ORDER

on

TRUE UP

for

FY 2007-08

and

AGGREGATE REVENUE REQUIREMENT

FOR THE FY 2009-10

for

BSES YAMUNA POWER LIMITED

DELHI ELECTRICITY REGULATORY COMMISSION

MAY, 2009

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List of Abbreviations

ARR	Aggregate Revenue Requirement
A&G	Administrative and General
AAD	Advance Against Depreciation
APDRP	Accelerated Power Development and Reforms Program
AT&C	Aggregate Technical and Commercial
ATE	Appellate Tribunal for Electricity
BRPL	BSES Rajdhani Power Limited
BST	Bulk Supply Tariff
BTPS	Badarpur Thermal Power Station
BYPL	BSES Yamuna Power Limited
CAGR	Compounded Annual Growth Rate
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CFL	Compact Fluorescent Lamp
CGHS	Cooperative Group Housing Societies
CGS	Central Generating Stations
CISF	Central Industrial Security Force
CoS	Cost of Supply
CPI	Consumer Price Index
CPRI	Central Power Research Institute
CSGS	Central Sector Generating Stations
CWIP	Capital Work in Progress
DERA	Delhi Electricity Reform Act
DERC	Delhi Electricity Regulatory Commission
DIAL	Delhi International Airport Limited
DISCOMs	Distribution Companies (BRPL, BYPL & NDPL)
DMRC	Delhi Metro Rail Corporation
DPCL	Delhi Power Corporation Limited
DTL	Delhi Transco Limited
DVB	Delhi Vidyut Board
DVC	Damodar Valley Corporation
FBT	Fringe Benefit Tax
FPA	Fuel Price Adjustment
GFA	Gross Fixed Assets
GoNCTD	Government of National Capital Territory of Delhi
HEP	Hydro Electric Power
HT	High Tension
IDC	Interest During Construction
IPGCL	Indraprastha Power Generation Company Limited

JJ Cluster	Jhugghi Jhopadi Cluster
LT	Low Tension
MES	Military Engineering Service
MLHT	Mixed Load High Tension
MU	Million Units
MYT	Multi Year Tariff
NABL	National Accreditation Board for Testing and Calibration of Laboratories
NCT	National Capital Territory
NDMC	New Delhi Municipal Corporation
NDPL	North Delhi Power Limited
NGO	Non Government Organisation
NHPC	National Hydroelectric Power Corporation
NPCIL	Nuclear Power Corporation of India Limited
NTI	Non Tariff Income
NTP	National Tariff Policy
O&M	Operations and Maintenance
PGCIL	Power Grid Corporation of India
PLF	Plant Load Factor
PPA	Power Purchase Agreement
PPCL	Pragati Power Corporation Limited
R&M	Repair and Maintenance
RAPS	Rajasthan Atomic Power Station
REA	Regional Energy Account
RoCE	Return on Capital Employed
RRB	Regulated Rate Base
RTI	Right to Information
SERC	State Electricity Regulatory Commission
SJVNL	Satluj Jal Vidyut Nigam Limited
SLDC	State Load Despatch Centre
SPD	Single Point Delivery
SVRS	Special Voluntary Retirement Scheme
THDC	Tehri Hydro Development Corporation
ToD	Time of Day
TPS	Thermal Power Station
UI	Unscheduled Interchange
WACC	Weighted Average Cost of Capital
WC	Working Capital
WPI	Wholesale Price Index

A1: INTRODUCTION

1.1 This Order relates to the petition filed by the BSES Yamuna Power Limited (hereinafter referred to as 'BYPL' or the 'Petitioner') on 2 December, 2008 for true up of the tariff order for the first year of the Control Period i.e. FY 07-08 and the determination of proposed Wheeling and Retail Supply Tariffs for FY 09-10 using Multi Year Tariff Principles specified in the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2007 notified on 30 May, 2007.

Transfer Scheme

1.2 The erstwhile Delhi Vidyut Board (hereinafter referred to as 'DVB') was responsible for all functions of generation, transmission and distribution of electricity in the National Capital Territory of Delhi (hereinafter referred to as 'NCT of Delhi'). Pursuant to the provisions of the Act notified by the Government of National Capital Territory of Delhi (hereinafter referred to as 'GoNCTD'), the Delhi Electricity Reform (Transfer Scheme) Rules, 2001 (hereinafter referred to as 'Transfer Scheme') was passed on 20 November, 2001 that provided for unbundling the functions of DVB into different entities handling generation, transmission and distribution of electricity. The Transfer Scheme provided for unbundling of erstwhile DVB and the transfer of existing distribution assets to three Distribution Companies (hereinafter are collectively referred to as 'DISCOMs').

BSES Yamuna Power Limited (BYPL)

1.3 BYPL is a company incorporated under the Companies Act, 1956 and is entrusted with the business of distribution and retail supply of electricity in the specified area of Central East and East of Delhi in the NCT of Delhi (as specified in the Transfer Scheme).

1.4 Delhi Transco Limited (DTL) was the sole entity responsible for the bulk procurement and bulk supply of power in Delhi up to 31 March, 2007. All the DISCOMs in Delhi had to purchase power from DTL at an approved Bulk Supply Tariff (BST). However, the responsibility for power purchase in Delhi was transferred to the Distribution Companies pursuant to the Policy Directions issued by the GoNCTD on 28 June, 2006. The existing and the upcoming Power Purchase Agreements (PPAs) were assigned to the DISCOMs; vide the Commission's Order dated March 31, 2007.

1.5 The Delhi Electricity Regulatory Commission (hereinafter referred to as the 'DERC or the 'Commission') adopted the Multi Year Tariff (MYT) framework for determination of generation, transmission and distribution business in Delhi. The MYT framework was adopted with a view to bring relative certainty regarding tariff and its basis during the Control Period and reduce the efforts of all parties involved in the annual tariff determination The MYT regulations were issued by the Commission vide notification dated 30 May, 2007. The Commission, after analysing the MYT petitions filed by the distribution companies, issued the MYT Order on 23 February, 2008.

1.6 The Petitioner has filed its petition before the Commission for the true-up of the first year of the Control period i.e. FY 07-08 and determination of Wheeling and the Retail Supply Tariffs for all consumer categories for FY 09-10 under Section 62, 64 and 86 of the Electricity Act, 2003, (hereinafter referred to as the "Act") read with the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2007 (hereinafter referred to as the 'MYT Regulations, 2007').

1.7 This Tariff Order relates to the true-up of the uncontrollable expenses of the first year i.e. FY 07-08 of the Control Period (FY08 – FY11) under the Multi Year Tariff framework and Revision of sales and Power Purchase for FY 2009-10 in accordance with the MYT Regulations and further explained in Chapter A4 of this Order. True up of uncontrollable parameters viz., sales and Power Purchase for FY 2008-09 will be taken up based on the audited accounts, during the next Tariff Order for FY 2010-11. Also, this Tariff Order relates to the approval of Wheeling and Retail Supply Tariff for all consumer categories for FY 09-10 taking into account the surplus/ gap determined during the true-up of allowed variations in uncontrollable parameters during FY 07-08.

1.8 The Commission has finalised this Tariff Order based on the Petitioner's Petition, review and analysis of the past records, additional information and submissions, Court judgements, necessary clarifications submitted by the Petitioner and views expressed by various stakeholders.

Delhi Electricity Regulatory Commission

1.9 The Delhi Electricity Regulatory Commission was constituted by the GoNCTD on 3 March, 1999 and it became operational w.e.f. 10 December, 1999.

1.10 The Commission's approach to MYT Regulation is driven by the Electricity Act 2003, the National Electricity Policy, the Tariff Policy and the Delhi Electricity Reform Act, 2000 (hereinafter referred to as 'DERA').

Functions of the Commission

1.11 The Commission derives its powers from DERA as well as from the Act. The major functions assigned to the Commission under the DERA are as follows:

(a) to determine the tariff for electricity, wholesale, bulk, grid or retail and for the use of the transmission facilities;

(b) to regulate power purchase, transmission, distribution, sale and supply;

(c) to promote competition, efficiency and economy in the activities of the electricity industry in the National Capital Territory of Delhi;

(d) to aid and advise the Government on power policy;

(e) to collect and publish data and forecasts;

(f) to regulate the assets, properties and interest in properties concerned or related to the electricity industry in the National Capital Territory of Delhi including the conditions governing entry into, and exit from the electricity industry in such manner as to safeguard the public interest;

(g) to issue licenses for transmission, bulk supply, distribution or supply of electricity;

(h) to regulate the working of the licensees; and

(i) to adjudicate upon the disputes and differences between licensees.

1.12 The functions assigned to the Commission under the Act are as follows:

"Section 86 (1) The State Commission shall discharge the following functions, namely: -

(a) determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be, within the State: Provided that where open access has been permitted to a category of consumers under Section 42, the State Commission shall determine only the wheeling charges and surcharge thereon, if any, for the said category of consumers;

(b) regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State;

(c) facilitate intra-state transmission and wheeling of electricity;

(d) issue licences to persons seeking to act as transmission licensees, distribution licensees and electricity traders with respect to their operations within the State;

(e) promote cogeneration and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee;

(f) adjudicate upon the disputes between the licensees and generating companies and to refer any dispute for arbitration;

(g) levy fee for the purposes of this Act;

(h) specify State Grid Code consistent with the Grid Code specified under Clause (h) of sub-section (1) of Section 79;

(i) specify or enforce standards with respect to quality, continuity and reliability of service by licensees;

(j) fix the trading margin in the intra-state trading of electricity, if considered, necessary;

(k) discharge such other functions as may be assigned to it under this Act.

Section 86 (2) The State Commission shall advise the State Government on all or any of the following matters, namely: -.

(i) promotion of competition, efficiency and economy in activities of the electricity industry;

(ii) promotion of investment in electricity industry;

(iii) reorganisation and restructuring of electricity industry in the State;

(iv) matters concerning generation, transmission, distribution and trading of electricity or any other matter referred to the State Commission by that Government."

1.13 As per Section 61 of the Act "The Appropriate Commission shall, subject to the provisions of this Act, specify the terms and conditions for the determination of tariff, and in doing so, shall be guided by the following, namely:-"

(a) the principles and methodologies specified by the Central Commission for determination of the tariff applicable to generating companies and transmission licensees;

(b) the generation, transmission, distribution and supply of electricity are conducted on commercial principles;

(c) the factors which would encourage competition, efficiency, economical use of the resources, good performance and optimum investments;

(d) safeguarding of consumers' interest and at the same time, recovery of the cost of electricity in a reasonable manner;

(e) the principles rewarding efficiency in performance;

(f) multiyear tariff principles;

(g) that the tariff progressively, reflects the cost of supply of electricity, and also, reduces and eliminates cross-subsidies within the period to be specified by the Appropriate Commission;

(h) the promotion of co-generation and generation of electricity from renewable sources of energy;

(i) the National Electricity Policy and tariff Policy:

Tariff Orders Issued by the Commission

1.14 After its inception, the Commission issued an Order on "Rationalisation of Tariff for DVB" on 16 January, 2001. The Commission also issued Orders on the Aggregate Revenue Requirement (ARR) for FY02 and Tariff Determination Principles for DVB for the period FY03 to FY07 on 23 May, 2001.

1.15 The Commission issued its first Tariff Order after the notification of the Transfer Scheme and Policy Directions, on 22 February, 2002 based on a Joint Petition for determination of the Bulk Supply Tariff (BST) and opening loss levels for the distribution companies. The Commission determined the BST applicable for sale of power from DTL to the DISCOMs, on the basis of the paying capacity of each distribution company.

1.16 After the Transfer Scheme of DVB was made effective, (1 July, 2002), the Commission issued a Tariff Order on 26 June, 2003 for approval of ARR of BYPL and determination of Retail Supply Tariffs to be charged to different consumer categories for FY03 (9 months) and FY04. This Order adopted the new principles laid down in the Policy Directions issued by the GoNCTD for determination of Retail Supply Tariffs for all the DISCOMs. The key highlights of the new principles were:

(a) AT&C losses for the purpose of computation of tariff shall be based on the values of reduction in AT&C loss each year for the years FY03, FY04, FY05, FY06 and FY07 indicated in the bid submitted by the Petitioner and as finally accepted by the Government, over the opening level of AT&C loss approved by DERC for each distribution company in the Tariff Order dated 22 February, 2002.

(b) The Tariffs shall be determined such that the distribution licensees earn, at least, 16% return on the issued and paid up capital and free reserves provided that such share capital and free reserves have been invested into fixed or any other assets, which have been put into beneficial use for the purpose of electricity distribution and retail supply and provided further that investment of such share capital and free reserves has the approval of the Commission.

(c) Retail Tariffs for the DISCOMs shall be identical till the end of FY07, i.e., consumers of a particular category shall pay the same retail tariff irrespective of their geographical location.

(d) Any over-achievement or under- achievement with respect to reducing AT&C losses shall be treated as per the methodology specified in the Para 2 of Policy Directions.

1.17 The Commission has subsequently issued Tariff Orders for BYPL for FY05, FY06 and FY07 on 9 June, 2004, 7 July, 2005 and 22 September, 2006 respectively. The key highlight of these Orders was approval of BST based on the principle of "ability to pay" to maintain uniform retail tariffs across all DISCOMs.

1.18 Subsequent to the FY 06-07 Tariff Order, the Commission issued the MYT Order for the Control Period FY 07-08 to FY 10-11 based on the MYT Regulations notified on 30 May, 2007. The key highlight of this Order was bifurcation of ARR into Controllable and Uncontrollable Parameters with a view to limit the tariff variations during the Control Period to the uncontrollable parameters and also to set performance targets for the Controllable Parameters.

Multi Year Tariff Framework

1.19 The electricity distribution business in the NCT of Delhi was privatized with effect from 1 July, 2002 and tariffs in Delhi were governed by the Policy Directions issued by GoNCTD, vide its notification of 22 November, 2001 and as amended on 31 May, 2002.

1.20 Although the Act was passed in the year 2003, it ensured that provisions of the enactments specified in the DERA (Delhi Act No. 2 of 2001), not inconsistent with the provisions of the Act, remained applicable to the NCT of Delhi, as it was part of the Schedule referred to in Section 185 of the Act.

1.21 As Policy Direction Period ended on 31 March, 2007, the Commission decided to adopt Multi Year Tariff (MYT) principles for determination of tariffs, in line with the provisions in Section 61 of the Act. The Commission had also allotted the PPAs to various DISCOMs as per the directive of GoNCTD and simultaneously introduced intra-state ABT in Delhi on 31 March, 2007.

1.22 In the MYT framework, the Commission set long term performance targets for entities engaged in generation, transmission and distribution. Simultaneously, the Commission segregated costs into two categories; first which are expected to be controlled by the utilities and a second category over which they do not have significant control. The Commission set targets for each year of the Control Period for the items or parameters that are deemed to be "controllable" and which include: Operation and Maintenance (O&M) Expenses, AT&C Losses, Quality of Supply etc.

1.23 Any financial losses arising out of the under-performance with respect to the targets specified by the Commission for the "controllable" parameters shall be to the Licensee's account. The Commission has also specified the circumstances under which some of the controllable parameters shall be trued up during or at the end of the Control Period.

1.24 The MYT framework is also designed to provide predictability and reduce regulatory risk. This is achieved by approval of a detailed capital investment plan for each utility, considering the expected network expansion and load growth during the Control Period. The longer time span enables the distribution company to propose its investment plan in detail on the possible sources of financing and the corresponding capitalization schedule for each investment.

Multi Year Tariff Regulations

1.25 Before finalizing the MYT Regulations, the Commission had issued a Consultative Paper and draft MYT Regulations for Generation, Transmission and Distribution to all concerned stakeholders, including the Government, Generation companies, Transmission and Distribution licensees, consumers, etc. These documents detailed the principles, approach and methodology to be adopted for the determination of tariff for various entities under the MYT framework and also highlighted the various issues which were to be discussed and finalized for successful implementation of the MYT principles.

1.26 These draft Regulations and MYT Consultative Paper were issued on 11 October, 2006 and a notice to this effect was published in leading newspapers seeking comments from public and stakeholders.

1.27 The Commission issued the MYT Regulations vide notification dated 30 May, 2007 specifying Terms and Conditions for Determination of Tariff for Generation, Transmission and Distribution of electricity under the Multi Year Tariff (MYT) framework for the period FY08 – FY11 after going through the public hearing process.

1.28 In pursuance of the MYT Regulations, the DISCOMs are required to submit actual annual performance as part of the annual review to assess the performance vis-à-vis the targets approved in the MYT Order.

Filing of True-up Petition for the First Year (FY 07-08) of the Control Period

Filing of Petition

1.29 The Petitioner (BYPL) filed its petition for approval of true-up of the first year of the Control Period and proposed Wheeling and Retail Supply Tariffs for FY 09-10, which had certain deficiencies. Accordingly. A deficiency memo was issued to the licensee on 10 December, 2008 directing the licensee to remove the deficiencies on or before 15 December, 2008. Subsequently, the Petitioner submitted the revised petition to the Commission on 15 December, 2008.

Acceptance of Petition

1.30 A preliminary scrutiny of the petition submitted by the Petitioner was undertaken and various discrepancies were observed in the revised petition.

1.31 The Commission conducted a hearing on the admission of the revised petition on 19 December, 2008. In the hearing, the Petitioner highlighted the key points and arguments as filed in the petition. After hearing the submissions of the Petitioner, the Commission issued an Order on 19 December, 2008 for admission of the petition subject to submission of additional information/clarifications. In view of the deficiencies in the revised petition, the Petitioner was directed to submit the requisite information/details within seven days of issue of the Admission Order along with the draft public notice. A copy of the Admission Order dated 19 December, 2008 is enclosed as Annexure I to this Order.

Interaction with the Petitioner

1.32 The Order has referred at numerous places to 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 Commission Staff and the Consultants appointed by the Commission for carrying out the due diligence on the petitions filed by the utilities, obtain and analyse information/clarifications received from the utilities and, accordingly, submit all issues for consideration by the Commission.

1.33 For this purpose, the Staff of the Commission and the Consultants held discussions with the Petitioners, obtained information/clarifications wherever required and carried out technical validation with regard to the information provided.

1.34 The role of the Commission has been to hold public hearings and to take the final view with respect to various issues concerning the principles and guidelines for tariff determination. The Commission has considered due diligence conducted by the staff of the Commission and the Consultants in arriving at final decision. The use of the term 'Commission' may, therefore, be read in the context of the above clarification.

1.35 The Petitioner submitted various letters in response to the queries raised by the Commission during the Technical validation sessions and review of the petition. The list of correspondence undertaken is summarised in Table 1 below:

Table 1: List of Correspondence with BYPL

S. No.	Date	Letter No.	Subject
1.	01.12.2008	RCM/08/09/BYPL/149	Submission of ARR for Distribution (Wheeling and Retail) Business, FY 09-10.
2.	02.12.2008	RCM/08/09/BYPL/151	Submission of ARR for Distribution (Wheeling and Retail) Business, FY 09-10.
3.	15.12.2008	RCM/08/09//157	Truing-up Petition for FY 2007-08, revised ARR and

S. No.	Date	Letter No.	Subject
			Tariff Adjustment for FY 2009-10.
4.	18.12.2008	RCM/08-09/160	ARR Petition for FY 2009-10.
5.	23.12.2008	RCM/08-09/164	ARR Petition for FY 2009-10 regarding summary of invoices of power purchase cost from the long term sources and copy of invoices.
6.	29.12.2008	RCM/08/09/168	ARR Petition for FY 2009-10.
7.	30.12.2008	RCM/08/09/172	ARR Petition for FY 2009-10.
8.	31.12.2008	RCM/08/09/178	ARR Petition for FY 2009-10.
9.	01.01.2009	RCM/08/09/181	ARR Petition for FY 2009-10.
10.	02.01.2009	RCM/08/09/183	ARR Petition for FY 2009-10.
11.	05.01.2009	RCM/08/09/188	ARR Petition for FY 2009-10.
12.	06.01.2009	RCM/08/09/193	ARR Petition for FY 2009-10.
13.	06.01.2009	RCM/08/09/195	ARR Petition for FY 2009-10.
14.	06.01.2009	RCM/08/09/197	ARR Petition for FY 2009-10.
15.	06.01.2009	RCM/08/09/199	ARR Petition for FY 2009-10.
16.	06.01.2009	RCM/08/09/201	ARR Petition for FY 2009-10.
17.	21.01.2009	COO(BYPL)/08-09/12	Truing-up Petition for the FY 2007-08 and revised ARR for FY 2009-10.
18.	22.01.2009	RCM/08/09/209	True Up Petition for FY 2007-08, and Revised ARR and Determination of Tariff for FY 2009-10.
19.	22.01.2009	RCM/08/09/211	True Up Petition for FY 2007-08, and Revised ARR and Determination of Tariff for FY 2009-10.
20.	22.01.2009	RCM/08/09/213	True Up Petition for FY 2007-08, Revised ARR and Determination of Tariff for FY 2009-10.
21.	04.02.2009	COO(BYPL)/08-09/22/34	True-up Petition for FY 2007-08, revised Aggregate Revenue Requirement (ARR) and Determination of Tariff for FY 2009-10.
22.	09.02.2009	COO(BYPL)/08-09/22/43	Public notice issue by DERC requesting for public response to the True-up for FY 2007-08 and revised ARR and Determination of Tariff for FY 09-10 filed by BRPL, BYPL and NDPL regarding comments sought by DERC "on other issues" published in the above Public Notice.
23.	10.02.2009	RCM/08-09/233	ARR for FY 2009-10.
24.	11.02.2009	RCM/08-09/234	True-up Petition for FY 2007-08 and revised ARR and Determination of Tariff for FY 2009-10.
25.	11.02.2009	RCM/08-09/241	True-up Petition for FY 2007-08 and revised ARR and Determination of Tariff for FY 2009-10.
26.	12.02.2009	RCM/08/09/240	True Up Petition for FY 2007-08, and Revised ARR and Determination of Tariff for FY 2009-10.
27.	16.02.2009	RCM/08-09/246	ARR Tariff Petition for FY 2009-10.
28.	16.02.2009	RCM/08-09/248	ARR for FY 2009-10.
29.	18.02.2009	RCM/08-09/255	Truing-up for 2007-08 – regarding
30.	24.02.2009	COO(BYPL)/08-09/22/58	ARR for FY 2009-10.
31.	06.03.2009	COO(BYPL)/08-09/22/99	Submission of Division wise AT&C Losses (Provisional).
32.	06.03.2009	COO(BYPL)/08-09/22/100	ARR for FY 2009-10 regarding Delayed Payment Surcharge and Rebate earned from early payment of Power Purchase bills.
33.	09.03.2009	COO(BYPL)/08-09/22/103	ARR Petition for F.Y. 2009-10.
34.	16.03.2009	RCM/08-09/294	Additional information regarding Commission's Order dated 19.12.2008.
35.	18.03.2009	COO(BYPL)/08-09/22/110	Truing-up of Petition for the FY 2007-08 and Revised

S. No.	Date	Letter No.	Subject
			ARR for the FY 2009-10.
36.	01.04.2009	RCM/08-09/315	Power Purchase Bills upto February 2009
37.	06.04.2009	COO(BYPL)/08-09/22/122	Inclusion of Fuel Price Adjustment (FPA) Component in Retail Tariff.
38.	15.04.2009	RCM/08-09/329	Submission of Information on Power Purchase Cost, Sales and Revenue – FY 2008-09.
39.	20.04.2009	RCM/08-09/332	Submission of information on Power Purchase Cost for FY 2008-09.
40.	21.04.2009	--	Form F1 showing the Provisional Power Purchase Cost for FY 2008-09 of BRPL & BYPL.
41.	27.04.2009	Head(Business)BYPL/09-10/22/137	Subsidy element to be considered for AT&C Loss Computation.
42.	29.04.2009	CEO(BSES)/2009-10/636	AT&C Loss Level.
43.	01.05.2009	RCM/08-09/355	ARR for FY 2009-10 regarding Power Purchase Bills upto March, 2009.
44.	05.05.2009	RCM/08-09/BYPL/361	Form 2.1 (a) for FY 2008-09.

Public Hearing

1.36 The Petitioner published a Public Notice indicating the salient features of its petition, and inviting responses from the consumers and other stakeholders, in the following newspapers on their respective dates of publication:

(a) The Times of India – 23 December, 2008

(b) The Hindustan Times – 23 December, 2008

(c) Navbharat Times – 23 December, 2008

(d) Milap (Urdu) – 25 December, 2008

1.37 Copies of the Public Notice (in English, Hindi and Urdu) are enclosed as Annexure II to this Order. A detailed copy of the petition was also made available for purchase from the respective head-offices of the Petitioners on any working day from 23 December, 2008 onwards, between 11 A.M. and 4 P.M. on payment of Rs 100/-. A complete copy of the petition was also put up on the website of the Commission, as well as that of the Petitioner requesting for comments of the stakeholders thereon.

1.38 The Commission also published its Public Notice in the following newspapers on December 26, 2008 and December 27, 2008 inviting comments from the stakeholders on the tariff petition of the Petitioners latest by January 15, 2009:

(a) The Times of India - December 26, 2008

(b) Hindustan Times - December 26, 2008

(c) Navbharat Times - December 27, 2008

(d) Milap (Urdu) - December 26, 2008

(e) Educator (Punjabi) - December 26, 2008

1.39 The Public Notice published by the Commission inter alia also invited objections and suggestions from the public on the following issues:

(a) Power Procurement

(b) Water Pumping Requirements

(c) Time Differential Tariffs

(d) Two-Part Tariff for Domestic Consumers

(e) Energy Conservation and Demand Side Management

1.40 At the request of the stakeholders, the Commission extended the last date for filing the objections and suggestions to January 30, 2009 for which the Public Notice was issued on January 15, 2009 in the following newspapers:,

(a) The Times of India

(b) Hindustan Times

(c) Navbharat Times

(d) Milap (Urdu)

(e) Educator (Punjabi)

1.41 The last date for submission of comments from the stakeholders was further extended to February 13, 2009 at the request of the stakeholders. The notices in this regard were published by the Commission in the following newspapers:

(a) The Times of India – January 30, 2009

(b) Hindustan Times – January 30, 2009

(c) Navbharat Times – January 31, 2009

(d) Milap (Urdu) – January 31, 2009

(e) Educator (Punjabi) – January 31, 2009

1.42 Copies of the Public Notice (in English, Hindi, Punjabi and Urdu) are enclosed as Annexure III to this Order.

1.43 The Commission received 416 objections from the stakeholders. A list of stakeholders who responded to the public notice on ARR and True-up petition and/or attended the public hearing is enclosed as Annexure IV to this Order. All parties, who had filed their objections / suggestions, were informed about the date, time and venue for presenting their case in the public hearing. The objections of the stakeholders were forwarded to the Petitioner. The Petitioner responded to the objections with a copy of the replies to the Commission.

