the Treatment of Income from Other Business.”*

3.230 The Petitioner had earned total income of Rs. 4.7 Crore during FY 2022-23 on account of rent from the cable operators for using Petitioner's LT poles for laying their cables/set up. It is further clarified that Proper agreements have been executed between the Petitioner and the operator for such usage in terms of the above Order of the Commission.

**Table 3. 67: Pole Rental Income for FY 2022-23 (Rs. Cr.)**

Sr. No	Particulars	Total Income	Consumer's Share	Petitioner's Share
A	Pole Rental Income	11.75	7.05	4.70

### **COMMISSION ANALYSIS**

3.231 Regulation 5(5)(a) of DERC (Treatment of Income from other businesses of Transmission Licensee and Distribution Licensee) first Amendment Regulation, 2017 states that where the Licensee utilises the assets and facilities of the Licenses business for Other business, the Licensee shall retain 40% of the net revenue from such business and pass on remaining 60% of the net revenue to the regulated business.

3.232 Accordingly, the Commission has considered 40% share to be retained by the Petitioner and accordingly Rs.4.70 Cr. has been allowed to be reduced from NTI.

### **5) LATE PAYMENT SURCHARGE**

#### **PETITIONER SUBMISSION**

3.233 The Petitioner submitted that it levied LPSC @ 1.5% per month on flat basis till FY

2012-13. The Commission was therefore allowing only financing cost of LPSC to the Petitioner by computing the principal amount (LPSC divided by 18% (12 x 1.5%) and allowing carrying cost on the principal amount. The difference between the amount of LPSC and the interest on principal amount was passed on the consumers by way of NTI.

3.234 The Petitioner submitted that based on the representation of Foundation of Rubber & Polymer Manufacturers, the Commission vide letter dated 13/12/2012 communicated that LPSC should be charged proportional to the number of days of delay in receiving payment from the consumers by the Petitioner. The Commission in Tariff Order dated 29/09/2015 again directed the Petitioner to charge LPSC proportionate to the number of days of delay in receiving the payment from the consumers of the DISCOMs.

3.235 The Petitioner requested the Commission to allow the entire LPSC instead of financing cost of LPSC during FY 2022-23 as the Petitioner charged LPSC proportionate to the number of days of delay and not on flat basis. The methodology of charging LPSC proportionate to the number of days of delay leads to recovery of only financing cost of LPSC for the delay in payment and not on flat basis. However, the Commission without referring to its direction for change in charging of LPSC continued with the earlier methodology which was utilised for computation of financing of LPSC till FY 2012-13. Such treatment has actually resulted in allowance of financing cost of LPSC at much lower rate.

3.236 The Petitioner has further submitted that the concept of financing cost of LPSC was introduced by the Commission in Tariff Order dated 26/08/2011 as LPSC was considered as a part of revenue realisation for the purpose of computation of AT&C Loss as per Clause-4.7 (c) of DERC Tariff Regulations, 2007. As per DERC Tariff Regulations, 2011, the methodology of computation of revenue realisation for the purpose of computation of AT&C Loss has been changed and LPSC is no longer being included as a part of revenue realisation for computation of AT&C Loss from FY 2012-13 onwards. Since the methodology for computation of AT&C Loss has been changed, the Petitioner ought to be allowed entire LPSC instead of financing cost of LPSC.

3.237 The Petitioner has also submitted that concept of financing cost of LPSC is based on

the principle that the Petitioner will fund the amount delayed through loans whereas, it is practically not possible to arrange for the funding of such delayed payment as the Petitioner does not know in advance as to which consumer will pay the bill on deadline and which consumers will not pay the bill on deadline. The process of raising loans for funding any expenditure is time taking process and therefore, in case of any default on part of consumers to pay electricity bills in time, the Petitioner has to face the following penalties:

- a) **Penalty on account of under-achievement of AT&C Loss:** In case of any under-achievement of AT&C Loss, the Commission levies penalty on the Petitioner irrespective of the fact that the default in collection efficiency is on account of consumers.
- b) **Penalty in repayment of Loans:** In present scenario, the Petitioner is not operating in business as usual situation. Apart from normal capex loan and working capital loan, the Petitioner is required to fund huge amount of regulatory assets and the revenue gap during the year on account of variation between the estimated ARR and actual ARR. In such a situation any default in payment of billed amount put financial constraints on the ability of the Petitioner to efficiently discharge its debt obligations. As a result, the Petitioner has to face penalty on account of delay in repayment of loans which is not being passed in the ARR.
- c) **Penalty by Generators:** Generators levy penalty of 1.5% per month in case of non-payment of dues within time.