1.44 On the request of the stakeholders to extend help to the consumers in understanding the ARR petitions and also to help them in filing their comments, the services of the Officers of the Commission were made available to all the interested stakeholders for discussion on ARR petition. The Commission intimated through the public notice that stakeholders could approach the assigned officers for any assistance after seeking prior appointment.

1.45 The public hearing was held in the Commission on the dates mentioned in Table 2 in 6 sessions, to discuss the issues related to the true-up petition filed by the Petitioner and determination of Wheeling and Retail Supply Tariff for the FY 09-10.

Table 2: Schedule for Public Hearing

S No	Date	Time	Category
1	25 February 2009	Session 1: 10:00 AM Session 2: 2:15 PM	Respondents from Domestic and Residential Welfare Association
2	26 February 2009	Session 1: 10:00 AM Session 2: 2:15 PM	Respondents from Industrial category
3	27 February 2009	Session 1: 10:00 AM Session 2: 2:15 PM	Respondents from Industrial associations, Government bodies and NGOs, etc.

1.46 The Model Code of Conduct in the context of elections for the 15th Lok Sabha was in vogue with effect from 23 March, 2009 to 16 May, 2009

1.47 The issues and concerns voiced by various stakeholders have been duly considered by the Commission. The major issues discussed during the public hearing along with the objections raised by the respondents, responses of the Petitioner and the observations made by the Commission, have been summarised in Chapter A2.

Layout of the Order

1.48 This Order consists of five chapters that include:

(a) Chapter A1: Provides a historical background including information regarding the Commission, an overview of the MYT framework and details of the tariff setting process;

(b) Chapter A2: Provides a detailed account of the Public Hearing process, including the objections raised by various stakeholders, Petitioner's responses and the Commission's views on the responses;

(c) Chapter A3: Details the process of true-up of the first year of the Control Period i.e. FY 07-08;

(d) Chapter A4: Aggregate Revenue Requirement for Wheeling and Retail Supply Business for FY 09-10 and the approach adopted by the Commission to meet the revenue gap;

(e) Chapter A5: Determination of Wheeling and Retail Supply Tariff for all consumer categories.

1.49 The Order contains following Annexures, which are an integral part of the Tariff Order.

(a) Annexure I – Admission Order dated 19, December, 2008;

(b) Annexure II – Copies of Public Notices published by DISCOMs;

(c) Annexure III – Copies of Public Notice published by the Commission; and,

(d) Annexure IV – List of Respondents.

Performance Review

1.50 Regulation 11.2 of the DERC (Terms & Conditions for determination of Wheeling and Retail Supply Tariff) Regulation, 2007 stipulates as under:

"The Distribution Licensee shall submit information as part of annual review on actual performance to assess the performance vis-à-vis the targets approved by the Commission at the beginning of the Control Period. This shall include annual statements of its performance and accounts including latest available audited/actual accounts and tariff worked out in accordance with these Regulations."

Therefore, the Commission sought inputs on overall Standards of Performance prescribed in Schedule-II of the Delhi Electricity Supply Code and Performance Standards Regulations, 2007. Separate meetings on the Performance Review on the Technical Parameters were held by the Commission with the three DISCOMs i.e. BRPL, BYPL & NDPL. The meeting with BYPL was held on 29 January, 2009. The details submitted by BYPL are as under:

Overall Standards of Performance for April'08 - Dec'08

Service area	Overall Standard of Performance	Standard of performance achieved
Normal fuse-off calls	At least 99% calls received should be rectified within prescribed time limits in both cities and Towns and in Rural areas	100.00%
Line Breakdowns	At least 95% of cases resolved within time limit in both Cities and Towns and in Rural area	100.00%
Distribution Transformer failure	At least 95% of DTRs to be replaced within prescribed time limits in both Cities and Towns and in Rural areas	100.00%
Period of scheduled outage		
Maximum duration in a single stretch	At least 95% of cases resolved within time limit	Maximum duration in a single stretch 9 hrs & 53 minutes
Restoration of supply by 6:00 PM		Complied with
Street Light Faults		
Rectification of line faults	At least 90% cases should be complied within prescribed time limits	99.93%
Replacement of fused / defective unit		100.00%
Continuity Indices *		
SAIFI	To be laid down by the Commission based on the targets proposed by the Licensees.	1.654 (upto Nov' 2008)
SAIDI		1.874 (upto Nov' 2008)
MAIFI		0.0187 (upto Nov' 2008)
Frequency variations	To maintain supply frequency within range as per IEGC.	Coordinating with other network constituents to maintain frequency
Voltage Unbalance	Maximum of 3% at point of commencement of supply	-
Percentage billing mistakes	Not exceeding 0.2%	100.00%
Percentage faulty meters	Not exceeding 3%	99.96%

** Since the DISCOMs inter-se have been following different formula for working out indices, the Commission, has not been able to decide the indices.*

APPROACH OF THE ORDER

1.51 In this order the Commission has considered the true up petition for FY 07-08, revision of uncontrollable parameters like Sales, Purchase of Power for FY 2009-10 and the consequential adjustments in the Annual Revenue Requirement for FY 09-10. The Petitioner has made its submission for true up for FY 07-08 and the Revised ARR for the FY 08-09 and FY 09-10. Under the MYT Framework, the Commission has projected the ARR for the Petitioner for each year of the Control Period in the MYT Order issued on 23 Feb, 2008. The Regulations provide that actual expenses incurred by the Petitioner in respect of the uncontrollable parameters shall be trued up at the end of the respective financial year based on the actual/audited information and as per the provisions of the MYT Regulations.

Approach for True up for FY 07-08

1.52 The true up has been carried out as per the provisions of the MYT Regulations. Under the MYT Regulations, the components of expenses have been segregated in to Controllable and Uncontrollable Parameters. The Regulations provide that the Uncontrollable Parameters shall be trued up based on the audited financial statements and the Controllable Parameters shall not be trued up. The Commission has considered the true up for FY 07-08 based on these provisions of MYT Regulations.

1.53 The Commission has observed that the Petitioner has also submitted its prayer for undertaking certain amendments in the MYT Order and has also prayed for consideration of certain components not considered earlier in the MYT Order. It has been observed that the Petitioner has asked for revision of certain base projection parameters like base year, interest rate, index computation, salary cost etc., besides praying for revision of certain components like impact of Sixth Pay Commission and inclusion of certain new components like impact of implementing revised Accounting Standard 15 (AS15) and impact of new initiatives undertaken by the Petitioner.

1.54 The true up for FY 2007-08 is to be carried out as per the provisions of the Electricity Act, 2003 and the MYT Regulations. In its petition, the Petitioner has raised several issues which are presently under Appeal before the Hon'ble ATE. Pending decisions of the Hon'ble ATE on such issues, the Commission shall follow the stand already taken in this regard.

1.55 In light of the above background, the Commission has trued up the uncontrollable parameters viz. power purchase cost, energy sales and revenue based on the audited financial statements for FY 07-08. In regard to the controllable parameters the Commission is of the view that the MYT Regulations do not permit any true up of controllable parameters. For other components such as impact of Sixth Pay Commission, impact of implementation of revised AS15 and impact of new initiatives, the Commission is of the view that these components can be considered if there are new developments which permit consideration and such consideration is within the applicable regulatory framework. The detailed treatment of such components is provided in the specific section for true up.

Approach for the FY 08-09

1.56 FY 08-09 is the second year of MYT Period. Petitioner in its petition has requested for revision of the ARR for FY 08-09 which was already determined by the Commission and indicated in the MYT Order issued in February, 2008. The Commission has only provided for truing up mechanism in its Regulation. Regulation 5.42 envisages that variations on account of uncontrollable items like energy sales and power purchase cost shall be trued up. Truing up shall be carried out for each year based on the actual / audited information and prudence check by the Commission. There is no provision in the Regulation for revision of the estimates for the past period indicated in the MYT Order referred above. Accordingly, the Commission is of the opinion that in accordance with the Regulation the true up can be considered based on the audited financial statement once the petitioner makes a regular tariff petition for true up FY 08-09 along with audited financial statement.

1.57 Nevertheless the Commission had also reviewed the cost of power purchase for various DISCOMs based on the actual data furnished by them on monthly basis and the comparison is indicated below:-

POWER PURCHASE					
DISCOMs	Power Purchase approved by Commission (08-09)		Actual Power Purchase from Apr. 08 – March 09		Variation from Commission's approval for FY 08-09
	MU	Rs. Crs.*	MU	Rs. Crs.	Rs. Crs.
BRPL	8848.59	2390.08	8985	2588.69	198.61
BYPL	5022.26	1267.84	5284	1316.84	49.00
NDPL	6378.51	1708.44	6311	1771.67	63.23

*includes Inter state Transmission charges, Intra State Transmission Charges & SLDC Charges.

1.58 From the above table it would be seen that while BRPL and BYPL have purchased a higher quantum of energy as compared to the approved quantum. NDPL has purchased lesser quantum of energy. However, the increase in cost on account of power purchase is Rs. 198 Cr., 49 Cr. and 63 Cr. as compared to the approved cost in respect of BRPL, BYPL and NDPL, respectively. It should also be noted that on account of the additional power purchase and higher reduction in AT&C losses, sales would also increase. Accordingly, additional sales and additional revenue has been worked out based on the average billing rate for the FY 07-08.

DISCOMs	Extra Sales beyond approval (MUs)	ABR (Rs./Kwh)	Additional Sales Revenue (Rs. Crs)
BRPL	190	4.51	86.2
BYPL	449	4.4	197.6
NDPL	42	4.67	19.6

1.59 In addition, "other income" are estimated at the time of MYT order. However, it was observed that the other income as actually received is very much different as compared to the estimates in the MYT order. In the light of the above, the Commission would like to go into the details of the audited accounts of FY 08-09 during the next tariff petition by following the due process of law of consultation with all the stakeholders and true up the uncontrollable elements of power purchase and sales revenue. In addition, the Commission also notes that the UI revenues received have been used for adjustment of the power purchase cost in all its tariff orders. There has been long outstanding amount of UI receivable by Delhi for which recently NRPC has worked out the interest amount receivable by Delhi and the same has been indicated as Rs. 110 Cr. which should be available during the financial year 2009-10. Looking at the overall picture, the Commission has considered higher allocation of unallocated capacity to BRPL as compared to the previous years which should correct the imbalances as it exists now. In the light of the above, the Commission would go for truing up of the uncontrollable parameters of power purchase and sales revenue for FY 08-09 in the next tariff order duly taking into account the audited financial results, other parameters as discussed above, by a due process of law after consulting all the stakeholders.

Approach for the FY 09-10

1.60 The Petitioner has submitted its revised ARR for the FY 09-10 along with the true up Petition for FY 07-08. The Commission has examined whether a basis exists for revisiting the ARR under the MYT Framework which is already approved in the MYT Order.

1.61 In this regard the following provision of the MYT Regulations, Tariff Orders, etc. pertaining to Distribution business are relevant:

(i) Regulation 3.2 - ARR for Wheeling Business and ARR for Retail Supply business to fix the Wheeling Tariff and Retail Supply Tariff separately.

(ii) Regulation 4.5 & 4.6 – Base line values (operating and cost parameters) and performance targets.

(iii) Performance Targets - are covered by Regulation 4.7 and 4.8 and includes AT & C loss, O & M expenditure, Return on capital employed, Depreciation and quality of supply.

(iv) Regulation 4.10, 4.11 and 4.12 relates to sales forecast

(v) Regulation 5.28 relates to ARR for Retail Supply Business for each year of the Control Period and shall contain-

a. Cost of Power Procurement

b. Transmission and Load Dispatch Charges

c. Supply Margin; and

d. Corrections for "uncontrollable" factors

(vi) Para 5.1 of MYT Order, which, interalia, provides that:

"The uncontrollable parameters include power purchase cost and Sales, which may require year to year revision. Since the Power Purchase cost represents approximately 70 % of the ARR, to take care of any variation in uncontrollable parameters, the Commission has fixed the tariff till 31st March, 2009."

(vii) The allocation from the unallocated quota of Power at the disposal of GoNCTD may change from time to time and needs to be considered based on the latest available data or the Commission may have to make reasonable assumptions w.r.t. allocation of Power from the unallocated quota.

(viii) Availability of Power from the new sources of generation, based on their actual /revised Commissioning schedule.

(ix) Variation in sales and sales mix based on the data available subsequent to the issue of MYT Order in February 2008.

(x) The Tariff Policy of GoI for Multi Year Tariff envisages that uncontrollable costs should be recovered speedily to ensure that future consumers are not burdened with past costs. Uncontrollable costs include variations in Power Purchase unit costs including on account of Hydro Thermal mix in case of adverse natural events.

1.62 Based on the provisions of the MYT Regulations, decision of the Commission in the MYT Order for FY 2008-09 and other reasons discussed above, the Commission is of the view that the sales forecast and Power Purchase quantum and cost is required to be revisited. These are dealt with in greater detail in Chapter A4 of this Order.

Approach for the FY 10-11

1.63 The stakeholders who appeared before the Commission have been expressing difficulty in understanding the petitions filed by the DISCOMs and consequently were expressing the views that they are not able to assist the Commission with their comments/views. This issue is also discussed in para 2.200 of this Tariff Order. Considering various difficulties raised by the stakeholders and to further streamline the stakeholders consultation process, the Commission decides to adopt the following procedure for the FY 2010-11.

a) The staff and the consultant of the Commission will immediately upon receipt of the Tariff Petition, examine the same and identify the issues to be dealt with in the Tariff Order and prepare a Base paper for the benefit of the stakeholders;

b) This base paper shall be placed on the Commission's website well in time for the stakeholders to go through the base paper as well as the Tariff Petitions filed by the Petitioners so that the stakeholders or their associations, NGOs etc. could use the same to make effective submissions before the Commission both in written pleadings and at the time of Public Hearings;

c) This would enable the Petitioners to provide necessary clarifications and justifications in an effective manner.

A2: RESPONSE FROM STAKEHOLDERS

Introduction

As a part of tariff determination process, the Commission published a Public Notice in the newspapers, viz., The Times of India and The Hindustan Times on December 26, 2008 and Navbharat Times, Milap (Urdu), and Educator (Punjabi) on December 26, 2008 and December 27, 2008 for inviting comments of the stakeholders on the Petition filed by the Petitioners. The stakeholders were requested to submit their comments latest by January 15, 2009. At the request of the stakeholders, the Commission extended the date for submission of comments from the stakeholders twice, to January 30, 2009 and February 13, 2009 by publishing a notice in all the above stated newspapers on January 15, 2009 and January 31, 2009 respectively. The Commission also directed the Petitioners to publish Notices in the newspapers namely, The Times of India, The Hindustan Times, Navbharat Times and Milap (Urdu) which were published by them on December 23, 2008, December 24, 2008 and December 25, 2008 respectively for inviting objections/suggestions and comments from the stakeholders. The Petitioner also submitted its views on various comments/objections received from the stakeholders.

The Commission has provided public hearing as a platform to obtain the views of various stakeholders to encourage a transparent and participative approach in the process of tariff determination. The public hearings were conducted in the Commission from February 25, 2009 to February 27, 2009, wherein respondents put forth their views before the Commission in the presence of the Petitioner. The Petitioner was also given an opportunity to respond to the views and objections of the stakeholders.

The Commission has taken note of the various views and suggestions made by the stakeholders and appreciate their keen participation in the process to provide feedback to the Commission on various issues.

The major comments/views of various stakeholders in response to the Petition, the replies given by the Petitioner and the views of the Commission have been summarised under various categories as below:

Two Part Tariff for Domestic Consumers

Views of the Stakeholders

2.1. The stakeholders have submitted that they have limited awareness on two part tariff proposal. It has been submitted that consumers do not undertake intentional usage of multiple appliances at the same time. There are certain appliances which are required to run at the same time; for instance kitchen appliances and entertainment devices may be required to run at the same time and Consumers do not have any practical control over such usage. Further, usage of booster pumps are required to be run around the same time when there is water supply (most consumers have expressed they do not have underground water storage facilities and as such they need to lift the water to roof top storage at the time when they are supplied).

2.2. The Stakeholders have further submitted that DISCOMs should take the initiative to educate them on the proposal of two part tariff and how it would be beneficial overall.

Petitioner's Submission

2.3. The Petitioner submitted that 'two part tariff' for 'domestic consumers' is a feasible proposition and the Petitioner shall undertake the initiative to educate the consumers on its benefits.

2.4. The Petitioner, however, mentioned that Tariff determination is the sole prerogative of the Hon'ble Commission and they shall undertake initiatives in regard to the 'two part tariff' proposal based on direction of the Hon'ble Commission.

Commission's View

2.5. The Commission had extensively deliberated on implementation of two part tariff in the MYT Distribution Order, 2008-11 issued on 23 February 2008 under the heading "Rationalisation of fixed charges", which is reproduced below:

2.6. The Commission had explained the importance of two-part tariff and the reasons for introduction of fixed charges in its previous Tariff Orders. While doing so, the Commission abolished the Monthly Minimum Charges (MMC) Levy, as it could lead to under-recovery of fixed charge in cases where the consumption exceeded certain minimum levels, as only energy charges would be levied in such cases. Also, Utilities rarely record incremental revenue from MMC separately, and hence it is difficult to project the revenue collected through monthly minimum charges.

2.7. In view of the objections/suggestions received from the various stakeholders, the Commission has reviewed various options for levying fixed charges such as fixed charges per connection, fixed charges linked to consumption, fixed charges linked to sanctioned load in kW, etc. When a consumer is connected to the system, the utility has to provide/allocate certain capacity of the distribution system to serve the consumer. In addition to this, some expenses such as meter reading, billing, bill delivery, maintenance etc. are fixed in nature and independent of energy consumption. The power purchased by the DISCOMs, which is around 75% of the ARR, is by the way of two-part tariff, viz. a fixed cost comprising of interest on loan, depreciation, O&M expenses, return on equity, interest on working capital, etc. and a variable cost corresponding to the energy charges (fuel charges). Ideally, the fixed charges levied on the consumer should reflect the cost of such capacity requirements of the consumer after considering the fixed cost of such system and diversity of load in the system.

2.8. Section 45 (3) of Electricity Act, 2003 also provides for the levy of fixed charges. This Section states that "The charges for electricity supplied by a distribution licensee may include – (a) a fixed charge in addition to the charge for actual electricity supplied;"

2.9. The Commission in its previous Tariff Order dated 26 June, 2003 had introduced fixed charges for most of the categories to recover certain component of the fixed costs. The Commission noted that with the existing tariff structure, the recovery from fixed charges is nominal as compared to the fixed costs of the licensees.

2.10. The Commission also pointed out that if fixed charges are removed, the energy charge would increase as the loss in revenue that was being earned by the licensee by way of fixed charges shall have to be compensated for by increasing the energy charge. Therefore, whether only energy charge is levied or energy charge as well as fixed charge is levied, the same ARR would have to be recovered from the consumers.

2.11. This view of the Commission was upheld by the Appellate Tribunal for Electricity in the matter of Udyog Nagar Factory Owners Association Vs. BSES Rajdhani Power Ltd. and Others in Appeal No. 131 of 2005. The Appellate Tribunal for Electricity in its Order dated 31 March 2006 observed that the rationale and relevance of fixed charges is well established in the electricity industry. Fixed charges are to be recovered as a part of the fixed cost of the utility through fixed charges, so that at least a part of the fixed cost is recovered even if there is no consumption by the consumer. It is to be recognised that when a consumer is connected to the system, the utility has to provide or keep in readiness certain capacity of the distribution system to serve the consumer. Skilled workforce and supervisory staff is kept on the job for monitoring the system, attending to emergencies, restoring the supply in the event of an outage, routine and periodic maintenance, meter reading, billing, bill delivery, defraying administrative expenses not directly related to the consumption of energy.

2.12. The Commission is of the opinion that the best method of levying fixed charges is on the basis of the sanctioned load, as other options do not representatively reflect the cost of providing the capacity requirements of the consumer.

2.13. One of the rationale, inter alia, for recovery of cost of the DISCOMs through two part tariff is that the DISCOMs purchases power from the generating stations for which they also have to pay the charges in two part, (i.e. fixed charges and variable charges) to the generators.

2.14. In consideration of the above, the Commission continues with the existing methodology of levying fixed charges.

Energy Conservation & Demand Side Management

Views of the Stakeholders

2.15. The stakeholders acknowledged that energy conservation has immense potential and there could be potential savings from such practices. The Stakeholders have submitted that DISCOMs should take concrete efforts in spreading messages for energy conservation practices. Publicity should be given by various agencies e.g. Government, BEE, SERCs and DISCOMs in print and electronic media.

2.16. The stakeholders have also suggested that there should be statutory restriction on sale of appliances which do not have a minimum prescribed star rating as an additional measure to promote energy conservation. At the same time, the energy efficient appliances should progressively be made cheaper, affordable and easily available to general public so that the full potential of energy efficient appliances can be tapped.

2.17. The stakeholders have suggested that there is a huge potential for savings from monitoring of street lights – as it has been observed that a large number of street lights are switched on even during the day. DISCOMs should offer various methods of energy conservation or other energy sources e.g. solar lights. Consumers should be educated for conservation of energy and power factor improvement.

Petitioner's Submission

2.18. The Petitioner has submitted that it has collaborated with various NGOs to spread the message for energy conservation among the stakeholders. Such projects aim to inculcate the feeling of conservation of energy in the minds of young children to make them better citizens of tomorrow. Consumers are educated on the various methodologies of electricity conservation through a series of seminars, workshops and group projects. The Petitioner mentioned that the consumers have been very receptive to such communication initiative.

2.19. In regard to imposition of restriction on sale of appliances which are not certified to be energy efficient, the Petitioner submitted that this is the prerogative of the statutory agencies and, the Hon'ble Commission may decide the methodologies to implement the same.

2.20. The Petitioner submitted that Solar light is an expensive proposition and would need Government intervention for its promotion.

2.21. The Petitioner submitted that it has taken the initiatives to promote CFL for energy conservation on subsidized rates and as a consequence there has been considerable savings of energy.

2.22. The Petitioner further submitted that it does not conduct any energy consumption analysis for the energy consumed by it. However, it follows energy conservation practices very actively and energy usage is actively monitored.

Commission's View

2.23. The Commission is of the view that there is a huge potential for savings from energy conservation practices that stakeholders can undertake.

2.24. The Commission has been taking up the issue of energy conservation, energy efficiency and demand side management with the DISCOMs of Delhi for quite some time. In the last MYT Order also, the Commission had stressed upon the various measures to be taken by DISCOMs for energy conservation and efficiency, the extract of which are given below:

2.25. "The Commission also desires the Petitioner to promote conservation of energy, energy audit and efficient use of energy in its area of supply. Sufficient measures should be initiated by the Petitioner to educate the consumers about different practices for conserving energy and encouraging optimum use of energy. The consumer should be educated by organizing consumer meets, lectures, seminars, workshops etc. so as to bring down the energy consumption and power purchase requirement of the Petitioner. Use of energy saving devices like CFLs and electronic chokes should be encouraged and different schemes should be brought out by the Petitioner to promote their use and adoption by the consumers. Energy Efficient products with higher star rating certified by the Bureau of Energy Efficiency should be encouraged for use by consumers which would ensure minimum electricity consumption and thereby, benefiting the consumer and also helping the energy balance. Bureau of Energy Efficiency has come out with the energy labelling of energy guzzling products like air-conditioner, refrigerators, electric water heaters etc. The Petitioner should take sufficient measures in making the general public conversant about these energy labelled products, the use of which will go a long way in optimising overall energy consumption and reduction in power purchase requirement of the Petitioner. The consumers should be inculcated with the habits of energy saving by public awareness programs".

The Commission has been holding regular sessions with distribution companies advising them to take specific action for implementing energy conservation and efficiency measures, some of which are mentioned below:

(i) Creation of dedicated DSM cell, managed by the designated officials of the DISCOMs.
(ii) Preparation of DSM plans.
(iii) Carrying out load research in a systematic manner.
(iv) Carrying out energy conservation awareness programmes in its area of supply using multimedia and other advance technology.
(v) Promotion of use of ISI marked and BEE labelled/ Star rated appliances among the consumers.
(vi) Conversion of un-metered connections into metered connections.
(vii) Other measures like shifting of peak loads, load staggering for reduction in peak demand.
(viii) Carrying out study to reflect the effect of DSM/energy conservation in the power procurement plans.

2.26. The Commission is keen to see that distribution licensees in Delhi undertake DSM initiatives, not only because DSM initiatives provides an opportunity for conservation of power use but also because these initiatives when integrated with supply, provides a least cost solution for distribution licensees to meet their power demand. The Commission has, therefore, directed the DISCOMs to make DSM an integral part of their day to day operations and to undertake planning, designing and implementation of appropriate DSM programmes on a sustained basis. Recognizing that distribution licensees would need regulatory approval to regulate cost associated with DSM programmes, the Commission is inclined to allow a certain amount in the ARR of distribution companies for DSM related activities including planning, designing, implementing, monitoring and evaluating DSM schemes. As the DSM schemes to be initiated by distribution licensees need to be cost effective for both the consumers as well as the DISCOMs and also it should have the ability to prune the peak load demand, the distribution companies would submit their DSM schemes to the Commission for its evaluation for cost effectiveness, capability to create other benefits in terms of reduction in peak demand or any other benefits. DISCOMs have also informed the Commission about the progress made by them in various activities in the field of DSM, energy conservation and energy efficiency. They have created DSM cells in their respective companies to pursue these issues more vigorously. The Commission has also recommended to the GoNCTD for bringing out various notifications for making use of energy efficient devices like CFLs, LED, T5, etc. mandatory for various sections of consumers. The Commission is also associating itself with institutions like Bureau of Energy Efficiency, Energy Management Centre of Government of NCT of Delhi etc. to work out various policies with regard to energy conservation and DSM.

2.27. In the recent past, the Commission has also arranged various technical sessions by Lawrence Berkeley National Laboratory (LBNL), USA, a premier research laboratory in US in the field of DSM, with distribution companies and the staff of the

Commission on demand side management. Lot of information and related material have been made available to the participants in these sessions on the issues like regulatory policies, pricing framework, market development etc. pertaining to demand side management. The Commission has also signed an MOU with LBNL, USA for exchange of information in the field of energy conservation, energy efficiency and demand side management. The MOU intends to explore the potential future collaborations in research and information exchange on policies and programmes related to energy efficiency.

2.28. In order to enable the Petitioner to pursue its energy conservation and demand side management program, the Commission approves a provisional expenditure of Rs. 10 Crs for the year FY 09-10. The Petitioner is directed to submit various schemes of the energy conservation program for approval of the Commission. This expenditure will be trued-up at the end of FY 09-10. If the results are encouraging, the Commission will consider increasing this amount on merits.

2.29. Apart from this, the Commission is also keen to promote the procurement of energy from renewable so as to encourage the use of clean fuel and to mitigate the pollution hazard. In its MYT Order, the Commission had stipulated that the DISCOMs shall try to procure 1% of total power from renewables. Though there is limited opportunity for power from renewable sources in a State like Delhi and there is an apprehension by the DISCOMs regarding its high cost, the Commission reiterates that the DISCOMs may try to procure 1% of the total power from all renewable sources including solar power so as to address the threat of global warming to some extent. DISCOMs may also look for the various incentives offered by Government of India for procuring power from renewables.

2.30. The Commission has approved two numbers of MSW plants producing energy from waste. These plants would produce 26MW of electricity and would use about 3000 Metric Tonnes of garbage a day. Both the projects were finalised through competitive bidding process.

Water Pumping Requirement

Views of the Stakeholders

2.31. The stakeholders have submitted that they have no alternative but to use pumps to lift the water in absence of required pressure released by the DJB, which necessitates installation of pumps.

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

2.33. The stakeholders have suggested that people should be encouraged to create underground sumps and harness the benefits of rain water harvesting to increase the fast depleting water table level of NCT of Delhi. Offering lower tariff to domestic stakeholders for non peak hours to induce water pumping during non peak hours was welcomed however Stakeholders expressed constraints as DJB supplies water only during peak hours.

Petitioner's Submission

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

Commission's View

2.35. The Commission has observed that the DJB supplies water through main pumping system during the peak hours and they also have the provision of secondary pumping, which can be streamlined in coordination with them for supplies during the non peak hours.

2.36. The Commission is of the view that if water supply can be arranged more efficiently during the non peak hours, this will bring down the peak consumption leading to reduction in costly power purchase and also improve the efficiency by way of improvement in the water pressure. The Petitioner and the DJB shall discuss this issue further for optimisation of energy consumption in pumping.

Peak Hour Tariff

Views of the Stakeholders

2.37. The Stakeholders submitted that the proposal for morning and evening peak hours is incorrect. In the morning there are hardly any commercial establishments which are functional. Infact, most of the consumption around that time would be domestic in nature. Therefore, there is no basis for implementing a higher tariff in the morning.

2.38. The Stakeholders also submitted that for domestic consumers a significant portion of power consumed cannot be shifted as these activities are time based. For instance the kitchen appliances (toaster, microwave etc) would be used at the time of cooking and it would be impractical to expect that the consumers would shift utilization of such appliances to other time of the day.

2.39. The stakeholders suggested that there should be proper incentives to Industrial consumers to undertake their operations during non peak hours. The DISCOMS are buying power at higher rates during peak hours to meet its commitments and it should not be passed on to the consumers.

2.40. The stakeholders have suggested that DISCOMs should take pro active steps e.g. publicity in print and electronic media to educate the consumers about the benefits of shifting their loads from peak hours to non peak hours, so that the peak hours requirement may be reduced and difference between peak hour requirements and non peak hour is reduced.

Petitioner's Submission

2.41. The Petitioner submitted that peak hour tariff has to be implemented as per the requirement of the Tariff Policy. The peak hours are different for summers and winters depending on the load pattern of the State. They further submitted that the tariff during peak hours is higher than the normal tariff because the cost of power purchased during the peak hours is higher.

2.42. The Petitioner further clarified that the DISCOMs have to resort to purchase of power from other sources (bilateral/UI) at higher rates because the fixed allocation from Central/State Generating Stations is not sufficient to meet the demand for energy in the State during peak hours. The Petitioner added that this additional purchase at higher rates is made to avoid load shedding. Implementation of peak hour charges is a tool of Demand Side Management which leads to smoothening of the Demand Curve. Smoothening of Demand Curve in turn leads to reduction in the power purchase cost, hence lowering the overall burden on the consumers in the ensuing years. The Petitioner clarified that on account of implementation of peak hour charges/demand side management there are no pecuniary benefits that would accrue to the DISCOMs and the entire benefit shall get passed on to the consumers and the sector by way of smoothening of demand curve, thus, bringing down the total power purchase cost.

2.43. The Petitioner further submitted that formulation of peak and non peak hours is at its evolving stage and the Petitioner will take due steps to educate the consumers about the same.

Commission's View

2.44. The Commission is aware of the gap between the peak demand and the peak supply in the NCT of Delhi. The Commission feels that if some sections of the consumers can be prompted to shift their demand from peak hours to off peak hours, the overall peak demand can be brought down to the extent that some of the expensive power purchase can be avoided. Similarly, the Commission also feels that to prevent the inefficient usage of electricity during the peak hours, a surcharge can be levied during the peak hour usage of power. However, in the absence of relevant information and taking cognizance of the present power scenario, as a first step, the Commission has introduced seasonal tariffs for the Industrial category as mentioned in the new tariff schedule.

Time Differential Tariffs

Views of the Stakeholders

2.45. The Stakeholders submitted that there is a need to educate on the operational parameters of Time Differential Tariff. The stakeholders further mentioned that prior to implementation of differential tariff, proper deliberation should be done. The Stakeholders have also submitted that the electronic meters should be enabled to record power consumption with proper recording of time period. One of the stakeholders submitted that the DISCOMs are buying power for shopping malls which is procured at a higher rate and hence they should be charged a higher tariff.

Petitioner's Submission

2.46. The Petitioners submitted that Time Differential Tariffs would result in smoothening of demand curve which ultimately results in savings for the consumers by way of lower power purchase cost.

Commission's View

2.47. The Commission is conscious of the fact that there has been a gap between energy requirement and energy availability in the State of Delhi and as a result, costly power is arranged to meet the peak demand which increases the total power purchase cost. The Commission, therefore, feels that to prune the peak demand, some section of the consumers can be encouraged by way of a tariff surcharge/rebate to shift their demand from peak hours to off peak hours. The Commission is, therefore, inclined to introduce seasonal tariffs for industrial category of consumers to make a beginning in this area. The reduced tariff that would be applicable on consumption during winter season is as given in the new tariff schedule.

2.48. The issue of Time of Day (ToD) tariff has been receiving attention of the Commission. In the MYT Order for 2008-09, the Commission held a view that ToD can be introduced on voluntary basis as a pilot project to seek its efficacy and results. Necessary load research is also required to ascertain the feasibility of shifting of loads from peak to off-peak periods. This needs to be pursued vigorously by the Petitioner.

2.49. In the mean time, the Commission has analysed the availability of power and average power purchase cost for various months. While the availability of power during the period April to September is rather limited, thereby pushing up the cost of power purchase during these months, during the period October to March the availability of power is better and therefore, average power purchase cost during these months is also lower. Accordingly, the Commission has followed the same trend in fixing the tariff in case of some of the cross subsidising consumers. The seasonal pricing as it is done in these categories may also help in energy conservation, leading to overall benefits to the system.

2.50. Regarding the issue of charging higher tariff to the Shopping Malls, etc., Hon'ble ATE has, in case of Kashi Vishwanath Steel Rolling Mills vs. Uttrakhand ERC, held that marginal tariff, i.e. higher cost of power procurement cannot be charged to any consumer and only average cost of power purchased be charged.

Electronic Metering

Views of the Stakeholders

2.51. The Stakeholders expressed concern over the accuracies of the electronic meters. It was submitted that the accuracy level of ±2.5% is on the higher side considering the sensitivity of the electronic meters.

2.52. The Stakeholders submitted that staff of the DISCOMs verifies the meters on frequent basis (sometimes even weekly) and, it is observed that the field staff which visits the premises for verification, is mostly the staff of the Contractors and not authorized personnel of the DISCOMs. The Stakeholders also suggested that third party (Weights & Measures Department of Government of India) verification of faulty meters should be undertaken.

2.53. The Stakeholders further submitted that in case of burnt meters, the analysis of reasons behind the burning of the meters is not done in the presence of the consumer and the responsibility for burnt meter is mostly passed on to the consumer and the cost of meter replacement is charged to the consumers. The Stakeholders suggested that DISCOMs should undertake an insurance policy for such an expense and the cost of replacement should be met from the insurance claims.

2.54. The industrial consumers have further submitted that the meters should also be enabled to record the failure /load shedding i.e. the duration for which the power was not supplied by the DISCOMs.

Petitioner's Submission

2.55. The Petitioners have submitted that meters are procured from only 'A' class manufacturers and number of steps are being taken at every stage starting from vendor selection to procurement to manufacturing to testing and final supply of meters to ensure that the meters are error free. The Petitioner also submitted that the Electronic Meters installed are ISI marked and are tested for quality and accuracy as per IS 13779:99 prior to installation. It is technically/commercially not feasible / viable to make meter which has 0% error. The margin of error allowed is +/-2.5% under the field conditions as per IS 15707-2006 – Indian Standard for Testing, Evaluation, Installation and maintenance of AC Electricity Meters – Code of Practice issued by Bureau of Indian Standards. The Petitioner also submitted that the electronic meters are accurate up to the limits specified by the Central Electricity Authority. The prescribed permissible tolerance limit is ±1% under the lab conditions.

2.56. The Petitioner welcomed the suggestion for meter testing by third parties. It was clarified that agencies that can undertake meter testing are required to be accredited by NABL. In Delhi there are two certified agencies namely; CPRI and ERTL. Both these agencies are permitted to carry out meter testing. The Petitioner also mentioned that the existing meter testing laboratory of the Petitioner is accredited by NABL.

2.57. The Petitioner also clarified in regard to faulty meters that aggrieved consumers are intimated of the specific date and time when their meters would be tested/ opened and consumers are requested to be present at the time of opening of the meters.

2.58. The Petitioner mentioned that the meters are checked frequently, primarily on account of system disturbances or on account of improper functioning of modem of the meter. The Petitioner advised that consumers should always verify the identity of the person visiting their premises and should call the consumer helpline in case of any suspicion.

2.59. The Petitioner submitted that in cases of burnt meters, replacement of meter is done within 48 hours and temporary direct connection is provided until the burnt meter is replaced. However, in the cases of theft, the meters are disconnected and no temporary connection is provided.

2.60. The Petitioner submitted that the electronic meters are capable of reading the interruptions. This information can be provided to the consumers at the direction of the Hon'ble Commission.

Commission's View

2.61. It is clarified that the Commission has specified Delhi electricity Supply Code and Performance Standards Regulations which mentions the accuracy levels of the electronic meters as specified by CEA. As per CEA Regulations 2006, the consumer meters shall be of class one static type and shall conform to the requirements given in the relevant Indian Standards. So the limits given in the relevant Indian Standards are applicable for testing of meters. Further, the Commission has authorized NABL accredited Laboratories, ERTL & CPRI for testing of consumer meters. Consumers who are desirous of getting their meters tested can approach either of these agencies and get their meters tested. Regarding recording of features like supply outages/interruptions in the meter, the Commission holds that the consumers having load above 100 KW could be provided with this information by the distribution companies. In this regard, the DISCOMs shall approach the Commission with the proposal regarding information that can be captured by the Electronic meters and are useful to consumers, and can be provided to them, for approval of the Commission. This proposal shall be sent to the Commission within two months of issue of this Order.

2.62. Regarding dealing with the cases of burnt meters etc., the Commission directs the distribution company to strictly follow the procedure in accordance with the relevant provisions of Delhi Electricity Supply Code and Electricity Act 2003.

Street Lighting

Views of the Stakeholders

2.63. The Stakeholders submitted that street lights are improperly managed. There are various areas where the street lights are not switched off during the day. It was pointed that DISCOMs are responsible for the management of the street lights. It is important that the street lights should be switched off during the day as this would lead to conservation of precious energy.

2.64. The Stakeholders further submitted that there are various areas where the street lights are not functional and the DISCOMs have not taken due cognizance of this despite several reminders.

2.65. The stakeholders also submitted that Street lights should be supplied through meters to avoid wastage and, tariff thereon may be charged at commercial rates. The stakeholders further enquired as to whether street lights are considered in ARR and, who is paying the maintenance charges and electricity charges of Street Lights?

Petitioner's Submission

2.66. The Petitioner submitted that they shall look into the instances of street lighting immediately and appreciated the concern of the stakeholders for conservation of energy. The Petitioner assured that they would look into specific localities where the street lights are malfunctioning and get those repaired on priority.

2.67. The Petitioners further submitted that majority of the streetlights in their area of supply are of the MCD. They have requested the MCD to provide details of all their assets so as to ensure proper metering and billing of the same. They have also apprised the MCD that all unauthorized street light connections need to be regularized. Moreover, as the maintenance charges were fixed in the year 2004, the Petitioner has filed a petition before the DERC for revision of the maintenance charges in view of the escalation in costs. The hearings have been completed and decision of the Commission is awaited.

Commission's View

2.68. The Commission has directed the Petitioner vide Order dated 4th August 2008 to supply electricity through meters and complete installation in a time bound manner and submit report to the Commission within three months from the date of Order.

2.69. The Commission directs the Petitioners to rectify the faulty street lights without delay and ensure that in future there is no wastage of energy on account of street lights continuing to function during day time.

2.70. Testing of street lights during day time need not necessarily be done by switching on sections of street lights. The Commission is of the view that the defective street lights could be identified by prior inspection/complaints received and testing of the street lights could be done with power kits available in the inspection van instead of energising the entire street lights on a particular stretch.

2.71. The Commission also directs the Petitioner to meter all the street lights at the earliest and submit the status of the street lights metered in their respective distribution area to the Commission by the end of first quarter of the respective financial year.

Independent Audit

Views of the Stakeholders

2.72. The stakeholders submitted that the accounts of the Petitioner should be subjected to CAG Audit as there is a government investment in the company. In the absence of CAG Audit, the Stakeholders proposed that there should be a third party audit.

2.73. The Stakeholders further submitted that the Petitioner undertakes various related party transactions with many of its sister concerns who are in complementing businesses. It is therefore important that the Petitioner should be subjected to an independent audit.

Petitioner's Submission

2.74. The Petitioner (BRPL and BYPL) submitted that the Commission approves their ARR, which is akin to a third party audit. However, it is open to any third party audit of its accounts. The Petition er further submitted that all transactions with its sister concerns are undertaken through open and competitive bidding route. The Petitioner added that all such transactions are on arms length basis and these transactions are disclosed in the audited Annual Report of the Petitioner.

2.75. In regard to the CAG Audit, the Petitioners (BRPL, BYPL and NDPL) submitted that as they do not receive any government support in the form of grants, loan or funding etc. and hence they are not covered under the CAG Audit. The Petitioner added that it had approached the CAG to audit its books of accounts. However, the CAG expressed its inability to audit their Accounts, as it can audit accounts of government companies only.

Commission's View

2.76. The Commission is of the view that the Petitioner is a company incorporated under the provisions of the Companies Act, 1956. Presently, there is no such provision of CAG audit in respect of private companies. So far as the related party transactions are concerned the Commission has given directions to the DISCOMs to disclose and take prior approval in respect of all the transactions with the related parties, the value of which exceeds Rs. 1 Crore. The accounts of the company are audited internally and by statutory auditors as per the requirements of the Companies Act 1956. The Commission has also given a direction to the DISCOMs to maintain the Regulatory Accounts separately. The Commission directs the Petitioner to submit the Regulatory Accounts maintained by them to the Commission for scrutiny every year along with the filing of petition.

Payment of Bills through Cheque

Views of the Stakeholders

2.77. The Stakeholders submitted that the DISCOMs refuse to accept subsequent payments through cheque for a year if payment through cheque bounces once. The stakeholders expressed that this policy subjected them to undue hardships as there could be an instance where the cheques could bounce for reasons other than availability of funds in the bank account of the consumer (for instance mismatch of signature). The Stakeholders therefore submitted that the practice of not accepting payment through Cheques due to one instance of bouncing of cheque is not a fair practice and should be reviewed. It was proposed that at least two consecutive instances should be considered to stop accepting payment through cheques from the consumers.

2.78. The Stakeholders further submitted that Banks do not provide cheque books to Blind consumers. Therefore such consumers have to pay their electricity bills in cash. Such consumers have expressed concerns that the DISCOMs do not receive payment in cash where the bill amount exceeds Rs.4000/-. The Stakeholders have therefore submitted that this limit should be revised.

Petitioner's Submission

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

2.80. The Petitioner further acknowledged that currently consumers could pay their electricity bills through cash only up to Rs.4000/- and this could cause practical difficulties to consumers who are blind. However, the Petitioner expressed its limitation and submitted that the Petitioner has been obeying the directive issued by the Hon'ble Commission that the Petitioner is allowed to receive payment for the bills in cash for bills amounting up to Rs.4000/- only. The Petitioner therefore submitted that the Hon'ble Commission may issue a revised directive in this regard.

Commission's View

2.81. The Commission is of the view that one instance of bounced cheque should not be considered sufficient to stop receiving payment through cheque from the consumer. This would put a large segment of consumers into practical difficulties. The Commission appreciated the revised payment policy proposed by the Petitioner and directed the Petitioner to implement the revised policy from this tariff year.

2.82. In regard to the cash payment limit of Rs.4000/- the Commission acknowledged the practical difficulty faced by the blind consumers and directs the Petitioner to accept the cash payment above Rs.4000/- for payment of electricity bills by the blind consumers from this tariff year.

Delhi Metro Rail Corporation (DMRC)

Views of the Stakeholders

2.83. DMRC has submitted that it should be provided electricity on cost to serve basis. DMRC explained that it draws power from 66 KV line at the junction of Transco and DISCOM and the entire distribution network and system beyond the junction point is owned, operated, maintained, serviced, upgraded and utilized exclusively by DMRC, without any intervention of the services rendered by DISCOMs. Considering this aspect the power tariff applicable to DMRC should not factor the distribution losses.

Petitioner's Submission

2.84. The Petitioner submitted that special consideration has already been given to the DMRC. The Petitioner ensures that regular power is made available to the DMRC even if it has to purchase power at higher cost though bilateral power purchases.

Commission's View

2.85. The Commission acknowledges that DMRC is an essential service being serviced by different distribution licensees in the NCT of Delhi, and the DISCOMs should ensure that DMRC receives uninterrupted power supply. The Commission has, in consideration of this fact, fixed the tariff of the DMRC (in the MYT Distribution Order, 2008-11 for FY 07-08) based on cost to serve. The Commission feels it appropriate to continue with the same principle, for the notified duration of the tariff schedule, as fixed in the MYT Distribution Order, 2008-11.

Delhi International Airport Limited (DIAL)

Views of the Stakeholders

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

Petitioner's Submission

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

Commission's View

2.88. The Commission understands that airports play an important role in the economic development of the country. The Commission is in the process of reducing the cross subsidy to the levels proposed by the Government of India over a period of time. The Commission also acknowledges that the airport operations carry a mix of activities however, the metering in the existing system is integrated and it will be difficult to segregate the commercial operations from purely aviation services. Hence, till the time the commercial activities within the airport separately metered, the Commission proposes that an average tariff be charged from DIAL, which shall be lower than the existing non domestic charges applicable to them.

Railways Traction Tariff

Views of the Stakeholders

2.89. The stakeholder submitted that currently their metering is done at the grid substation of the Petitioner instead of being done at their premises (i.e. railway traction sub-station) as per the provisions of the Electricity supply code of DERC.

2.90. Further the stakeholder submitted that the railways provide core services and as such a lower preferential tariff should be applicable to them. This is also considering the fact that the cost of service to the Indian Railways is comparatively lower than other category of consumers. Indian Railways draws power from a 66 KV line and the entire distribution network and system beyond the junction point is owned, operated, maintained, service, upgraded and utilized exclusively by Indian Railways, without any intervention to the services rendered by DISCOMs.

2.91. The stakeholder further submitted that in the case of fixed charges, billing is done at higher of the contract demand or the recorded demand. However, this is not the case in other states. In majority of the other states the billing is done at higher of the 65% of contract demand or the recorded demand. The stakeholders therefore submitted that a similar policy should be brought in the NCT of Delhi also.

Petitioner's Submission

2.92. The Petitioner acknowledged that the Northern Railways is one of the key stakeholders and the railways provide a crucial service to the nation. In regard to lowering of tariff the Petitioner submitted that the consumption of energy by Northern Railway has increased over the years and it has to purchase costlier power to meet the increased demand. Unlike other countries, India does not follow a cost to serve model for industrial / other organizations. Further, it mentioned that Tariff determination across the consumer categories is the sole prerogative of the Hon'ble Commission and they do not have any role in the same.

Commission's View

2.93. The Commission acknowledges the critical role played by the railways in the economic development of the nation.

2.94. The Commission noted the submissions of the railways that metering is not done at its premises. The Commission directs the Petitioner to abide by the supply code Regulation in respect of installation of meter at the consumer's premises.

2.95. In regard to the higher tariff rates the Commission is in the process of reducing the cross subsidy to the levels proposed by the Government of India over a period of time. As a first step, the energy charges are reduced in the current tariff year as indicated in the tariff schedule. The railway traction tariff will be charged as per the rate indicated in the tariff schedule.

Delhi Jal Board (DJB)

Views of the Stakeholders

2.96. DJB has submitted that it is in the business of social service and as such it should be provided power on a cost to serve basis. DJB has requested for fixation of special concessional tariff for electricity supply to its installations. To substantiate its submissions DJB has also mentioned that in other Metros like Chennai, Jal Boards receives electricity at subsidized rates.

Petitioner's Submission

2.97. The Petitioner submitted that unlike Delhi, the electricity distribution in Chennai has not been privatized. The Petitioner submitted that in Chennai both the entities (electricity distribution and water supply) are government owned and therefore it does not make a difference to the government as it essentially means transfer of funds from one account to the other.

2.98. The Petitioner submitted that DJB should rationalize its power consumption requirement by effective utilization of its pumping stations during off peak hours.

2.99. Further, the tariff determination is the prerogative of the Hon'ble Commission and they would abide by the final decision of the Commission.

Commission's View

2.100. On being enquired by the Commission, DJB informed that majority of its pumping stations have been metered and the remaining would be metered by the first quarter of FY 09-10. The Commission acknowledged that the DJB is carrying out a crucial activity for the society at large. DJB is presently charged MLHT tariff, for which certain rebates are also provided. As a first step towards cost to serve, the energy charges for DJB excluding office and domestic connections are reduced to the level indicated in the tariff schedule for all metered connections. Wherever meters are not installed, they shall be installed within two months time. So far as the concessional tariff is concerned, it is the considered view of the Commission that it would be ideal to fix electricity tariff for all consumers on cost to serve basis and any subsidy based on socio-economic factors or otherwise should be extended by the State Government and electricity tariff is not the medium to promote social causes.

Security Deposit

Views of the Stakeholders

2.101. The stakeholders submitted that they have experienced operational issues in receiving the refund of Security Deposit from the Petitioner.

Petitioner's Submission

2.102. The Petitioner submitted that the refund of the security deposit is required to be made to the person who is registered as the consumer.

2.103. The Petitioner further submitted that it faces practical difficulties in making refunds for those connections which pertain to the DVB period. This is on account of unavailability of complete records for DVB period. The Petitioner therefore insists that the Consumer should bring in the original security deposit receipt for claiming the refund of security deposit. For cases which pertain to the period after the privatization, the DISCOMs have been making refunds without insisting on receipt of security deposit as information in such cases is readily available with the Petitioner.

Commission's View

2.104. The Commission feels that a practical solution to mitigate the hardship faced by the consumer has to be evolved. All the DISCOMs may work out the procedure and implement it so that consumer is not put to inconvenience. The DISCOMs may approach the Commission for approval of the same within two months of the issue of this Order.

Own Power Generation

Views of the Stakeholders

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

Petitioner's Submission

2.106. The Petitioners have submitted that there are proposals to set up electricity generating units at Jhajjhar, share in the DVC etc. to arrange and meet the long term power requirements. NDPL has also submitted that they have planned to procure 300MW of power from a joint venture of TATAs/ DVC and also setup 108 MW as captive generation plant. It is expected that the project of 108 MW shall be implemented within 10 months from the date of environment clearance.

2.107. However, there is a centralized power procurement agency i.e. Delhi Power Procurement Group; and, DISCOMs are also represented in that group. DISCOMs have purchased electricity from other States. There are arrangements for bilateral purchase and banking of power also. There are several projects in process for power supply to Delhi and it may improve power supply conditions by the end of year 2010.

Commission's View

2.108. The Commission feels that arrangement of power by the DISCOMs should be seen in totality and not in isolation to setting up of generation plant. The objective is that the quality and affordable power should be available to the consumers of NCT of Delhi as per the requirement. The Commission directs the DISCOMs to make all efforts to arrange/procure power from long term sources as well as expedite the setting up of power plants to have reliable and regular supply of power.

Billing Cycle

Views of the Stakeholders

2.109. The stakeholders have submitted that as per Electricity Act, 2003, there should be 15 days notice period to pay the electricity bill from the date of receipt of bill to the consumer. But the consumers receive the electricity bills very late.

2.110. Another point raised by the stakeholders (other than domestic stakeholders) was that sometimes maximum demand is more than the sanctioned load in a particular month and penalty is charged @30% in month of default and in the subsequent months also.

Petitioners' Submission

2.111. The Petitioners have submitted that consumers get 15 days time for paying the bills after the same is received which is justified and in line with the Regulations. In the event of consumer not getting 15 days time for the payment DISCOMs does extend the due date of payment.

2.112. The Petitioners have further submitted that in case connected load exceeds sanctioned load, a surcharge of 30% is levied as per the MYT Distribution Order. If DISCOMs have levied surcharge for the subsequent months also, they shall refund such money.