3.238 The Petitioner has stated that such treatment tantamount to discrimination between Gencos, Transcos and DISCOMs which is depicted in the table below:

**Table 3. 68: Petitioner Submission - Treatment of LPSC to various utilities in Delhi**

Sr. No	Particulars	Delhi Gencos and Transcos	Delhi DISCOMs
1	Before FY 2013-14	<ul style="list-style-type: none"> <li>● LPSC @ 1.5% per month;</li> <li>● LPSC collected allowed to Gencos and Transcos irrespective of actual cost of financing delay in payment;</li> <li>● Therefore, LPSC not</li> </ul>	<ul style="list-style-type: none"> <li>● LPSC @ 1.5% per month;</li> <li>● Only financing cost of delayed payment by computing principal amount, i.e., LPSC Collected/ 18% allowed</li> </ul>

Sr. No	Particulars	Delhi Gencos and Transcos	Delhi DISCOMs
		considered as Non-Tariff Income.	<ul style="list-style-type: none"> <li>to DISCOMS;</li> <li>Difference between LPSC collected and financing cost of delayed payment considered as NTI.</li> </ul>
2	From FY 2013-14	<ul style="list-style-type: none"> <li>Same treatment continued.</li> </ul>	<ul style="list-style-type: none"> <li>LPSC @ 1.5% proportional to number of days of delay;</li> <li>Same formulae for computing principal amount despite of change in treatment;</li> </ul>

3.239 The Petitioner requested the Commission to allow entire LPSC of Rs.12.4 Crore during FY 2022-23 to be retained by the Petitioner as the same merely meets the financing cost of delay in payment.

#### COMMISSION ANALYSIS

3.240 Regulation 94 of *DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017* states,

*"94. The Utility shall submit forecast of Non-Tariff Income to the Commission, in such form as may be stipulated by the Commission from time to time, whose tentative list is as follows:*

...

*(v) Net Interest on delayed or deferred payment on bills;*

..."

3.241 The Commission during the prudence check has verified and trued up the Working Capital Interest Rate at 10.41%. Accordingly, the Commission has considered the net interest on delayed or deferred payment on bills as Non-Tariff Income of the Petitioner as follows:

**Table 3. 69: Commission Approved - Financing Cost of LPSC (Rs. Cr.)**

Sr. No.	Particular	As approved
A	LPSC earned	12.44
B	Late payment surcharge rate as per Regulations (%)	18%
C	Principal Amount	69.11
D	Normative Interest Rate	10.41%
E	Financing Cost	7.19

**6) SHORT TERM GAIN****PETITIONER SUBMISSION**

3.242 The Petitioner referred Commission's Tariff Order dated August 31, 2017 has ruled as under:

*"3.544 The Petitioner has submitted that Short Term gain is on account of interest received on fixed deposits maintained by the Petitioner as margins kept with the funding agency for loans availed. Therefore, the Commission is of the view that interest on these fixed deposits should be allowed to be reduced from the Non-Tariff Income ..."*

3.243 Accordingly, the Petitioner requests the Hon'ble Commission to allow the Petitioner to retain the income of Rs. 10.9 Crore on account of interest received on fixed deposits during FY 2022-23 and reduce the same from the Non-Tariff Income.

**COMMISSION ANALYSIS**

3.244 Regulation 94 of *DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017* stipulates that income from statutory investments will form part of Non-Tariff Income, accordingly, the Commission allows the income from such investments amounting to Rs. 10.92 Cr. to be reduced from Non-Tariff Income.

**7) TRANSFER FROM CONSUMER CONTRIBUTION AND CAPITAL WORKS****PETITIONER SUBMISSION**

3.245 The Petitioner has submitted that the Commission in Tariff Order dated 31/07/2019

has allowed transfer from consumer contribution for capital works to be reduced from NTI for FY 2017-18 on the ground that the consumer contribution is not considered for calculation of depreciation and RoCE and the Petitioner is making book adjustments in compliance of accounting standards and has no impact on the cash flows. Therefore, amount transferred from Consumer contribution and capital works are allowed to be reduced from Non-Tariff Income.

3.246 Accordingly, the Petitioner has requested the Commission to reduce the amount of Rs.19.7 Crore from the Non-Tariff Income during FY 2022-23.

#### **COMMISSION ANALYSIS**

3.247 The Commission is of the view that the consumer contribution is not considered for calculation of depreciation and RoCE and the Petitioner is making book adjustments in compliance of accounting standards and has no impact on cash flows. Therefore, amount transferred from Consumer contribution and capital works are allowed to be reduced from Non-Tariff Income.

#### **8) INCOME ON ACCOUNT OF BAD DEBTS RECOVERED**

##### **PETITIONER SUBMISSION**

3.248 The Petitioner submits that the Commission in the previous Tariff Orders while dealing with this issue has held that since the amount of bad debt recovered is already considered as part of Revenue realised during the year and utilised towards meeting the ARR, the same ought to be excluded from Non-Tariff Income to avoid double accounting. Accordingly, the Petitioner requests the Hon'ble Commission to exclude Rs. 3.5 Crore of income recovered on account of bad debts (shown in Note 35 of Audited Accounts) from Non-Tariff Income during FY 2022-23.

#### **COMMISSION ANALYSIS**

3.249 The amount billed and collected in previous years has already been considered for the purpose of Collection Efficiency during respective years. Therefore, there is no need

for adjustment of any bad debts recovered or bad debts written off in the amount billed and collected. However, as the Petitioner has shown credit amounting to Rs. 3.5 Cr. as bad Debts recovered, the same has been treated as part of Non tariff Income in the absence of any additional explanation in the accounts of the petitioner.