Commission's View

2.113. The Commission is of the view that a clear notice of 15 days should be provided to the consumers for payment of bills as per the Delhi Electricity Supply Code Regulations.

2.114. The MYT Distribution Order clearly states the following in reference to the levy of surcharge- *"For all categories other than Domestic, Fixed/Demand charges are to be levied on sanctioned load or MDI reading, whichever is higher, on per kW or part thereof basis. Where the MDI reading exceeds sanctioned load, a surcharge of 30% shall be levied on the fixed/demand charges corresponding to excess demand in kW for such billing cycle only."*

2.115. As regards the levy of surcharge, for the subsequent months, if the aggrieved consumer is not in default, consumer may approach the respective DISCOMs for refund thereof, as assured by the Petitioner.

JJ Clusters

Views of the Stakeholders

2.116. The stakeholders have submitted that JJ clusters should be atleast charged at the lowest slab for the domestic consumers. Electricity supply to the JJ clusters needs to be charged as per their actual consumption. Before any step for hike in power tariff is taken by the DERC, pilferage of power must be stopped particularly in industrial / JJ Slum areas and interference of politicians may not be entertained. There should not be any disparity in the fixed charges. JJ Clusters are pilfering and they are also not paying the fixed charges.

2.117. The stakeholders have also submitted that about 21600 connections in JJ clusters are still un-metered. DISCOMs should take consistent efforts to meter all the remaining connections to reduce AT&C losses and improve the collection efficiency.

Petitioners' Submission

2.118. The Petitioners have submitted that any form of subsidy for any consumer category is decided by the GoNCTD and is compensated in advance. DISCOMs pass on the same to the respective consumer category as per the guidelines. Further, the Hon'ble Commission should decide on this matter.

2.119. The Petitioners also submitted that they agree with the observation of un-metered connections put-forth by the stakeholders and are trying their level best to convert all such JJ cluster connections into metered connections and hope that this exercise will be completed by end of FY 08-09. There were approx 30,000 such consumers in NDPL area, out of which 50% applied for metered connection under amnesty scheme launched last year and are being provided with metered supply now. Further, to motivate and bring all such consumers into metered connection, NDPL has launched a scheme of providing an LIC policy to all those consumers who opt for metered connection. However, the Hon'ble Commission may decide on the discontinuation of fixed tariff for JJ category.

Commission's View

2.120. The Commission had dealt with the matter of charging tariff from JJ Clusters in the MYT Distribution Order, 2008-11 under the heading " Tariff structure - JJ Clusters" in the Chapter Tariff Design", which is reproduced below:

> "5.55 *The Commission has separately dealt with the tariff for JJ Clusters while processing the Petition filed by DISCOMs in the matter of "Waiver of Development Charges for JJ Clusters" and issued the Order on March 26, 2004. In this Order, the Commission had approved the tariff for JJ Clusters and had mentioned that "in addition to the cost borne by the consumer for the infrastructure, for the energy consumed, every consumer will pay Rs 175.00 per month. The Commission considering the fact that these consumers belong to economically weaker sections of the society had decided not to increase the tariff and had retained the tariff at Rs 175.00 per month. The Commission believes that this will result in several benefits to the system such as these consumers will become part of network which will avoid unpredictable overloading of system. This will also increase the revenue substantially which otherwise would have to be borne by other consumers*.
>
> *5.56 The Commission retains the same arrangements for the Control Period as well. However, the Tariff Policy stipulates 100% metering of the energy sales. Therefore, the Commission directs the Petitioner to install meters in JJ cluster and bill them as per the applicable tariff for domestic category slabs. The Commission has noted that the Petitioner in its petition has assumed that all JJ cluster consumers will be metered by FY10 and this category may not be necessary thereafter*.
>
> *5.57 The issue of charging non-domestic tariff to the small commercial establishments being run in JJ Clusters has also been raised by the DISCOMs.*

5.58 The consumers running small commercial establishments from their households in JJ clusters shall be charged domestic tariff provided that their total consumption of electricity in a month does not exceed 200 units.”

2.121. The Commission has also given a relaxation that all the cattle/ dairy farms across Delhi with a total consumption of not more than 200 units in a month and connected load of upto 2KW be charged domestic tariff. However, it is made clear that in case the consumption in a month exceeds 200 units, the total consumption including the first 200 units shall be charged at non domestic rates as applicable to the consumers falling in the NDLT-1 category.

2.122. The process of installation of meters in JJ Clusters is an important issue. The DISCOMs are directed to carry out the necessary mandate in this regard and ensure compliance to the Directives issued earlier.

Subsidized Tariff

Views of the Stakeholders

2.123. Charitable Hospitals have submitted that they are not commercial establishments and their main objective is to provide health services to general public at concessional rates. Basti Vikas Kendra has submitted that they run organization for women empowerment in slum areas however they are charged for electricity at commercial rates. These charitable organizations have submitted that they should be charged electricity at subsidized rates.

2.124. Further, RWAs have submitted that they should be charged domestic rates for their small offices instead of commercial rates because RWAs are not business entities.

2.125. A request for subsidized tariff was also submitted by senior citizens.

Petitioners’ Submission

2.126. The Petitioners have submitted that there is no separate category for Hospitals/Basti Vikas Kender/RWAs/Senior citizens for charging the electricity tariff at domestic rates/subsidized rates. However, the Hon’ble commission may like to decide on this subject.

Commission’s View

2.127. The Commission had dealt with the matter of providing concessional tariff for electricity in the MYT Distribution Order, 2008-11 under the heading “ Concessional Tariff for Senior citizens, Places of Worship and Educational Institutions etc. run by NGOs on land given by MCD/GoNCTD”, which is reproduced below:

"2.9 *Regarding concessional tariff for senior citizens, the Commission reiterates that it is not practical to have a separate category with lower tariffs for senior citizens, considering the difficulties in implementation and ensuring that the connection is used by bonafide senior citizens only. The Commission would not like to create any new category of consumer which would increase the cross subsidy element in the tariff. However, the request of the senior citizens to treat them as a special category for extending courtesy by DISCOMs is agreed to and it is desired that the staff of the DISCOMs be sensitised in dealing with senior citizens and also to make sure that the bills pertaining to senior citizens are identified separately for this purpose.*

2.10 Regarding domestic tariff for educational institutions and Basti Vikas Kendra etc. run by NGOs on land given by MCD/ GoNCTD, the Commission is of the view that extending any further concession would be a retrograde step and will increase the cross subsidy element. It would be ideal to fix electricity tariff for all consumers on cost to serve basis and any subsidy based on socio-economic factors or otherwise should be extended by the State Government The Commission also feels that the State Government should bear the expenses for supporting the weaker sections of society and this responsibility should not be thrust upon other section of consumers."

2.128. In consideration of the above, the Commission continues with the existing methodology and the stand taken by the Commission in the MYT Distribution Order, 2008-11 is reiterated.

General complaints

Views of the Stakeholders

The stakeholders stated that:

2.129. The grievances of the consumers are handled by CGRF which is only an extension of the Petitioner and there is lack of dedicated team for specific consumer areas to look into redressal of their grievances independently.

2.130. DISCOMs are providing free electricity to their employees. DVB properties are being used as guest houses and rented out by the DISCOMs.

2.131. DISCOMs should take initiatives to organize the consumers. DISCOMs should organise a quarterly meeting with RWAs so that a mechanism to resolve their grievances exists throughout the year.

2.132. DISCOMs should take approval from MCD before construction/ renovation of their premises.

2.133. Out of order transformers are replaced after delays and there should be no 50:50 sharing between the DISCOMs and consumers towards the cost of replaced transformers.

2.134. Industrial consumers face lot of difficulties for getting new industrial connections.

2.135. Consumers have no option for choosing DISCOMs. The DISCOMs are behaving monopolistically forcing consumers to pay whatever is demanded.

2.136. Since economy has grown considerably resulting into enormous increase in consumption of electricity by all categories of consumers, the initial slab should be raised to 400 units. SIP/LIP limits should also be revised.

2.137. Copies of petitions should be provided free of cost; and, TA/DA should be given to consumers also as DISCOM employees attend public hearings at the cost of consumers only.

2.138. DISCOMs should provide full details of important data as well as their working in Excel sheets, in their advertisements.

2.139. Petitions filed by DISCOMs are not properly notarized.

2.140. Since DISCOMs are only companies registered under the Companies Act, and no joint venture has been formed or notified till date, the submission of ARR is without authority of Law and the Commission can not take cognizance of the ARR filed by the Companies.

2.141. DISCOMs not being Government Organizations, there should be no increase in salaries of their employees.

2.142. Benefit of reduction in losses should be passed on to the consumers. For this purpose, there ought to be an area-wise energy audit of all the DISCOMs.

2.143. There should be no disparity in tariffs charged by different DISCOMs as all of them fall under the jurisdiction of DERC only and consumers should not be penalized for their poor performance.

2.144. It is not justifiable to consider the DISCOMs' petition at this stage as the Appeals are under consideration of the Hon'ble ATE and the decision of Hon'ble ATE is still awaited.

2.145. DISCOMs should provide advance information regarding shut-downs to the consumers and there should be alternate supply measures during shut down period. The power cuts should be scheduled to reduce power purchase cost.

2.146. BSES Companies viz. BRPL and BYPL should have separate CEOs.

2.147. Energy conservation beyond a specified limit should attract rebates and, DVB arrears should not be passed on to the consumers.

2.148. Whether DISCOMs are billing staircases and police stations?

2.149. Standards of Performance Regulations, 2007 are not being followed by DISCOMs. Increase in tariff should be linked to increase in penalties.

2.150. A Technical Expert Committee should be constituted to analyse the petitions filed by DISCOMs as the audit conducted by ECAC is not satisfactory.

2.151. Consumers have to use inverters and UPSs in their houses and offices during power cuts which indicate that the DISCOMs are not concerned about the uninterrupted power supply.

2.152. Every meter should have an Earth Leakage Indicator.

Petitioner's Submission

The Petitioner stated that:

2.153. As per the relevant provisions of the Electricity Act 2003:

"*Every distribution Licensee shall, within six months from the appointed date or date of grant of license, which-ever is earlier, establish a forum for redressal of grievances of the consumers in accordance with the guidelines as may be specified by the State Commission*."

The Hon'ble Commission notified the Delhi Electricity Regulatory Commission (Redressal of Consumers' Grievances) Regulations, 2003 on 10 June 2003. Accordingly, the Licensee, for the purpose of appointment of the Chairman and members of the CGRF, invites applications through public advertisements. The final appointment of the members of the CGRF is made with the approval of the Commission. Accordingly, the Petitioner has established the CGRF consisting of members independent of the Petitioner and as approved by the Hon'ble Commission.

Further, DISCOMs have welcomed the proposal for locating the CGRF to an independent location away from the existing premises of the Petitioner.

DISCOMs have Circle Officers dedicated to attend to the Consumer Grievances.

2.154. DISCOMs are providing free electricity to DVB employees only under the transfer scheme and there is no free electricity to other employees.

2.155. Staff quarters are used by legal occupants and, wherever occupied illegally, litigations have been initiated.

2.156. Periodical meetings of the consumer are conducted with the CEO of the DISCOMs under the name 'Aap ke Dwar' (BRPL/BYPL) and also, regular monthly meetings are held to sort out the consumer grievances. NDPL do not feel the need of senior officers meeting consumers, since powers are delegated to field level officers.

2.157. There were temporary constructions in the DISCOMs' premises and the same have been removed now. Further, the buildings have been renovated internally only and there are no new constructions. Therefore, MCD permission is not required.

2.158. There is a prescribed procedure for the installation of new transformers and DISCOMs have to follow it. It was admitted that there was unreasonable delay in one case and the DISCOMs promised to improve such situations in future. The Petitioners have also submitted that whenever transformers are replaced, it is replaced as per requirement of safety measures. Where a consumer or a group of consumers is required under the Rules to share the cost of a transformer, it would not be appropriate to charge other consumers also for transformers installed in a specific area by charging the expenses to ARR.

2.159. DISCOMs have to follow the laid down procedure for a new connection i.e. industries should have a valid license from MCD, land should be in the name of applicant etc. For these reasons, delay occurs for new industrial connections.

2.160. There are no parallel lines of DISCOMs in the same area. DISCOMs are allotted a specified service area and they have to supply electricity in that area only. However, they are working as a regulated entity and have to strictly follow all the Rules & Regulations of DERC.

2.161. While the Hon'ble Commission may like to decide on this subject of various slabs for domestic consumers as it has the sole power to determine tariff, it is also to be seen that the consumers of economically weaker sections of society who consume lesser number of units (i.e. less than 200 units a month) would suffer after agreeing to this proposal as they would also have to pay higher tariff. It is worthwhile to point out that tariffs are fixed by DERC taking various factors into account (cross subsidy etc) so that the total costs of the DISCOMs are recovered through tariffs.

2.162. The DISCOMs provide petition's copy at a nominal charge of Rs.100/-. If, they do not charge this nominal cost, then it may become a burden to the ARR. As far as grant of TA/DA to consumers for attending public hearings is concerned, it is the sole prerogative of the Hon'ble Commission, but in case it is agreed to, it will be charged to ARR , if, permissible.

2.163. All the details are available in the petition filed by the DISCOMs to the Commission, which is available at a nominal cost of Rs.100/- at the DISCOMs premises.

2.164. All the petitions are properly notarized.

2.165. The DISCOMs were duly formed under the transfer scheme notified by the GoNCTD and, to the best of their knowledge they have not violated any law relating to the formation of the Company.

2.166. The salaries of DVB employees are increased only under the Transfer Scheme.

2.167. As per present Regulations, it is not possible to consider AT&C loss for specified area separately.

2.168. DISCOMs have to charge tariff as prescribed by Hon'ble Commission. However, the Hon'ble Commission may like to decide on the subject.

2.169. The Petition is filed as per Regulations notified by the Hon'ble Commission. However, outcome of petitions may be considered at later stage.

2.170. The information regarding power cuts is provided to the consumers through news items in leading newspapers in Delhi. There is a centralized power procurement agency i.e. Delhi Power Procurement Group and DISCOMs are members of the group. DISCOMs purchase electricity from other States. There are arrangements for bilateral purchase and banking of power also. There are several projects in pipeline for power supply to Delhi and it may improve power supply conditions by the end of FY 2010.

2.171. Presently, the CEO for BRPL and BYPL are same.

2.172. DVB arrears should be borne by the Government and should not be passed on to the consumers.

2.173. All the police stations and stair cases are metered.

2.174. In compliance with the Hon'ble Commission's Guaranteed Standard of Performance and overall Standard of Performance of Delhi Electricity Supply Code and Performance Standards Regulations, 2007 and Hon'ble Commission's letter no F,7(46)/DERC/2007-O8/1212 dated 19.06.2008 regarding the submission of MIS of Performance Standard Monitoring, DISCOMs are submitting the details in the prescribed format on monthly and Quarterly basis. As per 11.2 of the MYT Regulations, 2007 DERC has undertaken the performance review of the Technical parameters and the compilation of data for the year 2008 has been submitted. DISCOMs would like to assure the consumers that any assessment made for the faulty period/meter is as per the regulations specified in Delhi Electricity Supply Code and Performance Regulations Standards, 2007.

2.175. The suggestion to constitute Technical Expert Committee to analyse petitions filed by DISCOMs is welcome. However, the Commission has hired Consultants to analyse the ARR.

2.176. Usually adequate power is arranged by the DISCOMs through long term/short term /bilateral arrangements as well as Banking etc. However, certain situations are beyond the control of the DISCOMs because of which the load shedding takes place, such as tripping due to operations of under frequency relays and unscheduled shut down of a large generating station.

2.177. Most of the meters have the facility of earth leakage indicator which flashes in the event of an earth leakage.

Commission's View

2.178. Consumer Grievance Redressal Forums are established in accordance with the provisions of Electricity Act, 2003 and Delhi Electricity Regulatory Commission (Redressal of Consumers' Grievances) Regulations, 2003 dated 10.06.2004. The appointment of Chairman and Members of CGRF are approved by the Commission. Ever since CGRF came into existence, about 80% of cases decided have gone in favour of consumers. Therefore, it is felt that the CGRF is functioning independently. The DISCOMs have officers specifically for dealing with consumer grievances. The consumer grievances are also looked into by the Public Grievances Cell of the Government of NCT of Delhi which coordinates with the DISCOMs for resolution of the grievances.

2.179. It is true that the DISCOMs have to provide free electricity to DVB employees under the Transfer Scheme framed by the GoNCTD.

2.180. As regards the issue regarding misuse of immovable property by the DISCOMs, clarifications are being sought in this regard from the DISCOMs from FY 2002-03 onwards. Hence, provisionally the income for the year is taken as 'Nil'. Further action in the matter will be taken after a detailed examination of the issues involved.

Similarly, in case of Income on account of Licence Fee of Residential accommodation, it is observed that the DISCOMs are recovering License fee from their employees in respect of residential accommodation allotted to employees. It was found that they are not reflecting this income while determining the ARR. Complete information in this regard has not been provided by the DISCOMs. Therefore, for the present, the income in this regard is provisionally taken as 'Nil'. However, as and when this issue is finalized and the final figure of income is ascertained, the same will be accounted for all the years starting from FY 2002-03.

In regard to the contention of the stakeholders that mobile towers have been allowed to come up on DVB assets belonging to M/s BRPL and M/s BYPL, for which income needs to be charged. This issue is under examination. Till then, income is provisionally taken as 'Nil' in this ARR.

The matter of occupation of DVB property is also guided by the transfer scheme. The GoNCTD being the appropriate authority which has issued the transfer scheme, any change in the usage of DVB property must first have approval of the GoNCTD.

2.181. The Commission shares the concern of the stakeholders and expects the Petitioner to adhere to the various norms and provisions of the Supply Code Regulations regarding quality of supply. The Commission advises the Petitioner to take all necessary measures to ensure an effective complaint redressal mechanism for its consumers.

2.182. The Commission directs the Petitioners to comply with Rules and Regulations of civic agencies regarding renovation/construction of their premises and also adhere to Regulations/Rules & Directions of the Commission and the GoNCTD in this regard.

2.183. The Commission would like to clarify that if the transformer is changed on account of replacement of oil filled transformers by dry type transformers due to change in Law, then the cost issue arises with the consumers. However, no charge is to be levied on the consumer if the transformer is replaced owing to failure as that expense is booked to the Repair & Maintenance cost.

2.184. The Commission understands the practical difficulties for a new connection in case of industrial consumers. The Commission advises the Petitioner to take note of the concern of the stakeholders while issuing new connection so as to avoid such problems by improving their procedures and extending cooperation to the stakeholders.

2.185. It is true that parallel licensees are not operating in the same area with their own lines. However, interested consumers who are large can avail open access complying with the Regulations and charges prescribed by the Commission in this regard. The DISCOMs are charging tariff as prescribed by the Commission in the Tariff Order and are not allowed to charge whatever they want. The Commission has fixed the Tariff after considering Electricity Act, 2003, Tariff Policy and the DERC Regulations. Rates for other services like new connections, change of service line/meter etc. are also fixed by the Commission which have to be followed.

2.186. The Commission fixes the tariff keeping in view the provision of the Tariff Policy regarding gradual reduction in the cross subsidies. The Commission feels that the suggestion to increase the initial slab to 400 units shall result in increase in the rate per unit of electricity consumed for the slab of 0-200 units. The Commission is also not aware of the views of the Government with respect to the continuation of targeted subsidy to domestic consumers which at present is Re. 1/unit for consumption upto 200 units and 150 units per month for 6/6 months besides the general subsidy to all domestic consumers.

2.187. The Commission feels that DISCOMs are charging a nominal amount from the consumers for a copy of the petition. In case, it is provided free of cost then DISCOMs will charge the cost to the ARR and this will also be to the account of consumers only. Similarly, if TA/DA is to be provided to the consumers for attending the meeting, the same will also become part of the ARR and shall have to be borne by the consumers.

2.188. The Commission feels that Petitioner is providing copies of the tariff petition to the consumers at a nominal charge containing all the relevant details. The stakeholders shall appreciate that only the important and not all the details can form part of the advertisement in a summarised form, which is published in the newspapers, with the approval of the Commission.

2.189. The Commission is of the view that the petition of the DISCOMs is admitted only if, it is in accordance with law. Clause 14 of the Delhi Electricity Regulatory Commission Comprehensive (Conduct of Business) Regulations, 2001 deals with affidavit in support of a Petition filed before the Commission. Clause 14(i) provides that the Petitions shall be verified by an affidavit and every such affidavit shall be in Form - A-3. Further, sub-clause (ii) provides that every affidavit shall be drawn in the first person and shall state the full name, age, occupation and address of the deponent and the capacity in which he is signing and shall be signed and sworn before a person lawfully authorised to take and receive affidavits. On perusal of the affidavit filed alongwith the Petition, it is noticed that affidavit is signed and sworn as per the above mentioned Regulation.

2.190. The erstwhile DVB was unbundled under Delhi Electricity Reform (Transfer Scheme) Rules 2001 into six 100% GoNCTD held companies namely Gencos (IPGCL and PPCL), Delhi Transco Ltd. (DTL) and distribution companies, North North-West Delhi Distribution Company Limited, South and South – West Delhi Electricity Distribution Company Ltd. and Central –East Delhi Electricity Distribution Company Ltd. These distribution companies applied for grant of distribution and retail supply license to the Commission on 8.4.2002. Subsequently, 51% of the GoNCTD holding in the three DISCOMs was transferred to private bidders through a competitive bidding process. After transfer of 51% shareholding in the DISCOMs as above, applications were filed with the Registrar of Companies for change in names of the above three DISCOMs to North Delhi Power Ltd., BSES Rajdhani Power Ltd. and BSES Yamuna Power Ltd. respectively. Fresh certificates of incorporation were issued by the Registrar of Companies, NCT of Delhi and Haryana on 29.8.2002. The Government of India, Ministry of Power also issued a NOC for grant of distribution license to all the three distribution companies on 26.5.2003 in the name of NDPL, BRPL and BYPL. The Commission has under Section 20 of the Delhi Electricity Reform Act, 2000 granted a license to each DISCOM for carrying on business of distribution and retail supply of electrical energy within the area of supply (as defined in each Licence) and with the power and upon the terms and conditions specified in each Licence.

2.191. The employees of Delhi Vidyut Board were transferred to DISCOMs at the same employment conditions through the transfer scheme which is binding on them and DISCOMs are obliged to increase their salaries as per the sixth Pay Commission recommendations, if the same are adopted by GoNCTD/DISCOMs in accordance with the Transfer Scheme and approval of the wage Committee.

2.192. Distribution transformer energy audit is already undertaken. The benefits of the loss reduction are being transferred on a pan DISCOM basis. The DISCOMs are directed to furnish the reports of all the energy audits done by them so far. The Commission will issue further directions regarding energy audit in due course of time separately.

2.193. The Commission feels that the tariff should be fixed based on the cost to serve principal and the performance of DISCOMs, amongst other factors, so that the cost of the DISCOMs can be recovered. The Commission had kept uniform retail tariffs across all the DISCOMs in the NCT of Delhi for different categories of consumers irrespective of their geographical location upto FY08-09 even after reallocation of the PPAs. As per the Tariff Policy issued by Ministry of Power, GOI, the Tariff for different licensees can be different based on performance of the licensees.

2.194. The Commission has admitted the petition as per Electricity Act and DERC MYT Distribution Regulations. The Petitioner is required to file petition each year for tariff determination for next year and true up of the previous year vis a vis the audited accounts, irrespective of the fact that earlier tariff orders are under challenge.

2.195. The DISCOMs have already implemented the ring mains so that duplicate electricity supply is ensured. The Commission directs the Petitioner to provide advance intimation regarding load shedding to the consumers through, RWAs, news items or any other means.

2.196. The Commission has observed that there was separate CEO for BRPL and BYPL till last year consequent to the directions issued in the Order for FY 2005 and one of the CEO has resigned from the post. Therefore, the other CEO had to take additional charge as an interim arrangement. Since the two companies are separate, there will have to be separate CEOs for the BRPL and BYPL and this should be done now urgently.

2.197. The Commission feels that energy conservation mechanism are in the transitional stage and, based on the pace of growth and awareness of the energy conservation measures among the consumers, suitable tariff structure has to be evolved to incorporate the rebate for undertaking energy conservation measures. Regarding DVB arrears, the DISCOMs have filed clarificatory Petition before Hon'ble ATE.

2.198. The DISCOMs have informed that all the police stations and staircases are metered. Hence, the reply given by the DISCOMs answers the query.

2.199. The Commission acknowledges the problems faced by the stakeholders and has planned to organize a separate public hearing in this regard. This shall be dealt with separately to give opportunity to the stakeholders to express their views on all the issues relevant to the Electricity supply code and Performance Standards.

2.200. The Government of NCT of Delhi has set up the Electricity Consumers Advocate Committee (ECAC) vide its Order no. F.11(146)/2006/Power/Pt.II/3043 dated 17 December, 2007 which consists of a technical person, an advocate, a representative of VOICE, a representative of confederation of RWAs besides a member from Public Grievance Cell (PGC). The Chairman PGC is the Chairman of this Committee. The broad scope of work of this Committee is to represent consumer interest in litigation before various authorities and courts including tariff related issues. This expert body is expected to represent consumer interest before the Commission in respect of the tariff petitions filed by the DISCOMs. The Commission has appointed Consultants to scrutinize the petitions filed by DISCOMs and help the Commission in conducting a prudence check of the petitions. In order to assist the consumers and consumer bodies to make effective presentations before the Commission, the Commission proposes to place a Consultative Paper prepared by its own Consultants on the Commission website prior to the public hearings on trial basis. This will provide an opportunity to the consumers to address the relevant issues in an appropriate manner.

2.201. The DISCOMs have been repeatedly instructed to arrange sufficient power and avoid load shedding and, the DISCOMs have assured that they have arranged adequate power for meeting the projected demand.

The Commission is guided by the CEA Regulations on electronic meters, which requires installation of electronic meters only. The electronic meters have the facility of an earth leakage indicator. As per Clause 37(i) of the Supply Code and Performance Standards Regulations, 2007, the meter shall be read once in every billing cycle. It shall be the duty of Licensee official reading the meter to check condition of LEDs on electronic meters. In case E/L LED indicator, provided on electronic meters, is found 'ON' he shall inform the consumer that there is leakage in the premises and advise him to get his wiring checked and leakage removed. He shall also inform concerned district manager about the leakage.