#### 9) WRITE-BACK OF MISCELLANEOUS PROVISIONS

##### PETITIONER SUBMISSION

3.250 The Petitioner submits that Commission in Para 3.26 of the Tariff Order dated 30.09.2021 has allowed the excess provisions written back pertaining to O&M expenses related to reversal on provisions of O&M expenses and retirement of assets. Relevant extract reproduced as under:

*“...3.25 There was hardly any time left for the Commission to examine and verify the authenticity of the data furnished by the DISCOMs, as the Commission was committed to issue the Tariff Order for FY2021-22 before 30/09/2021 3.26 Until the final disposal of the issue by the Commission based on the additional submissions made by the Petitioner, the Commission has provisionally considered the write back of miscellaneous provisions pertaining to O&M Expense provisions relating to reversal on provisions on O&M expenses and retirement of assets.”*

3.251 In this regard, it is submitted that the amount of Rs.2.5 Crore appearing as Excess provisions written back in Note - 35 of the Audited Accounts is an accounting entry reversing the amount of Provisions pertaining to Obsolete / Non Moving / Slow Moving Inventories (shown as “Provisions” in the Audited Accounts) created in previous years. Also, if such provisions pertaining to Obsolete / Non Moving / Slow Moving Inventories does not part of the O&M expenses, the write back of such provisions cannot form a part of Non-Tariff income for the purpose of ARR. Hence, the amount of Rs. 2.5 Crore ought not to be considered as part of Non-Tariff Income for FY 2022-23.

##### COMMISSION ANALYSIS

3.252 The Commission has allowed the said amount of Rs. 2.5 Cr. to be reduced from Non-Tariff Income for FY 2022-23.

## 10) COLLECTION CHARGES ON ELECTRICITY DUTY

### PETITIONER SUBMISSION

3.253 The Petitioner has submitted that as an agent on behalf of Municipal Corporation of Delhi (MCD), collects and pays to the MCD the Electricity Duty. For undertaking this activity, there is incidence of use of assets and facilities of the licensed business towards collection of the Electricity Duty. As such this collection activity is a separate business and optimally utilizes the assets of the Petitioner. Section-51 of the 2003 Act, as well as, Delhi Electricity Regulatory Commission (Treatment of Income from Other Business of Transmission Licensee and Distribution Licensee) Regulations, 2005 permits the Petitioner to engage in any other business for optimal utilization of its assets.

3.254 Further, the Petitioner has submitted that MCD pays commission to the Petitioner for collecting Electricity Duty on its behalf. This commission paid by MCD is purely Other Business within Section-51 of the 2003 Act, as well as, Delhi Electricity Regulatory Commission (Treatment of Income from Other Business of Transmission Licensee and Distribution Licensee) Regulations, 2005 and accordingly the same would apply to the aforesaid amount earned by the Petitioner as the commission paid by MCD. For undertaking the activity of collection of Electricity Duty, the Petitioner has expended certain expenses towards incentivizing the existing manpower, engaging additional and external collection agencies which are included in the actual employee expenses.

3.255 Further, the Petitioner has to perform in-house operations also for which the Petitioner is required to incur additional O&M Expenses. Some of these in-house activities involve maintenance of records regarding Electricity Duty (Amount of Electricity Billed, Collected, Outstanding, paid to GoNCTD etc.), cash-handling activities, interaction with GoNCTD, etc. which involves cost. The Petitioner incurs security and conveyance expenses towards transfer of money. Additionally, the Petitioner has also engaged various collection agencies for which the Petitioner has to

pay service charges for such engagement. All these expenses are not being allowed by Commission since O&M Expenses are allowed on a normative basis. It is further submitted that the commission of Electricity Duty is being provided as compensation in lieu of the Petitioner's efforts in collecting and accounting and other services rendered by the Petitioner to GoNCTD. It is submitted that if GoNCTD were to perform such similar activity, it would have involved costs. The Petitioner has reduced the efforts on behalf of GoNCTD, required for collection of Electricity Duty in terms of manpower and other expenses. It is submitted that the income earned as commission on collection of Electricity Duty ought to be utilized to defray the additional expenses incurred by the Petitioner while undertaking such activities.

3.256 The Petitioner submits that since these expenses incurred are not being separately allowed by the Hon'ble Commission, the entire income earned through this activity ought not to be reduced from the ARR by treating it as non-tariff income. However, the Commission in previous Tariff Orders has treated the entire income earned on the aforesaid activity as part of non-tariff income and reduced the ARR of the Petitioner in contravention of its very own 2005 Regulations.

3.257 The Petitioner submitted that simply because the Electricity Duty is collected along with the electricity bills, that does not mean that the activity of collecting, managing and accounting for the Electricity Duty, do not attract the incidence of any expenses. For example, if in future, the Petitioner were to engage in another business i.e., to collect water supply bills or telephone bills or gas utility bills, it cannot be said that because the Petitioner collects these amounts along with its electricity bills, these other businesses are distribution functions of the Petitioner or no separate expenses are required for carrying out these other businesses.

3.258 The collection of Electricity Duty by the Petitioner is not a licensed activity. The responsibility for collection of Electricity Duty does not fall upon the licensee either under Section 12 of EA, 2003, nor under the license granted to the Petitioner by the Commission. It is an activity carried out by the Petitioner as a part of the legacy inherited by it from the erstwhile DVB. Even the erstwhile DVB carried out such

functions, not as a part of its function of distribution of electricity, but under a statutory mandate of Section 3 of the Delhi Municipal Corporation (Assessment and Collection of Tax on the Consumption, sale or supply of electricity) Bye laws 1962 ("Bye Laws").

3.259 The Petitioner is obligated to collect Electricity Tax on behalf of DMC under Clause 3 (1) (b) of DMC Bye- Laws, which cast a statutory obligation upon the Licensee / Petitioner. Thus, collection of Electricity Tax / Duty is not a licensed activity and the responsibility for collection of the said Tax / Duty neither arises from the Electricity Act, 2003 nor from the license granted to the Petitioner by the Hon'ble Commission.