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

A3: TRUEUP FOR FY 07-08

Approach

The Commission had adopted a Multi Year Tariff (MYT) Framework from the Financial Year 2007-08. Under the new framework, the Commission issued its first MYT Distribution Order on 23rd February 2008. Through this Order, the Commission approved a projected Annual Revenue Requirement (ARR) for each year of the first Control Period.

Under the MYT regime, the framework for regulating the distribution companies is pre-defined for an ensuing period of time. The principles of regulating the returns of licensees and the trajectory of individual costs and revenue elements of the utility are determined at the onset of the Control Period. Essentially, the concept of MYT provides an element of certainty to all stakeholders. The consumers would have a prior information of the expected movement in the tariff for the Control Period and the DISCOMs are also be able to plan their business having knowledge of the principles for tariff determination for the Control Period. Following benefits could be attributed to the adoption of MYT Framework:

- Predictability in the process of tariff determination
- Minimization of fluctuation in tariff during the Control Period

The MYT Regulations divide the tariff elements into:

- uncontrollable parameters and
- controllable parameters

Uncontrollable parameters refer to those parameters which are not within the control of the DISCOMs and these include Energy Sales and Power Purchase Cost.

Controllable parameters included expenses on those functions which are within the control of the DISCOMs. Under the MYT framework, the Commission has provided guideposts in terms of controllable expenses to ensure efficiency in the operations. Controllable parameters include the following:

- Operation & Maintenance Expenses
    - Employee Expenses
    - Administrative & General Expenses
    - Repairs & Maintenance
- Other miscellaneous expenses, statutory levies and taxes (except corporate income tax)
- AT&C Losses
- Depreciation
- Return on Capital Employed

The MYT Regulations provides that the uncontrollable components of the ARR shall be trued up, based on the audited accounts, at the end of each year of the Control Period. Further, the controllable parameters are required to be reviewed but shall not be trued up. In the subsequent sections of this Chapter the uncontrollable and controllable parameters are treated as per the principles laid down under the MYT Regulations.

Energy Sales

Petitioner's Submission

3.1. The Petitioner has submitted total sales of 3518 MUs in its True up petition as against 3257 MUs approved by the Commission in the MYT Order.

Commission's Analysis

3.2. In the process of analysing the category-wise quarterly sales data submitted by the Petitioner for each quarter of FY 07-08 (under Form 2.1a), it was observed that the BYPL did not submit the sales data for the fourth quarter of FY 07-08 at the end of the fourth quarter to the Commission.

3.3. The Petitioner was therefore, directed to submit the fourth quarter category wise sales figure for FY 07-08. The Petitioner submitted that it does not maintain the fourth quarter sales data and the Commission should compute the sales for the fourth quarter by deducting the sales for the first three quarters from the total sales for FY 07-08.

3.4. The Commission is of the view that in the absence of information for the fourth quarter data, a qualitative analysis of the data could not be conducted. Since the Petitioner indicated its inability to provide the information for the fourth quarter for FY 07-08, the Commission directs the Petitioner to maintain information regarding category-wise/slab-wise energy sales on a monthly basis in future, and the monthly information should be submitted to the Commission within three weeks of the succeeding month.

3.5. The Commission therefore, for truing up of sales has considered the sales figures submitted by the Petitioner for FY 07-08, and has approved the same for true up. The trued up sales approved by the Commission for FY 07-08 as shown in the Table 3 below:

Table 3: Trued up Energy Sales for FY 07-08 (MUs)

Category	MYT Order	True Up Petition	Trued-up
Domestic	1546	1714	1714
Non-domestic	1128	1077	1077
Industrial	383	434	434
Public Lighting	92	76	76

Category	MYT Order	True Up Petition	Trued-up
Irrigation & Agriculture	0	1	1
Railway Traction	0	0	0
DMRC	28	50	50
Others	81	166	166
Total	**3257**	**3518**	**3518**

AT&C Losses

Petitioner's Submission

3.6. The Petitioner has submitted that it has achieved the AT&C loss level of 29.82% for FY 07-08 as against the incentive AT&C loss level of 34.77% prescribed in the MYT Order.

3.7. The Petitioner has submitted its computation for AT&C loss level of 29.82% achieved during FY 07-08 as summarised in Table 4 below:

Table 4: AT&C loss for FY 07-08 as submitted by the Petitioner (Rs. Crs)

Particulars	Amount	Amount
Energy Collection during FY 07-08		1513.8
Add:		
Theft Collection	33.5	
Subsidy	23.7	
Additional Subsidy (March 2008)	9.7	
DISCOM Adjustment	23.7	
DVB Arrears collected from Government Bodies by DPCL	27.4	
Total Other Collections during FY 07-08		118.0
(A) Total Collections in FY 07-08		**1631.76**
(B) Billed Revenue considered for AT&C		**1547.96**
(C) Collection Efficiency (A/B)		105.41%
Distribution Loss Level FY 07-08		33.42%
AT&C Loss for FY 07-08		**29.82%**

3.8. The Petitioner has claimed an incentive of Rs. 115.16 Crs (as computed in Table 5) on account of overachievement of 4.95% in AT&C loss reduction during FY 07-08. The Petitioner has claimed to retain the 50% of incentive i.e. Rs. 57.58 Crs on account of overachievement in AT&C loss level, Rs. 56.29 Crs is accounted for the DISCOM adjustment for FY 06-07 and FY 07-08, and the remaining amount of incentive is transferred to the Contingency Reserve.

Table 5: Computation of Overachievement- Incentive as submitted by the Petitioner

Particulars (Rs. Crs)		FY 07-08
A. Energy Input at DISCOM Periphery (in MUs)		5284.74
B. Actual AT&C Loss Achieved in FY 08 (%)	29.82%	
C. MYT Order approved AT&C Incentive Loss Level (%)	34.77%	
D. Over Achievement / (Under Achievement) (%) (C-B)		**4.95%**
E. Average Billing Rate* (Rs. Per Unit)		4.40
F. Total Benefit on Account of Over-achievement (A*D*E) (Rs. Crs)		**115.16**
G. Benefit Retained by the Petitioner (Rs. Crs)		**57.58**
<u>Benefit Passed to the Consumer</u>		
Amount adjusted against DISCOM Subsidy (Rs. Crs)	56.29	
Amount transferred to Contingency Reserve (Rs. Crs)	1.29	
H. Total Benefit to Consumer (Rs. Crs)		**57.58**

**Average billing rate is computed as the Total Amount Realized divided by Total Units Realized*

Commission's Analysis

3.9. As per the MYT Order, the Petitioner had to reduce AT&C loss by a minimum of 20% (of the total reduction in AT&C loss for the Control Period FY 07-08 to FY 10-11 as specified in the MYT Regulations) over the actual AT&C loss level of 39.03% in FY 06-07) during the first year of the Control Period. Any under recovery in the revenue realized, incase of an under achievement in AT&C loss with respect to the minimum AT&C loss level, will be to the account of the Petitioner. The MYT Order also provides incentive to the Petitioner incase the reduction in AT&C loss level during the first year of the Control Period is over 25% of the total reduction for the Control Period.

3.10. A comparison of the minimum AT&C loss level specified in the MYT Order and the actual AT&C loss level claimed by the Petitioner during FY 07-08 is summarised in Table 6 below:

Table 6: AT&C Loss Level for FY 07-08 (in %)

Particulars (in %)	Approved AT&C Targets as per MYT Order	Petitioner Claim Actual AT&C
AT&C Loss	34.77%	29.82%
Distribution Loss	34.11%	33.42%
Collection Efficiency	99.00%	105.41%

3.11. An analysis of the components of AT&C loss level indicates that the revenue collection on account of sale of energy was Rs. 1513.8 Crs. However, this amount could not be verified from the audited accounts of the Petitioner. The Petitioner has instead submitted a daily collection sheet to substantiate its collection of Rs.1513.8 Crs.

3.12. The Commission is not receptive to the methodology of verifying the collection from the Daily Collection Sheet as proposed by the Petitioner. Accordingly, the Petitioner was directed during the validation session to reconcile the amount of cash collected based on the opening levels of debtors, sales made during the year, DVB arrears collected and the closing level of debtors, with the total collections shown for FY 07-08. However, the Petitioner expressed inability to reconcile the figures using this methodology.

3.13. The Petitioner was, thereafter, directed to provide a copy of the daily collection sheet duly audited by its Statutory Auditors. The Petitioner was also directed that the Statutory Auditors should establish that the amount mentioned in the Daily Collection Sheet does not include any collections on account of other sources of revenue like sale of power through bilateral, intra-state, UI, etc and revenue from operations (non-energy).

3.14. In response to the above, the Petitioner submitted a copy of its Statutory Auditor's certificate certifying the Day-wise Collection Statement for FY 07-08 vide its letter no. RCM/08-09/246 dated 16th February, 2009. The Certificate clarified the exclusion of collections made on account of trading of energy, non-energy charges, subsidy received from GoNCTD, etc and inclusion of LPSC, electricity duty, amount collected by BYPL on behalf of BRPL, etc.

3.15. Accordingly, based on the clarifications provided in the statutory auditor's certificate and the audited financial statements, the amount mentioned in the Daily Collection Sheet submitted by the Petitioner has been taken into account.

3.16. Thereafter, the components of collection efficiency have been verified. During such verification, it is observed that for computation of collection efficiency, the Petitioner has included DVB arrears collected directly by DPCL from the Government bodies. The Commission directed the Petitioner to clarify the reason for inclusion of such recoveries in the calculation of collection efficiency. The Petitioner, through its letter no. RCM/08/09/248 dated 16th February, 2009 clarified that AT&C loss targets for the first year of the Control Period was determined based on the AT&C loss level for FY 06-07, which in turn was arrived at taking into account the entire DVB arrears including collection of Government dues.

3.17. The Commission in its previous tariff orders have highlighted that the DVB arrears collected by the DISCOMs should be transferred to DTL instead of DPCL as the money collected during the time of erstwhile DVB pertains to the sector and transferring the same to DPCL will in turn imply that the money is being taken out of the sector. The Commission is of the view that incase the unbundling of the erstwhile DVB had not been undertaken; the amount would have accrued to erstwhile DVB and would have remained in the sector. Further, the Commission holds that incase this money is not transferred by DPCL to DTL, it would burden all the existing consumers for the past dues of some of the consumers which would be unfair.

3.18. The GoNCTD during FY 2008-09 had written off outstanding dues of consumers to the tune of Rs. 2400 Crs. If no DVB arrears were collected by DISCOMs during FY 2002-07, the Government might have written off more than Rs. 3000 Crs.

3.19. It is necessary to discuss here the principle adopted by the Commission in the past i.e. during the Policy Direction Period, 2002-07. During these years, the Commission had considered the revenues realised on account of past DVB dues both collected by the DISCOMs and also arrears which were collected directly by DPCL, for the purpose of arriving at the total revenue collected by the DISCOMs as well as for calculating the AT&C loss level. The Commission had also sent a statutory advice under section 86(2) of the Act to the GoNCTD to direct DPCL to pay the amount on account of collection of DVB arrears, which was not released by them to Delhi Transco Limited (DTL).

3.20. The Commission would also like to highlight that under the BST Order issued in Feb 2002, the BST tariff was to be determined based on the paying capacity of the DISCOMs and any shortfall on this account was to be met by the Government. Incase the Commission would not have adopted the methodology of considering the DVB arrears as revenue to DTL, the revenue gap in the respective years would have been larger and therefore, the Government would have been required to pay a higher amount to meet the revenue gap arising from determination of BST tariff. Also, DTL and DPCL both being Government owned entities, transfer of the DVB arrears from DPCL to DTL would not have any impact on the Government and would rather help the sector in meeting up the gap.

3.21. DTL filed an appeal before the Hon'ble ATE against tariff order of the Commission for FY 2006-07 and the same was disposed off by way of an Order of the Hon'ble ATE in January, 2009.

3.22. Consequent to the issue of the order of the Hon'ble ATE, some of the DISCOMs have filed clarificatory applications, seeking clarifications regarding the treatment of liability arising out of the Hon'ble ATE's order, duly considering the principles laid down for the Policy Direction Period by way of policy direction issued to all concerned by GoNCTD and also keeping in view the principles decided in the BST Order of the Commission, issued in February, 2002. These applications have since been admitted by the Hon'ble ATE.

3.23. Further, DTL has also filed another appeal before the Hon'ble ATE against the MYT Order issued by the Commission which, interalia, includes past DVB arrears for the period 2002-06 as one of the issues. Since, Hon'ble ATE is seized of the matter relating to the clarificatory applications as well as the appeal regarding DVB arrears for the period 2002-06, pending the disposal of these matters by Hon'ble ATE, the Commission continues with the earlier practice for calculation of AT&C loss which included all DVB arrears including Government dues directly collected by DPCL as the revenue of the DISCOMs for all purposes including calculation of AT&C losses.

3.24. As regards, the treatment of subsidy in computation of AT&C loss, the Commission has observed that an additional subsidy amount of Rs. 9.7 Crs has been considered by the Petitioner in the computation of the collection efficiency for FY 07-08. The Petitioner, during its meeting with the officials of the Commission on April 13, 2009, clarified that the amount of additional subsidy pertains to the month of March 2008 which was disbursed to the consumers in the next financial year. The Commission holds that the subsidy amount disbursed through billing during FY 07-08 will only be considered for the computation of collection efficiency.

3.25. In light of the above background, the revised AT&C loss levels of the Petitioner for the first year of the Control Period i.e. FY 07-08 is as summarised in the Table 7 below:

Table 7: Trued-up AT&C loss for FY 07-08 (Rs. Crs)

Particulars	Amount	Amount
Energy Collection during FY 2007-08		1,513.8
Add:		
Theft Collection	33.5	
Subsidy	23.7	
DISCOM Adjustment	23.7	
DVB Arrears collected from Government	27.4	
Total Other Collections during FY 2007-08		108.3
Total Collections in FY 2007-08 (A)		**1,622.10**
Revenue considered for AT&C (B)		**1,547.96**
Collection Efficiency (A/B)		104.79%
Distribution Loss Level FY 2007-08		33.42%
AT&C Loss for FY 2007-08		30.23%

3.26. Based on the above computation the revised AT&C loss level of 30.23% for FY 07-08 has been worked out as against the Petitioner's submission of 29.82%. AT&C loss, distribution loss and collection efficiency approved for FY 07-08 is summarised in Table 8 below:

Table 8: Trued-up AT&C Losses for FY 07-08 (in %)

Particulars	MYT Order (Incentive Level)	True Up Petition	True-up Approved
AT&C Loss Target	34.77%	29.82%	30.23%

Particulars	MYT Order (Incentive Level)	True Up Petition	True-up Approved
Distribution Loss	34.11%	33.42%	33.42%
Collection Efficiency	99.00%	105.41%	104.79%

3.27. The approved AT&C loss of 30.23% as per revised computation for FY 07-08 is higher than the AT&C loss level of 29.82% as submitted by the Petitioner. The Commission, therefore, concluded that the incentive level claimed in the Petitioner would be required to be computed based on the revised AT&C loss level for FY 07-08.

3.28. Accordingly, the revised incentive on account of the overachievement in the AT&C loss levels achieved by the Petitioner for FY 07-08 is as summarised in Table 9 below:

Table 9: Trued up Incentive on account of Overachievement of AT&C Loss Target

Particulars	MYT Order	Actual
A. AT&C Losses	34.77%	30.23%
B. Over Achievement / (Under Achievement) (%)		4.54%
C. Energy Input (MUs)	5284.74	
D. Units Realized (MUs)	3447.24	3687.00
E. Average Billing Rate (Rs. Per Unit)	4.40	4.40
F. Amount Realized (Rs. Crs)	**1516.61**	**1622.10**
	X	**Y**
G. Total financial impact on account overachievement (Y-X) (Rs Cr)	105.48	
H. DISCOM Adjustment passed on to consumers in FY 08 (Rs. Crs)	52.74	
I. Benefits to be retained by the Petitioner (Rs Crs) (G/2)	52.74	
J. Total Revenue Available towards ARR for FY08 including E-Tax (Rs Crs) (Y-H-I)	1516.61	
K. Electricity Tax (Rs Crs)	65.22	
L. LPSC (Rs. Crs)	26.66	
M. Revenue Available for Expenses (J-K-L) (Rs Cr)	1424.73	

3.29. Out of total DISCOM adjustment of Rs. 56.29 Crs. for FY 06-07 and FY 07-08 paid by BYPL, Rs. 52.74 Crs has been adjusted and the balance amount of Rs. 3.55 Crs would be adjusted against BYPL's over achievements, if any, in subsequent years.

Power Purchase

Petitioner's Submission

3.30. Against the actual sales of 3518 MUs during FY 07-08, the Petitioner has claimed a net power purchase requirement of 5,284.74 MUs based on the actual distribution loss level of 33.42% for FY 07-08.

3.31. The Petitioner has submitted gross power purchase quantum of 7521.59 MUs from all sources in its true-up petition for FY 07-08. Further, the Petitioner has provided the details of 1967.78 MUs surplus energy sold through bilateral, intra-state, and UI to other States as well as to DISCOMs in Delhi.

3.32. Against the net power purchase quantum of 5553.81 MUs (net of power sold through intra-state, bilateral & UI), the Petitioner has submitted inter-state (PGCIL) and intra-state (DTL) transmission losses of 120.65 MUs and 148.42 MUs, respectively, during FY 07-08. After deducting the transmission losses, the Petitioner has submitted a net power purchase quantum of 5284.74 MUs at the DISCOM periphery for FY 07-08.

Commission's Analysis

3.33. The Commission in its MYT Order had approved net power purchase quantum of 5149.08 MUs before losses from all sources including central sector generating stations, inter-state bilateral, intra-state power and Delhi generating stations for the first year of the Control Period i.e. FY 07-08 as against the Petitioner claim of net power purchase quantum of 5553.81 MUs before losses.

3.34. It is observed that the increase in net power purchase quantum during FY 07-08 is primarily on account of higher sales (3518 MUs) in the distribution area of the Petitioner compared with the sales of 3257 MUs considered by the Commission in the MYT Order.

3.35. In the MYT Order, the Commission had approved energy sales of 3257 MUs for FY 07-08 across all categories of consumers in the distribution area of the Petitioner. Considering the approved distribution loss level of 34.11%, the Commission had estimated surplus power of 2484.26 MUs which would be available to the Petitioner for intra-state and bilateral sales during FY 07-08.

3.36. The Petitioner has submitted energy sales of 1967.78 MUs through banking, intra-state, bilateral and UI sales in its True-up Petition against 2484.26 MUs as considered by the Commission in the MYT Order. The Commission has analysed that the decline in sale of surplus energy has been primarily on account higher sales in the Petitioner's area of distribution compared with sales considered by the Commission in the MYT Order.

3.37. The Commission has observed that in the ARR Petition the Petitioner has not provided any methodology for bifurcation of the inter-state and intra-state transmission losses.

3.38. Therefore, the PGCIL losses have been computed based on the average loss levels for northern / eastern region, location of the plants and the quantum of energy purchased from the respective plant in FY 07-08. Further, the Petitioner's share of intra-state (DTL) losses have been computed based on the average transmission loss level information received from DTL.

3.39. The PGCIL losses computed under review are higher than the Petitioner computed losses while the DTL losses are lower than those computed by the Petitioner. However, the overall quantum of transmission losses submitted by the Petitioner appears reasonable as there is no major difference between the total transmission losses computed by the Commission compared with the total transmission losses submitted by the Petitioner. Accordingly, the Commission approves the Petitioner's claim for total transmission losses for FY 07-08 in the true-up.

3.40. The Commission has reviewed the details of power purchase quantum submitted by the Petitioner and approves the net power purchase of 5284.74 MUs in the true-up of FY 07-08 as summarised in Table 10 below:

Table 10: Trued-up Power Purchase Quantum for FY 07-08 (in MUs)

Source	MYT Order	True-up Petition	True-up Approved
Gross Power Purchase Quantum	**7,633.33**	**7,521.59**	**7,521.59**
Power Sold To Other Sources	2,484.26	1,967.78	1,967.78
Net Power Purchase	**5,149.08**	**5,553.81**	**5,553.81**
Transmission Losses			
Inter-State Transmission Losses	143.40	120.65	145.22
Intra-State Transmission Losses	61.96	148.42	123.84
Total Transmission Losses	**205.36**	**269.07**	**269.07**
Net Power Available after Transmission Losses	**4,943.72**	**5,284.74**	**5,284.74**

Power Purchase Cost

Petitioner's Submission

3.41. The Petitioner has submitted gross power purchase cost of Rs. 1,831.85 Crs. against the gross power purchase quantum of 7521.59 MUs in FY 07-08 from all sources including Intra-state, Bilateral and UI. From the gross power purchase cost, the revenue realized of Rs. 905.06 Crs on account of sale of surplus energy through bilateral, intra-state and UI has been deducted.

3.42. Further, the Petitioner has claimed total transmission charges of Rs. 140.01 Crs. for the total power purchased during FY 07-08.

3.43. Considering the above power purchase and transmission charges, the Petitioner has claimed total power purchase cost of Rs. 1,066.80 Crs during FY 07-08 for true-up.

Commission's Analysis

3.44. The Commission in its MYT Order had approved total power purchase cost of Rs. 1,094.25 Crs (including transmission charges) as against Rs. 1,066.80 Crs (including transmission charges) claimed by the Petitioner for FY 07-08.

3.45. During technical validation session with the Petitioner, it was observed that there has been REA adjustments in power purchase cost which are accounted for in FY 08-09 relating to the power purchased by the Petitioner during FY 07-08. The Commission is of the view that refunds/payments, if any, received from the generating plants, transmission companies or income tax authorities after finalisation of Audited Accounts shall be adjusted in the ARR of the Petitioner, in the year they are received. Therefore, adjustment on account of REA revision for FY 07-08 are not included in the power purchase cost of FY 07-08 and will be considered during the true-up for FY 08-09.

3.46. The Commission directed the Petitioner to reconcile the power purchase cost with the audited books of account for FY 07-08. In response, the Petitioner has submitted the revised power purchase without considering the REA adjustments vide letter no. COO(BYPL)/08-09/22/12 dated January 21, 2009. The net power purchase cost as per the revised submission is Rs. 961.94 Crs (excluding transmission charges) as against the earlier claimed net power purchase cost of Rs. 926.79 Crs (excluding transmission charges).

3.47. Therefore, based on the review and analysis of the Petitioner's power purchase cost submission, the Commission approves the total power purchase cost of Rs 1,101.95 Crs. for FY 07-08 as mentioned in Table 11 below:

Table 11: Trued-up Gross Power Purchase Cost for FY 07-08 (Rs. Crs)

Source	MYT Order	True-up Petition	True-up Approved
Gross Power Purchase Cost	**1,739.60**	**1,831.85**	**1,832.74**
Less: Revenue from Power Sold To Other Sources	760.68	905.06	870.80
Net Power Purchase Cost	**978.92**	**926.79**	**961.94**
Add: Transmission Charges	115.33	140.01	140.01
Total Power Purchase Cost	**1,094.25**	**1,066.80**	**1,101.95**

3.48. Notwithstanding the reduction in power sold to other sources from 2484.26 MUs (as per the MYT Order) to 1967.78 MUs (actual), the revenue from sale of such surplus power is Rs. 870.80 Crs, which is higher than the MYT estimate of Rs. 760.68 Crs.

3.49. The Commission therefore approves the total power purchase cost for FY 07-08 at Rs 1,101.95 Crs, based on the audited accounts of the Petitioner.

3.50. During the course of technical validation, it was observed that the Petitioner has earned a rebate on account of power purchase and submitted the amount of rebate should not be considered as a part of ARR. However, the Commission is of the view that amount of rebate should be deducted from the power purchase cost. As the amount of rebate reduces the burden of power purchase cost and also there is no cash outflow to the Petitioner to the extent of availed rebate. Moreso, the Commission had in the MYT Order accepted the Petitioner's submission of complexity in projecting the rebate on power purchase and had agreed to true-up the same based on actual.

3.51. Further, the Commission has reviewed the issue of rebate in light of the appeal of NDPL before the ATE. As per Appeal no. 52/2008 against the MYT Order of NDPL issued by the Commission, NDPL has pleaded that since the rebate income accrues to them only due to their efficiency in managing their cash flows, it should not be considered as part of non-tariff income for determination of tariff.

3.52. The Commission in its reply has stated that the contention of NDPL for entitlement of rebate because of its efficient use of working capital is against the regulatory practice as established over a period of time wherein any rebate received on account of power purchase is treated as non-tariff income and accounted for accordingly.

3.53. The Commission has arrived at the working capital requirements of NDPL by considering the power purchase cost of one month as NDPL has to pay power purchase bills in the next month only after the bills are raised i.e. at the end of the month. NDPL will receive the revenue upfront from 2 months receivable to enable it to pay power purchase bills for 1 month before due date to make them eligible for availing rebate. The Commission feels that the structure of the working capital for DISCOMs have been designed in such a way that they would always be in a position to make the payment for power purchase and avail the rebate. It is also necessary to note that the Regulations provide for interest on working capital on a notional basis, whether the working capital is actually borrowed or not.

3.54. As the matter is subjudice before Hon'ble ATE, the Commission continues with its earlier approach of considering rebate in determination of tariff of the Petitioner.

3.55. For true up of the power purchase cost, the Commission has considered actual rebate earned from the audited financial statements and the same has been deducted from the total power purchase cost. The Commission approves Rs. 1,079.36 Crs towards net power purchase cost for true-up of FY 07-08 as summarised in Table 12 below:

Table 12: Trued up Power Purchase Cost for FY 07-08 (Rs. Crs)

Particulars	Amount
Total Power Purchase Cost	1,101.95
Less: Rebate	22.59

Particulars	Amount
Net Power Purchase Cost for True-up	**1,079.36**

3.56. The projections of working capital for various years of the Control Period have been estimated based on the gross power purchase cost due to inability shown by the Petitioner to project the quantum of rebate to be earned in each year. The Commission, while truing up RoCE at the end of the Control Period would recomputed the working capital by taking into account the net power purchase cost for various years of the Control Period instead of gross power purchase cost.