3.260 The income/commission which is earned by the Petitioner has no connection whatsoever to the ARR of the Petitioner or to the licensed business. As such, this income/commission can never be categorised as non-tariff income. This is particularly so when Regulation 4.7(c) of the MYT Regulations, 2011 clearly provides that the collection of Electricity Duty will not be taken into account in computing the Collection Efficiency. If the revenue realisation from the collection of Electricity Duty does not add to the revenue collection for the purpose of 'Collection Efficiency', the income/commission on such collection earned by the Petitioner cannot form a part of the ARR as Non-Tariff income.

3.261 Therefore, the commission/collection charges received on account of collection of Electricity Duty i.e. Rs. 7.5 Crore ought to be deducted from Non Tariff Income during FY 2022-23.

#### COMMISSION ANALYSIS

3.262 The Commission is of the view that collection of electricity duty is not a separate function/job and electricity duty is collected along with electricity bills as normal collection of electricity dues billed by the Petitioner. Therefore, the Petitioner's submission that there is extra cost on account of collection of electricity duty is neither indicated in the audited financial statement nor justified. Accordingly, amount on account of Commission on Electricity Duty is not allowed to be reduced from Non-Tariff Income.

**11) MNRE INCENTIVE****PETITIONER SUBMISSION**

3.263 Phase – II of Grid Connected Rooftop Solar Programme was launched by the MNRE vide order dated 08.03.2019 for achieving 40 GW capacity from RTS by the year 2022. The detailed operational guidelines issued by the MNRE on 20.08.2019 and amendment thereof issued on incentive calculation by MNRE dated 29.06.2021 and 05.12.2022.

3.264 As per the scheme, the incentives based on the incremental RTS capacity installed in the license area of the Petitioner from the installed base capacity (at the end of previous FY). Accordingly, the Petitioner has claimed the incentive amounting to Rs. 0.65Cr. for FY 2022-23 which has been included in the Notes 35 of the audited account.

**COMMISSION ANALYSIS**

3.265 The Commission has allowed the said amount of Rs. 0.65 Cr. to be reduced from Non Tariff Income for FY 2022-23

**12) INCOME FROM ADVANCES FROM CONSUMERS****COMMISSION ANALYSIS**

3.266 The Commission in its Order dated August 20 had specified the methodology on treatment of Income on Advance from Consumers towards Non Tariff Income as follows:

*“Advance from Consumers*

*3.36 The advance from consumers in the hands of the Petitioner is available over and above the working capital requirement of the Petitioner. The advance from consumers consisting of advances related to advance collected, deposit against capital works, security deposit towards supply of electricity, prepaid consumers and others with regard to advance payment due to pre-paid meter as per DERC (Supply Code and Performance Standards) Regulations, 2017.*

*3.37 As per DERC (Supply Code and Performance Standards) Regulations, 2017, prepaid meters are required to be installed in case of tenant and temporary supply.*

3.38 As the name suggests the payment received from prepaid connections would always be in advance. Further, Tariff schedule provides for payment of 1% rebate to the prepaid consumers. The extract of same is reproduced below:

“8. For prepaid consumers, the additional rebate of 1% shall be applicable on the basic energy charges, fixed charges and all other charges on the tariff applicable.”

3.39 Hence, the benefit of advance payment to prepaid consumers is already inbuilt in the Tariff Schedule by the Commission.

3.40 Further, deposit against capital works which is reflected in the last month of the financial year and any unspent amount on account of such deposit is refunded by distribution licensees as per the methodology indicated in DERC (Tariff and Conditions for Determination of Tariff) Regulations, 2017 as follows:

“40. Principles for treatment of the expenses on such capital expenditure shall be as follows: (1) Any unspent amount on account of deposit work and consumer contribution shall have to be refunded by the Utility:

Provided that no interest shall be levied on the unspent amount, if the unspent amount is refunded by the utility within 30 (thirty) days after CoD;

Provided further that interest at the rate of Bank Rate plus margin shall be levied on the unspent amount, if the unspent amount is refunded by the utility after 30 (thirty) days and upto 1 (one) year after CoD for the period between 31st day after CoD till date of refund;”

3.41 Accordingly, the Commission has decided to consider the financing cost of such advance from consumers except advance related to Prepaid metering (operational in nature) and Deposit against Capital works (last month of FY & interest related) in the hand of the Petitioner at the rate of working capital to be included in the Non-Tariff Income. The Commission further observed that such advances are generally high at the opening and closing of the financial year due to annual adjustments. The Commission considered the financing cost of such advance from consumers on a monthly average balance as held by the Petitioner.”

3.267 The Commission sought the monthly advance balances available with the Petitioner in terms of the above findings. The petitioner furnished the requisite information vide email dated 24.12.2025 as follows:

**Table 3. 70: Petitioner Submission - Month-wise advance held for FY 2022-23 (Rs. Cr.)**

Particulars	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
Deposit against - Capital Works (R )	3.08	2.92	2.65	2.24	0.97	0.91	0.64	0.55	0.53	0.46	0.46	1.51
Excess payment received	19.78	18.99	19.67	18.4	16.03	15.94	17.26	17.83	17.82	17.03	15.64	28.73
Interest on SD	17.05	15.13	14.35	13.83	13.51	13.3	12.38	11.8	11.59	17.03	11.29	33.58
prepaid Meter coupon	7.47	7.64	7.71	7.74	7.78	7.96	7.49	7.84	7.84	11.38	8.08	8.81
SD Credit	26.64	26.51	26.44	26.39	26.36	26.29	26.24	26.21	26.16	7.9	26.02	26.57
Other reasons	21.91	21.85	20.48	20.46	21.75	21.55	20.67	23.16	23.91	26.05	22.4	29.1
<b>Total</b>	<b>95.93</b>	<b>93.04</b>	<b>91.3</b>	<b>89.06</b>	<b>86.4</b>	<b>85.95</b>	<b>84.68</b>	<b>87.39</b>	<b>87.85</b>	<b>79.85</b>	<b>83.89</b>	<b>128.3</b>

3.268 The Commission observed that the non-tariff income with respect to the income from such advances from consumers was erroneously omitted in the true up for FY 2021-22 which shall be reviewed by the Commission along with other issues relating to prior period. In absence of detailed information for March'22, and to arrive at the average of the first month of FY 2022-23, the Commission considers the advance from consumers for Mar-22 on prorate basis as the information relating to Mar-22 provided by the Petitioner on 30/12/2025 did not corroborate with the Audited financial statements. The Commission considers the all advances held other than prepaid meters coupons and deposit against capital works towards Non-tariff Income as follows:

**Table 3. 71: Commission approved - Income towards Adv. from Consumers for FY 2022-23 (Rs. Cr.)**

Particulars	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Total
Excess payment received		19.78	18.99	19.67	18.4	16.03	15.94	17.26	17.83	17.82	17.03	15.64	28.73	
Interest on SD		17.05	15.13	14.35	13.83	13.51	13.3	12.38	11.80	11.59	17.03	11.29	33.58	
SD Credit		26.64	26.51	26.44	26.39	26.36	26.29	26.24	26.21	26.16	7.9	26.02	26.57	
Other reasons		21.91	21.85	20.48	20.46	21.75	21.55	20.67	23.16	23.91	26.05	22.4	29.1	
<b>Total</b>	<b>107.12</b>	<b>85.38</b>	<b>82.48</b>	<b>80.94</b>	<b>79.08</b>	<b>77.65</b>	<b>77.08</b>	<b>76.55</b>	<b>79.00</b>	<b>79.48</b>	<b>68.01</b>	<b>75.35</b>	<b>117.98</b>	
Monthly average		96.25	83.93	81.71	80.01	78.37	77.37	76.82	77.78	79.24	73.75	71.68	96.67	
WC int rate (%)		10.41	10.41	10.41	10.41	10.41	10.41	10.41	10.41	10.41	10.41	10.41	10.41	
Monthly interest		0.83	0.73	0.71	0.69	0.68	0.67	0.67	0.67	0.69	0.64	0.62	0.84	8.45

**13) INCOME TAX REFUND****PETITIONER SUBMISSION**

3.269 During FY 2022-23, the Petitioner had received refund of Rs. 3.50 Crore which includes interest on Income Tax refund of Rs. 0.17 Crore. This refund is against Rs. 3.3 Crore of TDS and TCS paid by the Petitioner in FY 2021-22. Further, the said reversal was necessitated as the Petitioner had opted for the Tax Regime under section 115 BAA while filing the Income Tax Return for FY 2020-21 (in FY 2021-22). Accordingly, the Petitioner requests the Hon'ble Commission to kindly allow the aforesaid amount of Rs. 0.17 Crore received towards interest on Income Tax refund to be retained by the Petitioner.

**COMMISSION ANALYSIS**

3.270 Since the income tax as payable by the Petitioner for the respective Financial years was considered as nil as per their ITR in their respective years of True up, any refund as received by the petitioner is allowed to be retained by the Petitioner and thus reduced from NTI.

**14) INCOME FROM SALE OF SCRAP****PETITIONER SUBMISSION**

3.271 The Petitioner submits that as per Regulation 80 of the Tariff Regulations 2017, depreciation of any asset funded through equity and debt is allowed up to 90% of the capital cost and balance 10% is to be considered as salvage value, relevant excerpt is reproduced here as follows: *"80. The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset: Provided that any depreciation disallowed on account of lower availability of the generating station or generating unit or transmission system as the case may be, shall not be allowed be recovered at a later stage during the useful life and the extended life."*

3.272 The residual value/salvage value, i.e., 10% of the invested capital cost of asset is not

recovered by the Petitioner through Depreciation throughout the useful life of the Asset. The Petitioner recovers its investment against this salvage value through sale of scrap.

3.273 The Petitioner has earned Rs. 4.8Cr. through Sale of Scrap during FY 2022-23. It is submitted that Terms and Conditions for the determination of Tariff under Section 61 of the Electricity Act 2003 are to be defined by the Hon'ble Commission based on Commercial Principles which allows recovery of the cost of supply of electricity in a reasonable manner.

3.274 In view of the fact that Commercial Principle allows the Petitioner to recover the cost against residual value. Therefore, the Petitioner hereby requests the Hon'ble Commission to allow the aforesaid amount of Rs. 4.8Cr. received as income from sale of scrap to be retained by the Petitioner.