True up of Controllable Parameters

3.57. The Petitioner has made the following submissions in respect of true-up of controllable parameters:

a) The Petitioner has mentioned that the MYT Order commenced from March 1, 2008 and in accordance with Clause 12.1 of the MYT Regulations, the true up of revenue and expenses for the period between April 1, 2007 and commencement of MYT Order shall be based on the actual/audited information. The Petitioner has submitted that it would be a time consuming effort to bifurcate the accounts for one month, and even if the controllable items are bifurcated for one month the net impact on the ARR may not be significantly different. The Petitioner has further submitted that bifurcation would require additional resources which would unnecessary burden the consumers. Therefore, the Petitioner has requested the Commission to exercise its Power of relaxation conferred as per Clause 13.4 of the MYT Regulations and consider true-up of the expenses for the entire year.

b) The Petitioner has submitted that as per Clause 12.1 of the MYT Regulations, *"Performance review and the adjustment of variations of the Distribution Licensee for the FY 2006-07 and period between 1st April 2007 and commencement of MYT Order shall be done based on the actual/audited information and prudence checks by the Commission and shall be considered during the Control Period."* The first Control Period has been fixed from April 1, 2007 to March 31, 2011 and FY 06-07 has been considered as the base year for the Control Period. The Petitioner has submitted that the MYT Order was issued on February 23, 2008 and this delay in issue of the MYT Order was beyond the control of the Petitioner. The Petitioner has submitted that Clause 11.1 of the MYT Regulations enables the Commission to address any practical issues, concerns and unexpected outcome that may arise for the Petitioner. The Petitioner has therefore requested the Commission to invoke its powers under Clause 11.1 of the MYT Regulations and correct the base of the Control Period by shifting the base from the existing FY 2006-07 to FY 2007-08.

c) The Petitioner has further submitted that the inflation index considered for projection of the Controllable parameters should be revised. It has submitted that the actual figures of CPI and WPI for the FY 2007-08 and FY 2008-09 are at variance with the index numbers considered in the MYT Order by the Commission in its projections for these years. The Petitioner has submitted that the unexpected increase in CPI and WPI is beyond the control of the Petitioner and is a concern which needs to be addressed suitably by the Hon'ble Commission.

d) The Petitioner has also submitted that the impact of Sixth Pay Commission should be reconsidered by the Commission. It has been submitted that the amount provisionally approved by the Commission in the MYT Order is on the lower side and the actual impact would be around 40% of the existing salary base as compared to the provision of 10% made by the Hon'ble Commission.

e) The Petitioner has further submitted that the interest rate considered by the Hon'ble Commission for the respective control years for computing Return on Capital Employed is on the lower side. The Petitioner has submitted that it had proposed a higher interest rate for respective control years and the Return on Capital Employed and the working Capital Employed should be trued up considering the proposed interest rates. The Petitioner has submitted that pending the Order of the Hon'ble ATE, it has not considered the effect of change in the interest rate in computation of RoCE and Working Capital for FY 08-09 and FY 09-10.

f) The Petitioner has submitted that its consumer Base has been constantly growing and it is expected that it shall continue to grow in the coming years of the Control Period. The Petitioner has prayed that the growing consumer base would lead to increase in the expenses undertaken for consumer services like meter reading, bill distribution, insurance costs, telephone & postage charges and related expenses. The Petitioner has submitted that such increase in expenses are exponential in nature and are not offset by the movement in the inflation index as inflation index is an average number and is only an indication for the overall movement.

g) The Petitioner has submitted that from April 1, 2007, it has been obligated to carry out the additional activity of procuring power. The additional obligations has led to an increase in the expenses on this account as the Petitioner has to incur expenses for execution of various Power Purchase Agreements and also in making representations to various forums for ensuring that the power is supplied at reasonable cost. The Petitioner has therefore prayed that this additional expense should be allowed to be trued up.

Commission's Analysis

3.58. The Commission holds that in accordance with the MYT Regulations, Clause 2.1(g), Control Period means a multi-year period fixed by the Commission, from the date of issuing Multi Year Tariff Order till 31st March 2011. Accordingly, the first year of the Control Period is FY 07-08 and base year has to be the FY 06-07, which is immediately preceding the first year of the Control Period. The Commission has specified targets for the Controllable parameters as per Clause 4.7 of the Regulations which inter alia includes, Operation and Maintenance expenditure which includes employee expenses, repair & maintenance expenses, administration and general expenses and other miscellaneous expenses, viz. audit fee, rent, legal fees etc., ROCE, depreciation. Furthermore as per Clause 4.16(b), for controllable parameters, any surplus or deficit on account of O&M expenses shall be to the account of the Licensee and shall not be trued up in the ARR; and, depreciation and ROCE shall be trued up at the end of the Control Period. Accordingly, the above prayers are not specifically within the framework postulated by the MYT Regulations.

3.59. The Commission has observed that matter of consideration of interest rates in the MYT Order, the increase in cost on account of increase in consumer base and the power purchase obligations is sub-judice before the Hon'ble ATE. The Commission feels that it would be prudent to hold on till the decision of the Hon'ble ATE is available in the matter.

3.60. Notwithstanding the above, the Commission has observed that movements in inflation are cyclic in nature. It is expected that compared to an increase in inflation observed in FY 07-08 and FY 08-09, the inflation may be contained in the remaining years of the Control Period. Infact, the Commission has observed that the inflation has reached to a historic low in the last quarter of FY 08-09 and has fallen to 0.44% (Times of India, March 20, 2009) which is the lowest since the year 1977. A similar trend has been witnessed in the case of interest rates.

3.61. The Commission has, in its MYT Order, 2008-11 recognized the uncontrollable nature of 6th Pay Commission recommendations in determination of employee expenses during the Control Period and considered a provisional increase @10% in the total employee expenses w.e.f. January, 2006 in respect of erstwhile DVB employees. Since the arrears on account of revision of employee expenses are expected to be paid only in FY 09, the Commission has considered the payment of arrear in the same year. Accordingly, the provisional amount considered towards 6th Pay Commission has already been a part of employee expenses approved for the FY 08-09. The Commission has also mentioned in the MYT Order that the impact on account of 6th Pay Commission recommendation shall be trued up based on the actual impact. The DISCOMs have submitted that the actual impact on account of 6th Pay Commission is yet to be conveyed by GoNCTD. Since the impact of 6th Pay Commission is not yet finalized and the Commission has already provided a provisional amount towards this impact in the MYT Order, the Commission would like to continue with the stand taken in the MYT Order, 2008-11 and, shall true up the impact on account of 6th Pay Commission recommendations based on the actual impact of the same.

3.62. The Commission has analysed the Controllable components in the subsequent paragraphs.

Employee Expenses

Petitioner's Submission

3.63. The Petitioner has submitted that for FY 07-08 it has incurred an employee expense of Rs. 118.32 Crs which is higher than the amount approved towards employee expenses in the MYT Order.

3.64. The Petitioner has submitted that increase in employee expenses has been due to administration of power purchase obligations and due to increase in the consumer base, which was not considered at the time of issuance of the MYT Order.

3.65. The Petitioner has submitted that the matter pertaining to employee expense is already with the Hon'ble ATE and pending the judgment the Petitioner has relied on the methodology outlined in the MYT Order. The Petitioner has further submitted that nothing in the petition should be treated as restricting or limiting the rights of the Petitioner to charges which it is permitted to recover under the laws.

3.66. The Petitioner has submitted that for FY 07-08, the true up of employee expense should be done based on the audited accounts for FY 07-08. The MYT Order was issued on February 23, 2008 and was applicable for approximately a month and few days in the first Control Period (FY 2007-08). The Petitioner has submitted that bifurcation of accounts for the period of one month would be time consuming and would require additional resources which would unnecessarily burden the consumers. Therefore the Petitioner has requested that the Hon'ble Commission should exercise its power of relaxation conferred vide Clause 13.4 of MYT Regulations and consider truing up of Rs. 118.32 Crs for the entire FY 07-08.

Commission's Analysis

3.67. The Commission has observed that as per the MYT Regulations, employee expense is classified as a controllable expense. In the MYT Order, permissible employee expense has been provided on a normative basis for each year of the Control Period. While approving the projected amount for employee expenses for each year of the Control Period, the Commission had undertaken a thorough analysis based on the actual employee cost incurred for the base year. The base year cost was further analysed and the expected scenario in the future years of the Control Period was also considered.

3.68. Clause 5.41 of the MYT Regulations do not provide for any true up in respect of the controllable Parameters. As per the provisions of the MYT Regulations, the Commission is required to review the actual employee expense incurred by the

DISCOMs. Clause 8.8 under the heading "Review during the Control Period" of the MYT Regulations states, "*the distribution licensee shall submit information as a part of the annual Review on actual performance to assess its performance vis-à-vis performance targets approved by the Commission at the beginning of the Control Period*".

3.69. The Petitioner had prior information that FY 07-08 would be the first year of the Control Period. Infact, NDPL in its petition for true up has not drawn any reference to Clause 12.1 and has considered the employee expenses as approved in the MYT Order.

3.70. The Commission approves the employee expenses for the FY 2007-08 at the same level as approved by the Commission in the MYT Order as given in Table 13 below:

Table 13: Approved Employee Expense for FY 07-08 (Rs. Crs)

Particulars	FY 07-08
Index(n)/ Index (n-1)	1.0415
Employee Cost with revised base	119.53
Arrears	(8.00)
Total Employee Cost approved	111.52
Less: Capitalisation	4.23
Net Employee Cost approved	107.29

SVRS Pension Payment

Petitioner's Submission

3.71. The Petitioner has submitted that it has disbursed an amount of Rs. 10.31Crs towards SVRS Pension payments as mentioned in Table 14 below:

Table 14: SVRS Pension Expense Submitted by BYPL (Rs. Crs)

Particulars	FY 07-08
Pension for VSS Optees	10.31

Commission's Analysis

3.72. In the MYT Order, the Commission had approved the amount of SVRS pension after considering the pension liability approved for FY 2006-07 as the base and there after considering a percentage reduction in the pension liabilities as also proposed by NDPL for each year of the Control Period.

3.73. The Commission in its MYT Order had approved an amount of Rs. 10.09 Crs. The Petitioner has requested to consider an amount of Rs. 10.31 Crs for true up, which is the actual cash outflow during the FY 07-08.

3.74. In Clause 4.120 of the MYT Order, the Commission has provisionally allowed the monthly pension subject to the outcome of the Tribunal Order with the condition that any refund/relief provided on this account to the Petitioner by the Trust will be available for adjustment in the future employee expenses. Accordingly, the Commission approves the amount towards SVRS pension at the same level as projected in the MYT Order as per Table 15 below subject to adjustment at a later date (with carrying cost) as per the Order of the Tribunal in this regard.

Table 15: SVRS Pension Expense Approved by the Commission (Rs. Crs)

Particulars (Rs. Crs)	FY 07-08
Pension for VSS Optees	10.09

SVRS Related Expenses (Terminal Benefits)

Petitioner's Submission

3.75. The Petitioner has claimed an amount of Rs. 44.64 Crs towards terminal benefits as mentioned in Table 16 below:

Table 16: Terminal Benefit Expense as Submitted by the Petitioner (Rs. Crs)

Particulars	FY 07-08
Amount claimed towards Terminal Benefits	44.64

3.76. The Petitioner has submitted that there has been a cash outflow on account of Terminal Benefit during FY 07-08 and requested the Hon'ble Commission to consider the same in the true up process.

Commission's Analysis

3.77. The Terminal Benefits to the SVRS optees have been met by the DISCOMs by making upfront payment to the special purpose vehicles (SPV), ETBF 2004. In this regard the Commission noticed that NDPL has also deposited an amount of Rs.80 Crs to the Pension Trust and they have not approached the Commission for any reimbursement in relation to such an amount. This upfront expenditure is being defrayed to the DISCOMs/SPV by the Pension Trust as and when the SVRS optees reach the age of normal superannuation. The DISCOMs/SPV are incurring a carrying cost on the amount paid by them upfront up to the date these amounts gets progressively recovered from the Pension Trust. There is a benefit to the Pension Trust as a result of early retirement of SVRS optees by the way of lower length of service for the computation of pension amount as well as the lower salaries prevailing at the time of SVRS against the salaries on which the pension would have been determined on the normal date of superannuation. NDPL has explained that when the Actuarial Tribunal, as directed by the High Court is constituted, this Tribunal has to consider the above benefits available to the Pension Trust and use the same to defray the carrying cost of the SVRS Terminal Benefits up to the date of normal superannuation in order to arrive at the final settlement between the DISCOMs/SPV and the Pension Trust.

3.78. The BSES DISCOMs on the other hand has proposed that the entire amount paid by them as SVRS Terminal Benefits should be allowed to them in the ARR and payments as and when received from the Pension Trust be shown as other income.

3.79. The Commission has reviewed the two approaches of the NDPL and the BSES DISCOMs and feels that it would be desirable to adopt an approach which is tariff neutral for the present and residual impact, if any on the ARR, be passed on only after the Actuarial Tribunal gives its award. However, in case of the approach proposed by the BSES companies, there is immediate impact on the ARR with credit being passed on in future years. The Commission feels that it would be desirable to follow the approach adopted by NDPL or any other approach that is Tariff neutral. It should also be noted that the treatment of VRS payouts (Golden Handshake) was also done on tariff neutral principle.

Administration & General (A&G) Expenses

Petitioner's Submission

3.80. The Petitioner has submitted that it has incurred an amount of Rs. 45.88 Crs. towards administrative & general expenses in FY 07-08, which is higher than the amount approved in the MYT Order.

3.81. The Petitioner has submitted that the matter pertaining to A&G Expenses is sub-judice before the Hon'ble ATE, and pending judgment the Petitioner has relied on the methodology outlined in the MYT Order and Clause 12.1 of the MYT Regulations. The Petitioner has submitted that for the FY 2007-08, the true up of A&G expense should be done based on the audited accounts for the FY 2007-08. The Petitioner has submitted that the MYT Order was issued on February 23, 2008, and was applicable for approximately a month and few days in the first Control Period (FY 07-08). The Petitioner has submitted that bifurcation of accounts for the period of one month would be time consuming and would require additional resources which would unnecessarily burden the consumers. Therefore the Petitioner has requested the Commission to exercise its power of relaxation conferred vide Clause 13.4 of MYT Regulations and consider truing up for the entire FY 07-08.

Commission's Analysis

3.82. The Commission had approved an amount of Rs. 40.01 Crs. towards A&G Expense for FY 2007-08 based on the methodology prescribed in the MYT Regulations.

3.83. As per Clause 4.16(b)(i) of the MYT Regulations, A&G Expense is a controllable parameter and any surplus or deficit on account of actual A&G Expense compared to as approved in the MYT Order for the Control Period shall be to the account of the Petitioner and shall not be trued up.

3.84. Accordingly, the A&G expenses are approved at the same level as provided in the MYT Order for FY 07-08 as per Table 17 below:

Table 17: Approved A&G Expenses for FY 07-08 (Rs. Crs)

Particulars	FY 07- 08
Total A&G Expenses	40.01
Less: Capitalisation	0.00
Net A&G Expenses	40.01

Repairs & Maintenance (R&M) Expenses

Petitioner's Submission

3.85. The Petitioner has submitted that it has incurred an amount of Rs. 50.37 Crs towards R&M expenses for FY 07-08. The Petitioner has submitted that the matter pertaining to R&M expense is sub-judice before the Hon'ble ATE and pending the judgment the Petitioner has relied on the methodology outlined in the MYT Order and Clause 12.1 of the MYT Regulations. The Petitioner has submitted that for FY 07-08, the true up of R&M expense should be done based on the audited accounts for FY 07-08. The Petitioner has submitted that the MYT Order was issued on February 23, 2008, and was applicable for approximately a month and few days in the first Control Period (FY 2007-08). The Petitioner has submitted that bifurcation of accounts for the period of one month would be time consuming and would require additional resources which would unnecessarily burden the consumers. Therefore the Petitioner has requested the Commission to exercise its power of relaxation conferred vide Clause 13.4 of MYT Regulations and consider truing up for the entire FY 2007-08 based on the audited accounts.

Commission's Analysis

3.86. The Commission has noted that the Petitioner has incurred a higher amount of expense towards R&M compared to the amount approved in the MYT Order. Compared to the amount of Rs. 32.25 Crs approved in MYT Order the Petitioner has incurred an amount of Rs. 50.37 Crs.

3.87. As per Clause 4.16(b)(i) of the MYT Regulations, R&M Expense is a controllable parameter and any surplus or deficit on account of actual A&G Expense compared to as approved in the MYT Order for the Control Period shall be to the account of the Petitioner and shall not be trued up.

3.88. Accordingly, the R&M expenses are approved at the same level as provided in the MYT Order for the FY 2007-08 is summarised below:

Table 18: Approved R&M Expenses (Rs. Crs)

Particulars	FY 07-08
R&M Expenses	32.25

Operation & Maintenance Expense

Petitioner's Submission

3.89. Operation and Maintenance expense is the sum total of expenses incurred towards employee expenses, A&G expenses and R&M expenses. The Petitioner has claimed O&M expenses as summarised in Table 19 below:

Table 19: Amount Submitted by Petitioner (Rs. Crs)

Particulars	FY 07-08
Employee Expenses	118.32
A&G Expenses	45.88
R&M Expenses	50.37
Total	**214.57**

Commission's Analysis

3.90. In accordance with the methodology prescribed in the MYT Regulations, the Commission has approved the amount considered for true up towards O&M Expenses for FY 07-08 at the same level as projected in the MYT Order which is provided in Table 20 below:

Table 20: Amount approved by Commission (Rs. Crs)

Particulars	FY 07-08
Employee Expenses	107.29
A&G Expenses	40.01
R&M Expenses	32.25
Total	179.55

Review of Capital Expenditure & Capitalisation

3.91. The Commission had provisionally approved an amount of Rs. 117.53 Crs towards capital investment for FY 07-08 in its MYT Order. Clause 4.162 of the MYT Order states that the provisional approval of the amount does not indicate approval of schemes and the Petitioner shall be required to obtain scheme wise approval for incurring the expenditure.

3.92. Also, the Commission observed that as provided under Clause 4.162 of MYT Order the Commission would true up the capital investment for each year at the end of the Control Period based on the actual capital investment carried out by the Petitioner.

3.93. The Commission in the following sections has also reviewed the actual capital expenditure incurred by the Petitioner during FY 07-08 and the procedure adopted for the procurement of equipment, material and /or services relating to capital investments.

Capex Review

3.94. Clause 4.14 of Delhi Electricity Regulatory Commission (Terms & Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2007 stipulates as under:

"The Commission shall review the actual capital investment at the end of each year of the Control Period. Adjustment to depreciation and return on capital employed for the actual capital investment vis-à-vis approved capital investment shall be done at the end of Control Period". (emphasis supplied)

3.95. In compliance to the said requirement, the Commission held separate Review Meetings with BRPL/BYPL/NDPL and DTL. The meeting with BYPL was held on 25th March, 2009 wherein the CEO of BYPL attended the meeting.

3.96. The Commission highlighted that the CAPEX proposed by BYPL in its Business Plan was Rs. 1032 Crs as under:

Particulars (Rs. Crs)	FY08	FY09	FY10	FY11
CAPEX proposed by BYPL	297	264	242	229

3.97. However in the MYT Petition it was increased to Rs. 1056 Crs by BYPL themselves:

Scheme (Rs. Crs)	FY08	FY09	FY10	FY11	Total
CAPEX	281	295	247	232	1056

3.98. BYPL brought out the fact that total capital expenditure of Rs. 164 Crs has been incurred during FY 07-08 on CWIP schemes as well as new schemes begun during FY 07-08.

3.99. BYPL highlighted that against the opening CWIP of Rs. 269 Crs in FY 07-08, a closing CWIP was Rs. 186 Crs as on 31 March, 2008. This has further reduced to Rs. 170 Crs as on 28 February, 2009. BYPL further explained that more and more schemes are being commissioned during the same year thereby reducing the quantum of CWIP. Almost all the schemes proposed by the Petitioner for FY 08-09 have already been approved by the Commission and the same was acknowledged by the Petitioner.

Table 21: Capital Work in Progress FY 07-08 (Rs. Crs)

S. No.	Project Name	No. of Scheme	Opening CWIP	Capitalization	Expenditure	Closing CWIP
1	AT&C Loss Reduction Schemes	443	116	164	111	63
2	**System Reliability Improvement Works**					
2.a	EHV System Improvement Works	42	44	16	12	40
2.b	Distribution System Improvement Works	798	42	24	19	37
3	**Load Growth Schemes**					
3.a	EHV Load Growth Schemes	8	10	4	1	7
3.b	Distribution Load Growth Schemes	498	33	22	3	14
4	Infrastructure Development works	NA	4	4	2	2
5	Deposit Works	225	20	13	16	24
6	Miscellaneous / Petty Works	NA	0	0	0	0
	Total	**2014**	**269**	**247**	**164**	**186**

3.100. The Commission emphasized that Capital expenditure and capitalization would need to be seen separately. The capital expenditure has to be reviewed w.r.t. schemes proposed by the DISCOMs, approval by the Commission and actual expenditure against approved schemes (along with the opening and closing levels of CWIP). This would indicate the progress in implementation of approved schemes. The year-wise capitalisation has to be compared to the capitalisation approved in the MYT Order for the impact in the fixed cost in Tariff.

Table 22: Capitalisation Details (Rs. Crs)

Particulars (Rs. Crs)	FY 07-08	FY 08-09	FY 09-10	FY 10-11
Approved in MYT Order	317.53	350.00	250.00	225.00
Actual as per DISCOM	164	194 (till Feb.09)	-	-

3.101. BYPL mentioned that reduction in no current consumer complaints on y-o-y basis in FY 08-09 is significant i.e. against 6.10 lakh complaints received in FY 07-08, the complaints received in 08-09 (till Feb 2009) is 3.93 lakh.

3.102. The Commission emphasized that as per MYT Regulations, any shortfall in Capital Expenditure with respect to the figures considered in the MYT Order dated 23 February, 2008 shall be considered at the end of the MYT Control Period. Necessary adjustment to various parameters relating to capital expenditure will be done at the end of the Control Period along with the carrying cost.

3.103. Regarding meter replacement, BYPL mentioned that about 1.86 lakh meters have been replaced in FY 07-08 and FY 08-09 put together and further mentioned that less than 6000 meters remain yet to be replaced. BYPL highlighted that the new colonies energised in FY 07-08 and 08-09 were 8 and 6 respectively. The Petitioner further added that there are no areas where power is being supplied through SPD contractors in BYPL.

Review of Depreciation

Petitioner's Analysis

3.104. The Petitioner has further submitted that the MYT Order was issued on 23 February 2008 and without prejudice to its rights or claim, by which it is permitted to recover in terms of its licence and Orders of the Commission, ATE and any other proceedings relevant to its entitlement, the disallowances of capital expenditure were made for the first time in the MYT Order. Therefore the effect of capital expenditure disallowed for the period between 1 April 2007 and the issuance of MYT Order should be ignored while determining the depreciation for the FY 2007-08.

3.105. The Petitioner also submitted that in accordance with Clause 12.1 of the MYT Regulations, the true up of revenue and expenses for the period between 1 April 2007 and commencement of MYT Order should be done based on the actual/audited information. The Petitioner has submitted that the MYT Order was commenced on 1 March 2008. The Petitioner has already audited its accounts for the period ending 31 March 2008 The Petitioner has submitted that bifurcation of accounts for the period of one month would be time consuming and would require additional resources which would unnecessarily burden the consumers. Therefore, the Petitioner has requested the Commission to exercise its power of relaxation conferred vide Clause 13.4 of MYT Regulations and consider truing up expenses for the entire year.

3.106. The Petitioner submitted that it has considered the opening GFA as determined by the Commission in the MYT Order for FY 07-08 and has added the assets capitalised during the year. The Petitioner has then segregated the GFA between the Wheeling and Retail business across the asset categories in terms of the cost accounting report. The Petitioner has submitted that as per the MYT Order and the MYT Regulations, it has assumed the depreciation in the ARR as allowed by the Commission in the MYT Order.

3.107. The Petitioner has requested the Commission to true up the Depreciation (including AAD, if any) in terms of section 12.1 of the MYT Regulations for the FY 2007-08 at the end of the Control Period.

Commission's Analysis

3.108. The Commission has approved an amount of Rs.56.63 Crs in the MYT Order, 2008-11.

3.109. As per Clause 4.7 of the MYT Regulations, Depreciation is a controllable parameter, for which the Commission has set targets for each year of the Control Period. Further, as per Clause 4.14 of the MYT Regulations, adjustment to depreciation and return on capital employed for the actual investment vis-à-vis approved capital investment shall be done at the end of the Control Period. Clause 4.16(b)(ii) of the MYT Regulations also provide for true up of Depreciation and ROCE at the end of the Control Period.

3.110. The Commission has observed that the Petitioner has submitted the information as a part of the annual review of actual performance (summarised in Table 23) vis-a-vis the targets approved by the Commission at the beginning of the Control Period in the MYT Order, 2008-11.

Table 23: Depreciation submitted by the Petitioner for FY 07-08 (Rs. Crs)

Particulars	FY 07-08
Depreciation	38.60
Advance Against Depreciation	12.40

3.111. In view of the Provisions made in the MYT Regulations as indicated in Para 3.109 above the Commission has retained the amount of depreciation as approved in the MYT Order, 2008-11 for the purpose of determination of ARR for FY 07-08 as given in Table 24 below:

Table 24: Depreciation Approved for FY 07-08 (Rs. Crs)

Particulars	FY 07-08
Depreciation	39.63
Advance Against Depreciation	17.00

Other Expenses

Petitioner's Submission

3.112. The Petitioner has submitted other expenses of Rs. 6.60 Crs which includes interest on consumer security deposit of Rs. 6.30 Crs, interest debited by income tax department under section 234 C of Rs. 0.23 Crs and interest paid on late deposit of service tax on street lighting maintenance of Rs. 0.07 Crs during FY 07-08.

Commission's Analysis

3.113. In the MYT Order of the Petitioner, the Commission had given a direction with regard to the consumer security deposit stating the following:

"The Commission also directed that as the issue of consumer security deposit is not related to the Multi Year Tariff Determination and has already been disposed off by the Commission by way of a speaking Order, this issue should not be made a part of this petition. The representative of the Petitioner present during the hearing, agreed to withdraw this issue and take it up separately before an appropriate forum"

3.114. Therefore, the Commission continues to hold its view on consumer security deposits taken in the MYT Order and the same has not been considered in the true-up for FY 07-08.