#### COMMISSION ANALYSIS

3.275 Regulation 94 and 95 of DERC, Tariff Regulations 2017 stipulates,

*“94. The Utility shall submit forecast of Non-Tariff Income to the Commission, in such form as may be stipulated by the Commission from time to time, whose tentative list is as follows:*

- (i) Income from rent of land or buildings;*
- (ii) Net Income from sale of de-capitalised assets;*
- (iii) Net Income from sale of scrap;*
- (iv) Income from statutory investments;*
- (v) Net Interest on delayed or deferred payment on bills;*
- (vi) Interest on advances to suppliers/contractors; Rental from staff quarters;*
- (vii) Rental from contractors;*
- (viii) Income from Investment of consumer security deposit;*
- (ix) Income from hire charges from contractors and others, etc.*

*95. The Non-Tariff Income shall be reduced from ARR.”*

3.276 The income from sale of scrap is being accordingly dealt to form part of the Non Tariff Income of the Petitioner in accordance with the above stated Regulations.

**15) GAIN ON RETIREMENT OF ASSETS****PETITIONER SUBMISSION**

3.277 As per Regulation 45, 46 and 47 of the Tariff Regulations 2017, any gain on account of sale of assets retired before or after useful life is to be retained by the utility except for the assets retired due to reasons covered under regulation 45, relevant extract is reproduced here as follows:

*"45. Loss or Gain due to de-capitalisation of asset based on the directions of the Commission due to technological obsolescence, wear & tear etc. or due to change in law or force majeure, which cannot be re-used, shall be adjusted in the ARR of the Utility in the relevant year.*

*46. Loss or Gain due to de-capitalisation of asset proposed by the Utility itself for the reasons not covered under Regulation 45 of these Regulations shall be to the account of the Utility.*

*47. Loss or Gain due to de-capitalisation of asset after the completion of useful life of asset shall be to the account of the Utility."*

3.278 Accordingly, the Petitioner claims Rs.1.11Cr. on account of gain from sale of retired assets during FY 2022-23 to be reduced from NTI.

**COMMISSION ANALYSIS**

3.279 The Commission observes that the Petitioner has claimed Loss on retirement of Assets under Regulation 45,46,47 of DERC (Terms and Conditions for determination of Tariff) Regulations, 2017 which is pending finalization. The Commission shall review the claim on gain of sale of retired assets after taking cognizance of the claims on retired assets in accordance with applicable Regulations. Accordingly, the amount of Rs.1.11 Cr. as claimed by the Petitioner is retained as a part of Non-Tariff Income for FY 2022-23.

3.280 Thus, The Non-tariff income approved by the Commission for FY 2022-23 is as follows:

**Table 3. 72: Commission Approved - Non Tariff Income for FY 2022-23 (Rs. Cr.)**

Sr.No.	Particulars	As per petitioner	As per Commission
A	Other Operating Income	73.4	73.41
B	Other Income	43.6	43.62
I	Total Income as per Accounts	117.0	117.03
C	Add: Interest on CSD	20.9	20.90
D	Add: Differential in SLD	40.0	40.00
E	Add: Interest on Advance from Consumers		8.45
II	Total Other Income	178.0	186.37
F	Less: Income from other business		
a	<i>Streetlight Maintenance</i>	5.1	-
III	Net Income to be considered	172.9	186.37
A	Less: LPSC	12.4	7.19
B	Less: Write-back of misc. provisions	2.5	2.50
C	Less: Short term gain	10.9	10.92
D	Less: Transfer from Consumer contribution for capital works	19.7	19.70
E	Less: Bad debts recovered	3.5	-
F	Less: Commission on collection of Electricity Duty	7.5	-
G	Less: Income from Income tax refund	0.2	0.17
H	Less: MNRE Incentive	0.7	0.65
I	Less: Pole rental income	4.7	4.70
J	Less: Income from Sale of Scrap	4.8	-
K	Less: Gain on Sale of Fixed Assets	1.1	-
IV	Net Non-Tariff Income	104.9	140.54

**INCOME FROM OPEN ACCESS SALE****PETITIONER SUBMISSION**

3.281 The Petitioner has submitted that in addition to the Income derived from Other Business, the income of Rs.22.9 Crore recovered as Open Access Charges during FY 2022-23 has been considered for offsetting the revenue (gap)/surplus for the year.

**COMMISSION ANALYSIS**

3.282 The Commission has accordingly considered an amount of Rs. 22.90 Cr. as Aggregate

Revenue Requirement for FY 2022-23.

### AGGREGATE REVENUE REQUIREMENT FOR TRUING-UP OF FY 2022-23

#### PETITIONER SUBMISSION

3.283 The Petitioner has submitted the Annual Revenue Requirement for FY 2022-23 sought for True-up is tabulated below:

**Table 3. 73: Petitioner Submission - Aggregate Revenue Requirement for FY 2022-23 (Rs.Cr.)**

Sr. No	Particulars	Amt. Rs. Cr
A	Purchase of power including Transmission and SLDC Charges & Incentives	4403.4
B	O&M Expenses	830.2
C	Additional O&M Expenses	143.7
D	Depreciation	195.8
E	Return on Capital Employed (RoCE)	415.2
F	Sub-total	5988.3
G	Less: Non-Tariff Income	-104.9
H	Less: Income from Open Access	-22.9
I	Aggregate Revenue Requirement Carrying cost	5860.5 280.2
J	Gross ARR	6140.6

#### COMMISSION ANALYSIS

3.284 The Aggregate Revenue Requirement as approved by the Commission for FY 2022-23 is as follows:

**Table 3. 74: Commission Approved - Aggregate Revenue Requirement for FY 2022-23 (Rs. Cr.)**

Sr. No.	Particulars	As per Petitioner	As per Commission
A	Power Purchase (including Trans. & SLDC Charges &Incentives other than incentive on sale of surplus power)	4,403.4	4,445.89
B	O&M Expenses	830.2	830.13
C	Additional O&M Expenses	143.7	12.58
D	Depreciation	195.8	186.93
E	RoCE/ Finance Charges	415.2	310.15
F	Income Tax		-
G	Sub-total	5,988.30	5,785.67
H	Less: NTI	104.9	140.54

I	Less: Income from Open Access	22.9	22.90
J	Aggregate Revenue Requirement	5,860.5	5,622.23

## REVENUE AVAILABLE TOWARDS ARR

### PETITIONER SUBMISSION

3.285 The Petitioner has submitted the revenue available towards ARR is as follows:

**Table 3. 75: Petitioner Submission - Revenue for FY 2022-23 (Rs. Cr.)**

Sr. No	Particulars	Submission
A	Total Revenue Collected	5641.2
B	Less: Amount to be retained by Petitioner on account of over achievement of Distribution Loss Targets	35.3
C	Less: Amount to be retained by Petitioner on account of Over achievement of Collection Efficiency Targets	62.3
D	Less: Incentive on Sale of Surplus Power	13.6
F	Revenue available towards ARR	5530.00

## COMMISSION ANALYSIS

3.286 The Commission has computed the Revenue available towards ARR as follows:

**Table 3. 76: Commission Approved - Revenue Available towards ARR for FY 2022-23 (Rs. Cr.)**

Particulars	As per Petitioner	As per Commission
Actual Revenue realised excluding Electricity duty, LPSC, Regulatory Surcharge, Pension trust surcharge	5,641.2	5,640.43
Less:		
Incentive/(Penalty) on account of Transmission & Distribution Loss	35.3	32.67
Incentive/(Penalty) on account of Collection Efficiency	62.5	52.24
Incentive/(Penalty) on Sale of Surplus Power	13.6	-
Revenue available towards ARR	5,529.8	5,555.52

## REVENUE (GAP)/ SURPLUS DURING FY 2022-23

### PETITIONER SUBMISSION

3.287 The Petitioner has submitted the revenue gap during FY 2022-23 is tabulated as under:

**Table 3. 77: Petitioner Submission - Revenue (Gap) for FY 2022-23 (Rs. Cr.)**

Sr. No	Particulars	Submission
A	ARR for FY 2022-23	-6140.6
B	Revenue available towards ARR (including Carrying Cost)	5530.0
C	Revenue (Gap)/Surplus	( 610.60)

**COMMISSION ANALYSIS**

3.288 The Revenue (Gap)/ Surplus after true up of ARR for FY 2022-23 as approved by the Commission is as follows:

**Table 3. 78: Commission Approved - Revenue Surplus/(Gap) towards ARR for FY 2022-23 (Rs. Cr.)**

Sr. No.	Particulars	As per Petitioner	As per Commission
A	ARR	6,140.6	5,622.23
B	Revenue Available Towards ARR	5,529.8	5,555.52
C	Revenue (Gap)/Surplus	(610.8)	(66.70)

**REVENUE (GAP)/SURPLUS TILL FY 2022-23**

3.289 The Revenue (Gap)/Surplus upto FY 2022-23 is summarised in the table as follows:

**Table 3. 79: Commission Approved - Revenue Surplus/(Gap) upto FY 2022-23 (Rs. Cr.)**

Sr. No.	Particulars	For FY 2022-23
A	Opening level of Revenue (Gap)/Surplus	(8,919.08)
B	Revenue requirement for the year	5,622.23
C	Revenue Realised	5,555.52
D	(Gap)/Surplus for the year	(66.70)
E	8% Surcharge for the year	380.01
F	Net Revenue (Gap)/ Surplus for the year	313.30
G	Average RA balance	(8,762.43)
H	Equity available towards RA	1,238.88
I	Debt towards RA	7,523.55
J	Carrying Cost rate	10.99%
K	Amount of Carrying Cost	(963.42)
L	Closing Balance of (Gap)/Surplus	(9,569.19)

Annexure I**DELHI ELECTRICITY REGULATORY COMMISSION**

Viniyamak Bhawan, 'C' Block, Shivalik, Malviya Nagar, New Delhi- 110017.

F.11(2153)/DERC/2023-24/7916

Petition No. 16/2024

In the matter of: Petition for approval of True up of expenses upto FY 2022-23 and Annual Revenue Requirement (ARR) for FY 2024-25.

BSES Yamuna Power Ltd.

....Petitioner

Coram:

Hon'ble Justice (Retd.) Jayant Nath, Chairperson

Appearance:

Mr. Buddy A Ranganadhan, Advocate, BYPL

Record of Proceedings

(Date of Hearing: 07.06.2024)

(Date of Order: 07.06.2024)

Heard. Admitted.