3.115. The Commission is of the view that the provisions of the Act in this regard is to provide interest on the security deposit paid by the consumer and not self financing of the interest by the consumer himself. Further, the Commission does not feel appropriate to burden the consumers with the interest debited by the Income/ Service Tax department on late deposits of taxes.

Income Tax Expense

Petitioner's Submission

3.116. The Petitioner has submitted that compared to the amount of Rs. 2 Crs approved in the MYT Order, it has incurred a tax liability of Rs. 1.23 Crs in FY 07-08.

Commission's Analysis

3.117. As per the MYT Regulations, Income Tax expense is considered as pass through. The Commission has observed that as per the audited financial statements, the Petitioner has incurred an expenditure of Rs. 1.23. Cr towards Income Tax in the FY 07-08. Accordingly, the Commission approves an amount of Rs. 1.23 Cr towards Income Tax for FY 07-08.

Review of Return on Capital Employed

Petitioner's Analysis

3.118. The Petitioner has submitted that it has computed the Return on capital employed (ROCE) as per the principles laid down in the MYT Regulation by the Commission. Pending appeal before the ATE, the Petitioner has stated to consider the ROCE in accordance with the approval of the Commission in the MYT Order. The Petitioner has further submitted that this does not curtail any right or entitlement of the Petitioner and can not be considered as a waiver of the same by the Petitioner.

3.119. The amount of RRB and RoCE as submitted by the Petitioner is mentioned in Table 25.

Table 25: Computed RoCE for FY 07-08 (Rs. Crs)

Particulars	FY 07-08
RRB	801.32
RoCE	80.37

Commission's Analysis

3.120. The Commission has approved an amount of Rs. 827.45 Crs towards RRB and Rs.82.98 Crs towards Return on Capital Employed in the MYT Order for the FY 07-08.

3.121. As per Clause 4.7 of the MYT Regulations, RoCE is a controllable parameter, for which the Commission has set targets for each year of the Control Period. Further, as per Clause 4.14 of the MYT Regulations, adjustment to depreciation and return on capital employed for the actual investment vis-à-vis approved capital investment shall be done at the end of the Control Period. Clause 4.16(b)(ii) of the MYT Regulations also provide for true up of Depreciation and ROCE at the end of the Control Period.

3.122. The Commission has observed that the Petitioner has submitted the information as a part of the annual review of actual performance vis-a-vis the targets approved by the Commission at the beginning of the Control Period in the MYT Order, 2008-11.

3.123. In view of the above the Commission has retained the amount of RoCE as approved in the MYT Order, 2008-11. Necessary adjustments will be carried out at the end of Control Period along with the carrying cost.

Non Tariff Income

Petitioner's Submission

3.124. The Petitioner in its True up Petition has considered non-tariff income of Rs. 42.67 Crs for FY 07-08. The Petitioner in its subsequent submission vide letter no. COO (BYPL)/08-09/22/102 dated 9 March, 2009 has requested the Commission to true up the Non Tariff Income based on the actual values at the end of the Control Period as per the Provision made in Para 4.250 of the MYT Order. The Petitioner has submitted a revised Non Tariff Income of Rs. 41.53 Crs.

Commission's Analysis

3.125. The Commission has undertaken a detailed analysis of the non-tariff income submitted by the Petitioner. The non-tariff income submitted by the Petitioner has been validated with the annual audited accounts for FY 07-08. During the validation, the Commission observed that the Petitioner has not included the following amounts in its submission of Non Tariff Income:

- Late Payment Surcharge

3.126. The Commission is of the view that the above amounts should be included in the computation of Non Tariff Income which is in line with Clause 5.23 of the MYT Regulations which states "*All incomes being incidental to electricity business and derived by the Licensee from sources, including but not limited to profit derived from disposal of assets, rents, delayed payment surcharge, meter rent (if any), income from investments other than contingency reserves, miscellaneous receipts from the consumers and income to Licensed business from the Other Business of the Distribution Licensee shall constitute Non-Tariff Income of the Licensee."*

3.127. The above mentioned Clause clearly indicates that the delayed payment surcharge has to be considered for computing the non tariff income. While computing the delayed payment surcharge, the Commission has deducted the carrying cost of financing the same at the rate of 9% per annum.

3.128. The Commission has in the MYT Order, 2008-11, mentioned that the NTI shall be considered for true up at the end of the Control Period. The Commission observed that the Petitioner has requested for true up of the Non Tariff Income in the Original Petition. In the later submissions, however, the Petitioner changed its stand and requested for true up of Non Tariff Income at the end of the Control Period.

3.129. The Commission examined the issue of Non Tariff Income (NTI) in light of the later submissions of the Petitioner and the MYT Regulations 2007.

In this regard the Clause 5.25 of the MYT Regulations states that "*The amount received by the licensee on account of Non Tariff Income shall be deducted from the aggregate revenue requirement in calculating the net revenue requirement of such licensee*" and Clause 5.27 further elaborates that "*The net aggregate revenue requirement of the licensee eligible for recovery during each year of the Control Period shall be determined after deducting from the aggregate revenue requirement, the non tariff income and the other income*". A joint reading of both the above clauses indicates that NTI being an integral part of the revenue requirement which is an uncontrollable parameter, shall be trued up at the end of each year of the Control Period.

3.130. As per the MYT Regulations only two sets of parameters are recognized that is controllable and uncontrollable. While the uncontrollable parameters include revenue/expenditure on account of sales and power purchase and provides for its annual true up, the controllable parameter includes O&M Expense, Capex related expense and RoCE and does not specifically include the non tariff income. Also, the MYT Regulations in regard to controllable expense specifically provides for true up of Capex related expenditure i.e. RoCE and Depreciation at the end of the Control Period.

3.131. Hence, the Commission has recomputed the amount of Non Tariff Income. The amount of Non Tariff Income computed by the Commission has been provided in Table 26 below:

Table 26: Trued-up Non Tariff Income as Approved by the Commission (Rs. Crs)

Particulars	Trued-up
Non Tariff Income submitted by the Petitioner in the Original ARR Petition	42.67
Add:	
Delayed Payment Surcharge	26.66
Less:	
Interest on Investment of Contingency Reserve	0.58
Total Non-Tariff Income	**68.75**
Less: Financing cost incurred against LPSC	1.20
Net Non-Tariff Income	**67.55**

Annual Revenue Requirement for FY 07-08

3.132. The Commission approves the Annual Revenue Requirement (ARR) after incorporating the above changes at Rs 1371.01 Crs for FY 07-08, The ARR approved in the MYT Order, ARR as claimed by the Petitioner and the Trued up ARR is summarised in Table 27 below:

Table 27: True-up of ARR for FY 07-08 (Rs. Crs)

Particulars	ARR As Per MYT Order	ARR as claimed by Petitioner	Trued-up ARR
Cost of Power Purchase	978.92	926.79	939.35
Inter-State Transmission (PGCIL) charges	56.20	86.79	86.79
Intra-state Transmission (DTL) charges (including SLDC Charges)	59.13	53.22	53.22
Operation & Maintenance Costs	189.64	224.88	189.64
Terminal Benefits	-	44.64	-
Depreciation (including AAD)	56.63	56.63	56.63
Other Expenditure	-	6.60	-
Return on Capital Employed (including additional return)	86.58	86.58	86.58
DVB Arrears	-	27.4	27.4
Less: Interest & Other Expenses Capitalized	2.31	-	2.31
Less: Non Tariff Income	41.53	41.53	67.55
Income Tax Provision	2.00	1.23	1.23
Aggregate Revenue Requirement	**1,385.26**	**1,473.27**	**1,371.01**

Revenue

Petitioner's Submission

3.133. The Petitioner has submitted the net revenue from sale of power to be considered towards annual revenue requirement as Rs. 1424.46 Crs after adjustment towards electricity tax, Petitioner's share on over-achievement, DISCOM adjustment. The Petitioner has retained 50% of incentive i.e. Rs. 57.58 Crs on account of overachievement in AT&C loss reduction, Rs. 56.29 Crs is adjusted against the DISCOM subsidy and the remaining amount of incentive is transferred to the Contingency Reserve as detailed in Table 28.

Table 28: Revenue Details submitted by the Petitioner (Rs. Crs)

Particulars	FY 07-08
Revenue Realized	1631.76
Billing Amount	1547.96
Collection Efficiency	105.41%
Amount Collected	1631.76
Less: LPSC Collected	26.66
Revenue Realized for the purpose of ARR	**1605.10**
Less: Electricity Tax Collected	65.49
Less: Total Benefit on account of overachievement	115.16
Revenue available towards ARR	**1424.46**

Commission's Analysis

3.134. While analysing the revenue details submitted by the Petitioner for FY 07-08, the Commission observed that the Petitioner has not considered the LPSC amount collected during FY 07-08 as a part of revenue available towards ARR. As per Clause 5.23 of MYT Regulations, the revenue on account of delayed payment surcharge is a part of non tariff income which is to be deducted from ARR as per Clause 5.23 of MYT Regulations. Therefore, the Commission has considered the late payment surcharge collected during the year as a part of non tariff income computed in this Order.

3.135. It was observed that the commission earned by the Petitioner on account of electricity tax collection (part of the Non Tariff Income) does not match with the electricity tax collection submitted by the Petitioner in its Petition. Further, the electricity tax collection derived from the commission earned is Rs. 65.22 Crs which is lower as compared with the Petitioner's claim of Rs 65.49 Crs. Therefore, the Commission has continued with the methodology adopted in the MYT Order and has considered the computed electricity tax of Rs. 65.22 Crs for true-up for FY 07-08.

3.136. Based on the audited accounts submitted by the Petitioner and the aforesaid methodology for computing revenue realized, the Commission approves the net revenue of Rs. 1424.73 Crs available towards meeting the ARR for FY 07-08 as detailed in Table 29.

Table 29: Revenue Trued-up for FY 07-08 (Rs. Crs)

Particulars	FY 07-08
Amount Realized	1622.10
Less: LPSC Collected	26.66
Less: Total Benefit on account of overachievement	105.48
Approved Revenue Realized for the purpose of ARR	1489.95
Less: Electricity Tax Collected	65.22
Revised Revenue available towards ARR	**1424.73**

3.137. The Commission while analysing the revenue submission has found discrepancies in category wise revenue. The Commission had observed similar discrepancies in case of other two DISCOMs as well. Since the Petitioner does not report category wise revenue figure in the annual audited accounts, the Commission therefore directs the Petitioner to create a separate schedule of category wise revenue realized in the Audited Accounts from sale of energy from FY 09-10 and onwards.

Contingency Reserve

3.138. As per the provisions of MYT Regulations 2007 a Contingency Reserve is to be maintained for Tariff Stability and passing the benefits derived to the consumers under the MYT Framework. The Commission had in its MYT Order directed the Petitioner to transfer the amount allowed as contribution to the Contingency reserve in the past that is Rs. 5.91 Crs to the MYT Contingency Reserve. The Commission had also directed the Petitioner to maintain separate accounts in its books and reflect the balance in the MYT Contingency Reserve Account in the Balance Sheet. The Petitioner shall use the amount for investing in safe securities and earning returns based on the market conditions. However, the Petitioner is refrained from using the money for speculative purposes. The Commission also directed the Petitioner to transfer the refunds received from DTL, IP Station, Rajghat Power House, GTPS and PPCL as specified in the MYT Order of the respective Companies/licenses to the Contingency Reserve.

3.139. The opening level of Contingency Reserve along with the additions during FY 07-08 and the interest thereon is summarised below:

Table 30: Contingency Reserve Account Balance (Rs. Crs)

Particulars	Amount
Opening level of Contingency Reserve	5.91

Particulars	Amount
Addition to Contingency Reserve during FY 07-08	0.00
Interest received during the year	0.58
Closing level of Contingency Reserve	**6.49**

Revenue Surplus/ (Gap)

3.140. The revenue gap/ surplus for FY 07-08 as approved in the MYT Order, as submitted by the Petitioner and as trued up the Commission is summarised in Table 31 below:

Table 31: Revenue Surplus/(Gap) for FY 07-08 (Rs. Crs)

Particulars	MYT Order	True Up Petition	Trued-up
Trued-up ARR	1,385.26	1,473.27	1371.01
Revenue available towards ARR	1528.94	1424.46	1424.73
(Gap)/ Surplus	**143.68**	**(48.81)**	53.72

3.141. Based on the True-up exercise, there is a net revenue surplus of Rs. 53.72 Crs for FY 07-08, which would be adjusted in the determination of the Aggregate Revenue Requirement for FY 09-10. Treatment of this net revenue surplus is dealt with in Chapter A4.

A4: ARR FOR FY 09-10

Aggregate Revenue Requirement for FY 09-10

Introduction

4.1. The Petitioner has filed its submission for determination of Aggregate revenue Requirement for the FY 09-10. The Commission has carried out a detailed analysis of the Petitioner submission as required under the MYT Regulations and the computation of ARR based on Commission's analysis is produced in this section.

4.2. In the process of ARR determination the Commission held several rounds of technical discussions with the Petitioner to validate the submitted information. The Commission had also directed the Petitioner to submit additional information, where required, and also provide clarifications on various issues, where felt necessary. The Commission has considered all information submitted by the Petitioner. This includes the audited accounts up to FY 07-08, information provided in the formats prescribed under MYT Regulations, replies to queries raised during discussions and also replies to queries raised during the public hearing.

Approach

4.3. The Petitioner has submitted its revised ARR for the FY 09-10 along with the true up Petition for FY 07-08. The Commission has examined whether a basis exists for revisiting the ARR under the MYT Framework which is already approved in the MYT Order. In this regard Clause 8.3, Clause 5.28 and Clause 4.6 of the MYT Regulations are relevant. Clause 8.3 provides the framework for projecting the targets for each year of the Control Period on the onset of the Control Period. Clause 8.3 provides that the Petitioner shall furnish a business plan which shall include sales & demand forecast, power procurement plan, AT&C Loss reduction and projection for other components for each year of the Control Period. The Commission observed that the stipulations of Clause 8.3 were followed at the time of issuing the MYT Order. At the onset of the Control Period the Commission had considered the submissions of the Petitioner and after prudence check, analysis and application of MYT Regulations approved the targets for controllable parameters as well as forecasts for the uncontrollable parameters for each control year. In this regard the Commission has also observed that Clause 4.6 of the MYT Regulation provides that the Commission shall normally not revisit the performance targets even if the targets are fixed on the basis of un-audited accounts. Commission in its MYT Order has fixed the targets for the controllable parameters and Clause 4.8 and 4.9 defines targets for controllable parameters are for AT&C losses, O&M expenditure and quality of supply. Therefore, considering the revision of controllable parameters for FY 09-10 now would essentially imply revision of one set of projections with another.

4.4. The Commission has noticed that the Clause 5.28 of MYT Regulation provides specifically for corrections for uncontrollable factors for each year of the Control Period to be included in the ARR of the retail supply business.

4.5. The Commission observed, as noted in the previous paragraph, the objective of segregating costs into controllable and uncontrollable is to differentiate cost which are expected to be easily controlled by the licensee and the cost over which the licensee does not have significant control. Therefore, the second category of cost where licensee does not have much control is because of uncontrollable parameters i.e. power purchase quantum/cost and sales. The commission feels it is important to revisit the projections of power purchase made in the MYT Order as power purchase represents approximately 75% of the ARR.

4.6. A reference to Para 5.1 of the MYT Order also indicates that the uncontrollable parameters viz power purchase cost and sales may require year to year revision. Accordingly, the Commission had fixed the retail tariff till 31st March, 2009 only, to take care of any variations in uncontrollable parameters as the power purchase cost represents approximately 75% of the ARR.

4.7. At the time of the MYT Order, NDMC was allocated 350 MW from BTPS only. Subsequent to the issue of MYT Order, based on a request from NDMC, its allocation from BTPS has been changed and its allocation of 350 MW was done from BTPS, Pragati, and Dadri TPS. Consequently, allocation of capacity to other DISCOMs of Delhi from these power stations was modified. While doing so 15% of capacity of NDMC was carved out as unallocated quota and kept at the disposal of GoNCTD. It is essential to capture the impact of the Commission's Order regarding reallocation to NDMC along with creation of 15% unallocated quota while truing up of power purchase cost as well as to capture its impact on all the DISCOMs and NDMC in their power purchase cost for FY 09-10 in their respective ARRs for FY 09-10.

4.8. In light of the above, the Commission has considered the revision of ARR for uncontrollable parameters for FY 09-10 and other components of costs are considered as per the MYT Order. However, the Commission has now computed the revenue for the FY 09-10 since it was not computed in the MYT Order.

Energy Sales

Petitioner's Submission

4.9. The Petitioner has submitted that growth in sales of electricity in its licensed distribution area does not follow a uniform trend. Considering this, a CAGR (of previous years) approach alone will not be a prudent approach to project energy sales. The Petitioner has therefore submitted that it has not adopted the CAGR approach in isolation to project the sales for the Control Period. Instead, the Petitioner has projected the energy sales correlating it with the identified related parameters such as development of housing colonies, infrastructure development in the city, increase in commercial establishments, malls, etc; increase in number of consumers (presently indulging in unauthorized abstraction of power), due to various electrification initiatives such as HVDS, LTAB etc, which will cover the unauthorized colonies and JJ clusters; growth in specific consumption of the existing consumers on account of growth in economy and life style changes. The impact of this approach results in to a sales projection which is higher than the CAGR for the Policy Direction Period.

4.10. It has been submitted that the actual sales of FY 07-08 across most of the categories of consumer's are in line with the Petitioner's earlier estimates submitted in the MYT Petition. Therefore, the Petitioner has retained the projections as estimated in the MYT Petition for most of the categories of consumers.

Commission's Analysis

4.11. In the MYT Order, the Commission had considered the consolidated category-wise sales for Delhi as a whole for approving the category-wise sales of each DISCOM. The Commission has now compared the actual consumption of FY 07-08 with the approved consumption and has observed that the variation is in the range of 1.63% to 8% for all the three DISCOMs in Delhi.

4.12. The Commission is of the view that the factors affecting the actual consumption of electricity are numerous and often beyond the control of the licensee including factors such as Government Policy, economic climate, weather conditions and force majeure events like natural disasters, etc. Under such a situation, the attempt is to look into various factors and estimate the interrelationships to arrive at a reasonably accurate forecast within a range and use a single point-estimate within the range for the purpose of estimating future costs/ revenues.

4.13. The Commission, therefore for projecting the category-wise consumption of each DISCOM for the FY 09-10 has considered the past growth trends in the distribution area of each DISCOM instead of using an overall growth rate in consumer categories in Delhi as a whole.

4.14. The Commission for projecting the sales for each DISCOM has adopted an adjusted trend analysis method of demand forecasting which assumes that the underlying factors which drive the demand for electricity are expected to follow the same trend as in the past. Hence, the forecast for electricity is also based on the assumption that the past consumption trend will continue in the future.

4.15. The strength of this method, when used with balanced judgment lies in its ability to reflect recent changes and therefore is probably best suited for a short-term projection as used for the ARR/ Tariff filing. However, the trend-based approach has to be adjusted for judgment on the characteristics of the specific consumer groups/ categories.

4.16. The basis of category wise Sales forecast is discussed below:

- The sales of Domestic, Non Domestic, Industries, Public lighting, DMRC and other categories are estimated using above mentioned method called Adjusted Trend analysis Method.
- The Compounded Annual Growth rate (CAGR) for each and every category is calculated from the past sales pattern.
- The fourth quarter sales of FY 08-09 is obtained by deducting the first three quarters from the total sales by making suitable adjustments. As the data submitted for the fourth quarter by the DISCOMs is provisional, it can not be considered for projecting the sales for FY 09-10.
- After finalisation of FY 08-09 estimated sales, again the Compounded Annual Growth rate (CAGR) is computed for the period 2003-04 to 2007-08 and this % growth rate is taken as the base for estimating the sales for the ensuing year FY 09-10.

Domestic Consumers

4.17. The consumption of power by the domestic category in the first three quarters of the FY 08-09 is 1540 MUs representing a growth of 17.14% with respect to the first three quarters of the FY 07-08. The total sale for the FY 08-09 is arrived by applying a growth rate of 15% over the previous year sales. The consumption in the fourth quarter of the FY 08-09 is arrived by deducting the first three quarters sales from the expected annual sales.

4.18. The major reasons contributing for the increase in domestic sales in the recent past are metering of un-metered consumers, electrification of JJ cluster, billing of SPD under domestic lighting/ fan and power, etc. Therefore, the growth in the sales quantum witnessed in this particular category in the last few years will not be at the same pace in the ensuing years.

4.19. Considering the above, for FY 09-10, the Commission has projected an increase in sales to this category at 10%. For projection of sale to subcategories of domestic consumers, the Commission has used the ratio of actual sales in the subcategory to total domestic sales (excluding SPD) of the Petitioner for FY 06-07 and FY 07-08.

Non-Domestic Consumer

4.20. In the non-domestic category, there has been a growth of 18.83% during the 4 year period (FY 04 – FY 08), 8.62% during the three year period (FY 05 – FY 08) and the growth during FY 07-08 over FY 06-07 is 14.23%.

4.21. Commission has analysed the quarterly sales of BYPL and has found that the growth during the first three quarters of FY 08-09 over the first three quarters of FY 07-08 is 19.26%. The Commission has considered the increase in sales to this category for FY 08-09 at 14.48%, which is in line with 2 years' CAGR for sales to this category. The growth in sales witnessed in this category during FY 06-07 and FY 07-08 is similar and is around 14%.

4.22. Therefore, it is reasonable to consider the 2 year CAGR of 14.48% for the FY 09-10 instead of a higher growth of 18.83% which may not be sustained, in view of prevailing general recession. Based on the growth of 14.48% over the FY 08-09, the Commission, approves the energy sales of 1476 MUs for FY 09-10.

4.23. For projection of sale to subcategories of Non-Domestic Consumers, the Commission has used the ratio of actual sales in the subcategory to total Non-Domestic sales of the Petitioner for FY 06-07 and FY 07-08.

Industrial Consumers

4.24. An assessment of the growth in sales to this category indicates large variations in growth in the BYPL area on a year-to-year basis with variation in sales ranging from 5.36% to 13.42%. The 4 years' CAGR for sales is 13.42% while 3 years' CAGR is 5.36%. The actual growth rate in sales during FY 07-08 over FY 07-06 is 7.73% while there is a growth of ~3.3% witnessed during the first three quarters of FY 08-09 over the first three quarters of FY 07-08.

4.25. The Commission, while estimating sales to industrial category has considered relocation/decline of industries pursuant to various Court Orders and Pollution Control Board's initiatives. New industrial areas being developed in the NDPL distribution area at Bawana and Narela has been given due consideration. Therefore, it is expected that growth in industrial sales in the BRPL's and BYPL's area will be lower as compared to growth rate in the NDPL's area of distribution for this particular category.

4.26. The consumption in the first three quarters of FY 08-09 is 339 MUs and the consumption in the fourth quarter is estimated as 118 MUs based on the previous years sales pattern and the total sales for the FY 08-09 is expected to be 457 MUs.

4.27. After detailed analysis of the trend in sales and the economic outlook of the State for the forthcoming year, the Commission has projected an increase in sales to this category at 5.36% which is the 3 year CAGR for this category.

4.28. For projection of sale to subcategories of industrial consumers the Commission has used the ratio of actual sales in the subcategory to total industrial sales of the Petitioner for FY 06-07 and FY 07-08.

Public Lighting

4.29. The sale to this Category has shown consistent growth for the period FY 03 to FY 07. However, during the FY 07-08 decline of 6% in the sales to this category has been witnessed. Considering the past trends in the sales with respect to this category and the consumption during the first three quarters of FY 08-09, the Commission has projected increase in the sales to this category for the Control Period at 16%, which is in line with 3 years' CAGR for sales to this category.

Irrigation and Agriculture

4.30. Commission has analysed the actual sales in this category for the FY 07-08 and first three quarters of FY 08-09 and has observed that the actual sales is almost same to the approved sales in the MYT Order. Therefore, Commission has not revised the sales projections for this category and has kept the similar sales approved in the MYT Order for FY 09-10.

DMRC

4.31. The consumption of power by the DMRC in the first three quarters of the FY 08-09 is 52 MUs representing a growth of ~ 33% with respect to the first three quarters of the FY 07-08. The Commission has considered the increase in sales to this category for FY 08-09 & FY 09-10 at 26%, which is in line with 2 years' CAGR for sales to this category.

Other Categories

4.32. The Petitioner's own consumption, enforcement and temporary connections have been included in "Other" category.

4.33. An assessment of the growth in sales to this category indicates large variations in growth in the BYPL area on a year-to-year basis with variation in sales ranging from 7.12% to 186%. The 4 years' CAGR for sales is 7.12% while 2 years' CAGR is 1.55%. However, there is negative growth of ~4.9% witnessed during the first three quarters of FY 08-09 over the first three quarters of FY 07-08.

4.34. The Commission is of the view that the sales in this category may not grow beyond certain level and is likely to be steady. Therefore, the total sale for the FY 08-09 is arrived by applying a growth rate of 7.12% over the previous year sales level.

4.35. The sustained growth of 7.12% is also approved for the FY 09-10, which is also in line with 4years' CAGR for sales to this category.

4.36. The Commission approves following energy sales for the Petitioner for the FY 09-10.

Table 32: Approved Sales for FY 09-10 (MUs)

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

AT&C Losses

Introduction

4.37. The AT&C framework is regulated by Clause 4.7 and 4.8 of the MYT Regulations. As per Clause 4.7 the Commission shall set targets for each year of the Control Period for the items or parameters that are deemed to be controllable. AT&C Loss is included as one of the controllable parameters as per this Clause. Essentially this means that the Commission shall provide AT&C Loss targets to be achieved for each year of the Control Period.

4.38. The first Control Period for four years runs from FY 07-08 to FY 10-11. The Commission has provided in its MYT Order the AT&C Loss targets for each year for the Control Period.

4.39. In the case of BYPL the MYT Regulation provides that the DISCOM is required to achieve an AT&C Loss target of 22% at the end of the Control Period. Further, the Commission has provided in "Table 50" of its MYT Order the AT&C Loss levels for each control year which is reproduced in Table 33.