Sd/-  
(Justice (Retd.) Jayant Nath)  
Chairperson

WEAR FACE MASK

WASH HANDS REGULARLY

MAINTAIN SOCIAL DISTANCING



Annexure IILIST OF RESPONSES RECEIVED FROM STAKEHOLDERS ON TRUE UP OF FY 2022-23

Sr. No.	Name	Address	Category	Company / Licensee	Date of Receipt
1	Pankaj Gupta	Delhi Metro Rail Corporation Ltd. Metro Bhawan, Fire Brigade Lane, Bharakhamba Road, New Delhi 110 001	Govt.	BRPL, TPDDL	13-Dec-24
2	Pradeep Khullar	All India Cold Storages Association Plot No. C-5, Lawrence Road Industrial Area, Delhi 110005	RWA & industry associations	TPDDL	14-Dec-24
3	Gyan Chand Dhamija	Ugyog Nagar Factory Owner's Association Z-101, (Opp. H-18), Udyog Nagar, Rohtak Road, Delhi 110 041	RWA & industry associations	BRPL	14-Dec-24
4	Sanjay Kumar	Association of Manufacturers of Ayurvedic Medicines T-10, Okhla Industrial Area, Phase-2, New Delhi 110 020	RWA & industry associations	BRPL	16-Dec-24
5	Navdeep Varshneya	Mohan Estate Welfare Association J-3, Block B-1, Mohan Co-operative Industrial Estate New Delhi 110 044	RWA & industry associations	BRPL	16-Dec-24
6	Nishchal Pandey	GNA Energy Private Limited 706, Palm Spring Plaza, Sector-54 Gurugram, Haryana 122 009	Commercial	Generating and Transmission Licensee	16-Dec-24
7	Arun Popli	Plot No. B-19 Okhla Industrial Area, II, Delhi 110 002	Industrial area	BRPL	14-Dec-24
8	Harvinde r Singh	Basera Engineering Works Plot No. 86 Pocket C, Sector-2	Industrial area	TPDDL	16-Dec-24

Sr. No.	Name	Address	Category	Company / Licensee	Date of Receipt
		DSIDC Industrial Area, Bawana, Delhi			
9	P.D. Kabeer	Municipal Corporation of Delhi Dr. S.P.M Civic Centre, Minto Road, New Delhi 110 002	Govt.	BRPL, TPDDL	16-Dec-24
10	Ajay Aggarwal	Jan Seva Welfare Society (Regd.) Office No. 17, Saraswati Vihar, DDA Market A-Block, Pitampura, Delhi 110 034	RWA & industry associations	BRPL BYPL TPDDL	17-Dec-24
11	Nikita Gupta	<u>Nikita.gupta@powerfoundation.org.in</u>	Govt.	DISCOMs	3-Jan-25
12	K.K. Verma	Delhi Transco Ltd. General Manager (Commercial & Regulatory Affairs) 33kV Grid S/Station Building, I.P. Estate, New Delhi 110 002	Govt.	BYPL, TPDDL & NDMC	30-Jan-25
	K.K. Verma	Delhi Transco Ltd. General Manager (Commercial & Regulatory Affairs) 33kV Grid S/Station Building, I.P. Estate, New Delhi 110 002	Govt.	BRPL	23-Jan-25
13	Abhishek Roy	Bharti Airtel Limited Airtel Center, Plot No. 16 Udyog Vihar, Phase – IV Gurugram 122015	Public Ltd. Co.	Discoms, Gencos & Transco	26-Mar-25

Annexure-III

**STAKEHOLDERS WHO HAVE REGISTERED AT THE PUBLIC HEARING FOR THE PETITION FILED  
BY DISCOMs, GENCOs, AND TRANSCO ON THE APPROVAL PETITION FOR TRUING UP OF  
EXPENSES UP TO FY 2022-23**

Sr. No.	Name	Organisation/Category
1	Balram Chawla	Maitreyi Federation of RWA
2	Satwan Singh	Domestic Consumer
3	Ritu Gupta	TPDDL
4	Nikhil kumar	DMRC
5	Somya Tripathi	DMRC
6	Shubham Kumar	DMRC
7	Vikas Dixit	DISCOM
8	Amarjeet Singh	DISCOM
9	Brajesh Kumar	DISCOM
10	Naveen Vats	DISCOM
11	Garima Belwal	DISCOM
12	Sameer Singh	DISCOM
13	Rajeev Chowdhury	DISCOM
14	Jaya Rathi	DISCOM
15	Gaurav Thapan	DISCOM
16	Kanishk Khetarpal	DISCOM
17	Amal Sinha	DISCOM
18	Akash Gupta	DISCOM
19	Shweta Chaudhary	DISCOM
20	Rajul Agarwal	DISCOM
21	N D Arora	RWA

Sr. No.	Name	Organisation/Category
22	Sanket Sharma	TPDDL
23	RajKumar	RWA
24	Amar Ramanuj Yadav	RWA
25	Narender Kumar	RWA
26	Abhishek Roy	Industrial
27	Dr. Anu Chhakara	Domestic Consumer
28	Suresh Goyal	RWA
29	Rajeev Kumar	Industrial
30	Suranjit Mishra	TPDDL
31	Harmeet Singh	Koshish RWA
32	Dr. Kunal Tanwar	RWA
33	Manisha	TPDDL
34	Deepak Patel	NDMC
35	Prachi Mishra	NDMC
36	Tarun Manik	DERC
37	Buddhived Shastri	DTL
38	Brij Mohan Garg	Industrial
39	Ashok Bhasin	North Delhi Residents Welfare Federation
40	Chetan Garg	Bharti Airtel
41	Raj Kumar Garg	Domestic Consumer