Table 33: Commission Approved AT&C and Distribution Loss Reduction Trajectory (%)

Particular	FY09	FY10	FY11
AT & C loss target	30.52%	26.26%	22.00%

Particular	FY09	FY10	FY11
AT & C loss Reduction over previous year	4.26%	4.26%	4.26%
Distribution loss target	29.99%	25.89%	21.61%
Collection Efficiency	99.25%	99.50%	99.50%

Petitioner's Submission

4.40. BYPL has submitted the following figures in its petition for FY 07-08:

- It has achieved an AT&C Loss level of 29.82% during FY 07-08 against the MYT incentive target level of 34.77%;
- It has achieved a Distribution loss level of 33.42%; and
- It has achieved a Collection efficiency 105.41%

4.41. BYPL has further submitted that for the FY 08-09 and FY 09-10 it shall be able to achieve the AT&C loss level as approved in the MYT Order. The AT&C Loss level target as approved in the MYT Order is 30.52% and 26.26% for FY 08-09 and FY 09-10 respectively.

Commissions Analysis

4.42. The Commission has analysed that for FY 07-08 the Petitioner has been able to achieve the incentive AT&C Loss level target set in the MYT Order. A detailed computation in this regard has been discussed earlier in the Chapter A3 under the section of AT&C Loss level. As per the computation & analysis of AT&C Loss level done by the Commission, the Petitioner has achieved an AT&C Loss level of 31.00% compared to the incentive target AT&C loss level of 34.77% prescribed in the MYT Order for FY 07-08.

4.43. For FY 08-09, the Petitioner has submitted that it shall be able to achieve AT&C loss level for FY 08-09 as per the level approved in the MYT Order. To verify the actual scenario for the FY 08-09, the Commission analysed the actual information on quarterly power purchase and sales made by the Petitioner for FY 08-09. It has been observed, based on the analysis, that the Petitioner would be able to over-achieve the AT&C loss level specified by the Commission in the MYT Order. The Commission observed that due to over-achievement of AT&C Loss level the Petitioner would be able to draw a higher incentive for the FY 08-09.

4.44. To arrive at the above finding for the FY 08-09 the Commission undertook a comparative study for the actual information available for the 9 months of the FY 08-09. The Commission found that there has been a significant decline in the AT&C Loss level for the nine months of FY 08-09 compared with the nine months actual for FY 07-08. The Commission based on its analysis observed the trend; that the AT&C losses in the first three quarters of a financial year are higher compared to the fourth quarter of the same financial year. The Commission analysed that this is attributed to the improvement in collection efficiency in the fourth quarter. Comparison of the AT&C Loss level for the specific periods is provided in Table 34.

Table 34 – Comparison AT&C Loss levels over the past period (%)

April 07 to Dec 07	Jan. 08 to Mar 08	Apr 07 to Mar 08	April 08 to Dec 08	Estimated April 08 to March 09
34.98%	9.87%	29.80%	28.30%	24.52%

4.45. The Commission observed, as indicated from Table 3, that the actual AT&C losses in the Petitioner's distribution area in the fourth quarter of FY 07-08 was 7% against the AT&C loss level of 34.98% attained in the first three quarters of FY 07-08. The Commission further compared the AT&C Loss level for FY 07-08 with that of FY 08-09. The Commission analysed that compared to the AT&C Loss level of 34.98% for first three quarters of FY 07-08, the actual AT&C losses for the first three quarters of FY 08-09 achieved by the Petitioner is 28.30%. Considering, the trend that the AT&C Loss level is significantly lower in the fourth quarter, as indicated in the Table 34 for FY 07-08 above, the Commission is of the opinion that the Petitioner shall be able to overachieve the AT&C Loss level for FY 08-09 compared to the AT&C loss level prescribed in the MYT Order.

4.46. Based on the above framework of analysis the Commission discussed with the Petitioner the possibility of overachievement of AT&C Loss level for the FY 08-09. The Petitioner subsequently agreed that it shall be able to overachieve the AT&C Loss level for FY 08-09 compared to the AT&C Loss level prescribed in the MYT Order. In this regard the Petitioner also submitted its letter no. CEO(BSES)/2009-10/636 dated April 29, 2009 confirming that a reduction of approximately 6% in AT&C Loss level is expected which would bring down the AT&C Loss level for FY 08-09 to approximately 23%.

4.47. The Commission also analysed the impact of lower AT&C losses for the FY 08-09 compared to the projected AT&C losses in the MYT Order. The Commission is of the view that lower AT&C losses for FY 08-09 would also result in lower T&D losses. The lower T&D losses will be less than the approved quantum and accordingly should result in lower power purchase quantum/cost, all other things remaining the same.

4.48. In the background of the above analysis the Commission observes that the Petitioner has been allowed a higher power purchase quantum/cost for FY 08-09 under MYT Order. Further the true-up of the FY 08-09 shall be done based on audited annual accounts of the Petitioner. Till the time the true-up of FY 08-09 is done, saving, if any, in power purchase cost along with the benefit of T&D loss reductions could result in either surplus or reduced gap, which would be accounted at the time of the truing up with necessary carrying cost and the consumer's part of the surplus would be credited to "Contingency Reserve" account at that stage.

4.49. Additionally, the Commission is of the opinion that an overachievement in FY 08-09 and the declining trend in AT&C loss levels, the Petitioner would be also able to overachieve the AT&C loss level for FY 09-10 specified by the Commission in the MYT Order. This would also lead to a reduction in power purchase quantum/cost for the Petitioner during FY 09-10.

4.50. Considering the estimated AT&C loss of FY 08-09 and a reduction of 4.26% during FY 09-10 as per the MYT Order, the Petitioner's AT&C loss is estimated to be 20.26% in FY 09-10 as against 26.26% approved in the MYT Order. This would result in a T&D loss level of 19.86% as against the approved T&D loss of 25.89% in the MYT Order. Therefore, Petitioner will have an additional amount available during FY 09-10 over and above the approved power purchase cost as the estimated T&D loss for FY 09-10 is lower than the approved T&D loss level in the MYT Order.

4.51. **The Commission is of the opinion that the impact of actual AT&C Loss level for FY 09-10 shall be adjusted at the time of the true up as per the MYT Regulations. Therefore, the Commission is considering the AT&C and T&D loss targets as specified in the MYT Order for the purpose of projection of power purchase requirement and cost for FY 09-10.**

4.52. Accordingly, the power purchase requirement for the FY 09-10 has been computed based on the AT&C Loss level of 26.26% for FY 09-10 as approved in the MYT Order.

Energy Requirement

Petitioner's Submission

4.53. The Petitioner has estimated an energy requirement of 5752.26 MUs against the projected sales of 4263.03 MUs for FY 09-10. The Petitioner has considered T&D loss of 25.89%, in line with the T&D loss level approved in the MYT Order, for the computation of energy requirement for FY 09-10.

Commission's Analysis

4.54. The Commission has computed the energy requirement for FY 09-10 as per the revised sales estimate and T&D losses of 25.89% as approved by the Commission in the MYT Order for FY 09-10. The approved energy requirement for FY 09-10 is summarised below:

Table 35: Energy Requirement for FY 09-10 approved by the Commission

Particulars	As per MYT Order	Petitioner Claim	Revised Projections

Particulars	As per MYT Order	Petitioner Claim	Revised Projections
Sales (in MUs)	3818.34	4263.03	4445.24
Distribution Losses (%)	25.89%	25.89%	25.89%
Energy Requirement (in MUs)	5152.05	5752.26	5998.12

Power Purchase

4.55. Under the framework of MYT Regulations Power Purchase quantum has been classified as an Uncontrollable Component. Since power purchase cost contributes maximum share in the total Annual Revenue Requirement of the Petitioner; it is pertinent that the projection of power purchase expense is done with utmost prudence. Power from all the sources including Central Sector Generating Plants, State Generating Plants, Future Plants, etc is analysed to determine the total power purchase quantum and cost for the Petitioner.

Allocation of Power from Central and State Generating Stations

Petitioner's Submission

4.56. The Petitioner has submitted its power purchase quantum from NTPC, NHPC, NPCIL, Tehri, NJPC and Tala plants based on the reallocation of PPAs among the three distribution companies as per Order no. F.17 (115)/Engg./DERC/2006-07/ dated 31st March, 2007 among the three DISCOMs namely BRPL, BYPL and NDPL in proportion of the energy drawn by them from the date of unbundling to February 2007.

Table 36: Allocation of PPA's

DISCOMs	Share (in %)
BRPL	43.58%
BYPL	27.24%
NDPL	29.18%

4.57. For the FY 09-10, the Petitioner has submitted its power availability from the State Generating Stations (IPGCL, PPCL, NCR Dadri TPS and BTPS) based on the revised Order no. F11(41)/2007/Power/2397 dated 30th September 2008 by the GoNCTD. As per the revised allocation schedule the power allocated to the three DISCOMs is as mentioned in Table 37 below:

Table 37: Allocation of Power from State Generating Stations (in %)

Generating Stations	BRPL	BYPL	NDPL
IPGCL	38.54%	31.40%	29.18%
PPCL	31.41%	21.89%	20.34%
BTPS	31.64%	23.61%	21.94%

Generating Stations	BRPL	BYPL	NDPL
NCR Dadri TPS	31.56%	24.28%	24.36%

4.58. The Petitioner, in its Petition, has considered the revised firm share and unallocated energy allocation as per the Order no. F11(41)/2007/Power/868 dated 31st March 2008 and Order no. F11(41)/2007/Power/2397 dated 30th September 2008 by the GoNCTD while projecting the energy availability in FY 09-10 from the Generating Stations in Delhi System.

Commission's Analysis

4.59. Delhi has firm allocated share in Central Sector Generating Stations (CSGS) of NTPC, National Hydroelectric Power Corporation (NHPC), Tehri Hydro Development Corporation (THDC), Satluj Jal Vidyut Nigam Limited (SJVNL) and Nuclear Power Corporation Limited (NPCIL). The Commission has considered allocation of firm power from the above mentioned generating stations as per the allocation on 27th October, 2007 specified in the notification no. NRPC/SE(O)/Allocations/2007-08 dated 26 October, 2007 of Northern Regional Power Committee (hereinafter referred to as "Reassignment Order").

4.60. The distribution of unallocated quota from the abovementioned plants varies from time to time based on power requirement and power shortages in different States. Therefore, the Commission has considered average of monthly weighted average share of firm and unallocated power for Delhi in CSGS over past 12 months i.e. from April'08 to March'09 sourced from Final REA of March 2009, Notification no NRPC/SE(C)/ABT-REA/2008-09 dated 29th April, 2009. The firm and average weighted share of firm and unallocated share from the Central State Generating Stations is summarised in Table 38 below:

Table 38: Allocation of Power to Delhi from Central State Generating Stations

Stations	Installed Capacity (in MW)	Firm Share of Delhi (%)	Average weighted firm & unallocated Delhi Share (%)
NTPC Plants			
Anta Gas	419	10.50%	11.89%
Auraiya Gas	663	10.86%	11.82%
Dadri Gas	756	10.96%	11.61%
Farakka	1600	2.79%	2.79%
Kahalgaon-I	840	9.82%	9.82%
Rihand –I	1000	10.00%	11.38%
Rihand –II	1000	12.60%	13.98%
Singrauli	2000	7.50%	8.89%
Unchahar-I	420	5.71%	6.15%
Unchahar-II	420	11.19%	12.58%

Stations	Installed Capacity (in MW)	Firm Share of Delhi (%)	Average weighted firm & unallocated Delhi Share (%)
Unchahar-III	210	13.81%	15.17%
NHPC Plants			
Baira Siul	180	11.00%	11.00%
Chamera-I	540	7.90%	7.90%
Chamera-II	300	13.33%	14.99%
Dhauliganga	280	13.81%	14.59%
Dulhasti	390	12.83%	14.21%
Salal	690	11.62%	11.62%
Tanakpur	94	12.81%	12.81%
Uri	480	11.04%	11.04%
Others			
Tehri Hep	1000	10.30%	11.21%
NJPC (Satluj)	1500	9.47%	10.39%
Tala Hep	1020	2.94%	2.94%
NPCIL			
NAPS	440	10.68%	12.02%
RAPP-B Unit 3	220	0.00%	1.35%
RAPP-B Unit 4	220	0.00%	1.35%

4.61. The Commission through its Order dated 7th March, 2008 has reallocated the power among the distribution companies from the Generating Stations in Delhi System. In this reallocation, NDMC has been allocated power from three plants namely BTPS (125 MW), Dadri TPS (125 MW) and Pragati Power plant (100 MW) compared with the earlier allocation of 350 MW from BTPS plant only. Allocation of the other three DISCOMs (i.e. BRPL, BYPL & NDPL) has subsequently increased from BTPS and decreased from Dadri TPS and Pragati Power Station.

4.62. The balance firm power from BTPS, Dadri and Pragati is distributed among the three DISCOMs in the ratio of the Reassignment Order (i.e. 43.58%, 27.24% and 29.18% to BRPL, BYPL and NDPL, respectively). However, the 15% unallocated power from these plants is to be received in the ratio of 10%, 55% and 35% to BRPL, BYPL and NDPL, respectively. Further, unallocated power from the NDMC share in these plants (52.5 MW) has been assigned to BRPL.

4.63. The Commission observed that the Petitioner has considered the revised allocation while projecting the energy availability from the Generating Stations in Delhi System during FY 09-10.

4.64. **GoNCTD through its letter no. F.11(41)/2007/Power/845 dated 26th March, 2009 has extended the Order no. F11(41)/2007/Power/2397 regarding allocation of unallocated power quota up to the June 30, 2009. Therefore, Commission has considered the distribution of unallocated power for the first quarter of FY 09-10**

as per the existing GoNCTD Order. For the remaining FY 09-10, the Commission has assumed that the allocation of unallocated power shall revert back to the three DISCOMs and shall be distributed in the same ratio in which the capacity allocation was done as per the Reassignment Order dated 31.3.2007 referred to in Clause 4.59.

4.65. The unallocated power (15%) from NDMC's share in Dadri, BTPS and Pragati would be at the disposal of the GoNCTD and may be allotted by the Government to the needy distribution company(ies).

4.66. If GoNCTD allocated the unallocated power in any manner other than the assumption in the preceding paras above, the same shall be accounted for at the time of true-up of power purchase costs in the subsequent Orders. The Commission, however, would send an advice to GoNCTD in the matter of allocation of unallocated power.

4.67. The allocation considered by the Commission for projection of power availability from the Delhi Stations is summarised in Table 39 below:

Table 39: Allocation from Delhi Stations to BYPL

Stations	Installed Capacity (MW)	Firm Allocation to Delhi (85%) (MW)	Unallocated Share (MW)	Share from Firm Allocation	Share from Unallocated Power (Q1 FY09-10)	Share from Unallocated Power (Q2, Q3 & Q4 FY09-10)	Total Share for FY 09-10 (MW)
BTPS*	530	451	80	27.24%	55.00%	27.24%	150
Dadri**	631	536	95	27.24%	55.00%	27.24%	178
IP Station	185	157	28	27.24%	55.00%	27.24%	52
Rajghat	135	115	20	27.24%	55.00%	27.24%	38
Gas Turbine	282	240	42	27.24%	55.00%	27.24%	80
Pragati*	230	196	35	27.24%	55.00%	27.24%	65
Total	**1993**	**1694**	**299**				**564**

** Total installed capacity of BTPS and Pragati is 705 MW & 305 MW, respectively. However, 530MW and 230MW is allocated to BRPL, BYPL and NDPL. Remaining 250 MW is allocated to NDMC and MES.*

*** Total installed capacity of 840 MW, 756 MW allocated to Delhi of which 631MW is allocated to BRPL, BYPL and NDPL. Remaining 125MW is allocated to NDMC.*

Energy Availability from the Generating Stations in Delhi System

Petitioner's Submission

4.68. The Petitioner has considered the actual PLF achieved by the plants in previous years and auxiliary consumption as approved in the MYT Order for projecting the energy availability from generating stations in Delhi System in FY 09-10.

4.69. The Petitioner has applied the firm share and unallocated share in the various plants to estimate the energy availability from respective stations in FY 09-10. The power purchase estimated by the Petitioner from various generating plants in Delhi System are summarised in Table 40 below:

Table 40: Energy Available from Delhi Generating Stations to BYPL as per the Petitioner (MUs)

Plant	Units Estimated
BTPS	1136
Dadri TPS	1513
IP Station	182
Rajghat	200
Gas Turbine	434
Pragati	496
Total Units	**3962**

Commission's Analysis

4.70. The Commission has computed the energy availability from the State Generating Stations i.e. Rajghat, IP Station, GT and PPCL based on the approved PLF's and auxiliary consumption in the MYT Order for IPGCL and PPCL. For BTPS and Dadri TPS the energy availability has been computed as per the PLF and auxiliary consumption approved by the Commission in the Petitioner's MYT Order dated 23rd February, 2008.

4.71. The effective share of firm and unallocated power from these plants has been applied on the net energy available from each plant to compute the total energy available for the Petitioner in FY 09-10. The effective share has been computed based on the allocation of power from Delhi system generating stations discussed earlier under "Allocation of Power from Central and State Generating Stations".

4.72. The Commission is of the opinion that actual power availability from the generating stations in Delhi System may vary from the projected units based on the actual units generated and share of the Petitioner in unallocated power. However, power purchase quantum is an uncontrollable parameter and will be true-up at the end of the year.

4.73. The projected net energy available to the Petitioner during FY 09-10 from the generating stations in Delhi System is summarised in Table 41 below.

Table 41: Energy Available from Delhi Generating Stations to BYPL as Approved by the Commission (MUs)

Generating Station	MYT Approved Units Availability	Petitioner's Claim	Revised Approved Availability
BTPS	545	1136	983
Dadri	1577	1513	1366
IP Station	176	182	182
Rajghat	200	200	208

Generating Station	MYT Approved Units Availability	Petitioner's Claim	Revised Approved Availability
Gas Turbine	457	434	474
Pragati	611	496	442
Total Units	**3565**	**3962**	**3656**

Energy Availability from the Central Sector Generating Stations

Petitioner's Submission

4.74. The Petitioner has estimated the energy available from CSGS based on the actual PLF achieved by the plants in previous years. Auxiliary consumption as approved in the relevant CERC Orders has been assumed for computing the net energy.

4.75. The effective share of the Petitioner is applied on the net energy sent out to estimate the energy available from the respective plants.

Commission's Analysis

4.76. The Commission has computed the gross energy available from the NTPC stations based on the installed capacity and PLF for each plant considered in the MYT Order. The PLF approved in the MYT Order was based on actual PLF achieved by the plants in previous years and the Commission is of the view that the variation in actual and estimated PLF during FY 07-08 has been negligible for NTPC generating stations. Net energy sent out from each plant is estimated after deducting the auxiliary consumption as approved in the MYT Order. The effective share of the Petitioner from each generating station has been applied to compute the total energy availability from NTPC stations.

4.77. Power purchase quantum from NHPC Stations has been computed as per the month-wise design energy shown by each plant in their respective water studies (as mentioned in various CERC Orders).

4.78. Further, the power availability from other hydro plants like Nathpa Jhakri, Tehri and Tala HEP has also been considered based on the design energy of the respective plants.

4.79. The Commission has considered power available from the NPCIL stations based on the approved PLF and auxiliary consumption for nuclear plants in the MYT Order.

4.80. The effective share of the Petitioner is applied on the energy sent out to estimate the energy availability for the Petitioner from respective stations. The energy available to the Petitioner as per the revised projections made by the Commission is summarised in Table 42 below:

Table 42: Energy Available to BYPL from Central Sector Generating Stations (MUs)

Source / Station	MYT Approved	Petitioner's Claim	Revised Approved Availability
NTPC			
Anta Gas	88	86	89
Auraiya Gas	136	131	137
Dadri Gas	167	164	153
Farakka	119	63	79
Kahalgaon – I	198	152	158
Rihand –I	213	206	216
Rihand –II	288	300	291
Singrauli	335	350	342
Unchahar-I	53	52	53
Unchahar-II	105	108	106
Unchahar-III	61	68	63
NTPC Total	**1,762**	**1,680**	**1,689**
NHPC			
Baira Siul	23	21	23
Chamera-I	43	48	35
Chamera-II	64	57	60
Dhauliganga	43	44	44
Dulhasti	65	82	87
Salal	97	107	96
Tanakpur	14	16	16
Uri	77	79	76
NHPC Total	**426**	**454**	**438**
OTHERS			
Tehri Hep	83	67	77
NJPC (Satluj)	177	152	193
Tala Hep	32	33	35
Others Total	**292**	**252**	**304**
NUCLEAR			
NPCIL - RAPS – 3	4	4	4
NPCIL - RAPS – 4	4	7	4
NPCIL – NAPS	37	56	40
Nuclear Total	**45**	**67**	**48**
Total Unit Availability	**2,524**	**2,453**	**2,480**

Energy Availability from New Stations commissioned during FY 09-10

Petitioner's Submission

4.81. The Petitioner has submitted the availability of energy from the following new generating stations during FY 09-10:

- Kahalgaon II,

- Koldam HEP,
- Sewa II,
- Chandrapura,
- Mejia,
- Dadri Unit 5&6 and
- NPCIL RAPS 5&6

4.82. The Petitioner has assumed auxiliary consumption of 7.5% for thermal projects, 1.20% for hydro projects and 9.5% for nuclear projects.

4.83. The effective share of the Petitioner as per the Reassignment Order (i.e. 27.24%) has been applied on the total energy allocated for Delhi from the new generating stations.

Commission's Analysis

4.84. The Commission has analysed the Petitioner's submission of energy availability from future plants during FY 09-10 and is of the view that the Petitioner has shown a lower estimate of power available from the new stations.

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

4.86. The Commission has considered energy availability from the CSGS future generating stations based on 90% PLF for thermal plants, design energy for hydro plants and 70% PLF for nuclear plants. Auxiliary consumption has been assumed at 9% for coal based plants, 1% for hydro plants and 9.5% for nuclear plants.

4.87. The Commission has analysed that the Petitioner has considered additional energy available from only one unit (500 MW) of Kahalgaon Phase-II. However, two units of the Kahalgaon Phase -II have already been commissioned during FY 08-09 and the third unit is also expected to be commissioned in June 2009.

4.88. Energy availability to Delhi from the Chandrapura Units 7 & 8 has been assumed at 130 MW after the commissioning of Unit 7 and will be increased to 300 MW post the commissioning of Unit 8. Therefore, the Commission has assumed energy availability of from Chandrapura plant based on the commissioning status as per the CEA report.

4.89. The effective share of the Petitioner as per the Reassignment Order has been applied on the ex-bus generation of all future station to estimate the total energy purchases from the respective NTPC, NHPC, other hydro and NPCIL stations for FY 09-10.

4.90. The energy available to the Petitioner as per the revised projections by the Commission for FY 09-10 from the new stations is summarised in Table 43 below:

Table 43: Energy Available from Future Stations to BYPL as Approved by the Commission (MUs)

Source / Station	MYT Approved	Petitioner's Claim	Revised Approved Availability
Future Stations			
Dadri Ext. unit 5&6		232	453
Kahalgaon Phase-II	165	79	297
Sewa-II		1	3
Koldam HEP	17	8	9
NPCIL - RAPS - 5 & 6	83	61	48
Mejia TPS (Unit 6)		58	57
Chandrapura U-7&8		58	278
DVC PPA*	674		
Total	**940**	**498**	**1,145**

** DVC PPA includes power from Mejia and Chandrapura TPS*

Power Purchase Quantum from Other Sources: Intra-State, Bilateral & Banking

Petitioner's Submission

4.91. The Petitioner has computed month wise power purchase from other sources like short-term arrangements from traders, intra-state purchases and UI. However, the Petitioner has submitted that the bifurcation of the projected power purchase from other sources for FY 09-10 is not possible. Therefore, the Petitioner has provided a consolidated power purchase quantum through other sources for FY 09-10.

4.92. Further, the Petitioner has claimed that it will remain a net purchaser in case of power purchase from other sources considering the power availability from long-term PPA's and the demand in Petitioner's area of operations. The purchase of power from other sources for FY 09-10 will be required to meet the seasonal peak demand.

Commission's Analysis

4.93. Based on the Commission's analysis of energy availability from various sources and the requirement of power for sale in the distribution area of the Petitioner, the Commission is of the view that the Petitioner would have surplus power for sale to other sources as compared to the Petitioner's estimate of deficit power. However, the Commission has considered that the Petitioner would be required to purchase energy from other sources in order to meet the seasonal peak demand.

4.94. The Commission has assumed 3% of gross power requirement in the Petitioner's area of operation to be sourced through bilateral and intra-state purchases for meeting the seasonal demand in summer and winter months. Further, 25% of this power purchase has been assumed to be sourced through intra-state purchases and the remaining 75% has been assumed to be sourced through bilateral purchase during FY 09-10.

4.95. The Commission is of the view that the Petitioner would be required to purchase lesser energy during summer months under intra state and bilateral as it has undertaken reverse banking arrangements during FY 08-09 and will receive the banked power during summer months of FY 09-10. The DISCOMs had undertaken the banking arrangements during FY 07-08 and FY 08-09 based on the Commission's Order dated June 12th, 2007.

4.96. The Commission has computed energy available from banking based on the details of recent banking / reverse-banking arrangements submitted by the Petitioner through its letter no. RCM/08-09/246 dated February 16, 2009 and information sourced from SLDC.

4.97. The Commission has assumed that the surplus power available to the Petitioner will be sold under intra-state and bilateral/ banking arrangements in the ratio of 25% and 75%.

4.98. The energy which will be banked through forward banking, same day banking, same day/ day ahead trading in energy exchange and forward trading, if any, will be accounted for at the time of True-up exercise. The units purchased and sold through other sources are summarised in Table 44 below:

Table 44: Energy Purchase /Sales through Other Sources for FY 09-10 (MUs)

Other Sources	MYT Order	Petitioner's Claim	Revised Availability
Power Purchase from other Sources			
Intra State Purchase	64		45
Bilateral / Banking Purchase	193	15	337
UI Purchase			-
Other Purchases Total	**258**	**15**	**382**
Power Sold to other Sources			
Intra State Sale	454		335
Bilateral / Banking Sale	1,423	900	1,058
UI Sale			-
Other Sales Total	**1,877**	**900**	**1,393**

4.99. As per the revised computation, the Petitioner would have surplus power of 1393 MUs available for sale during FY 09-10 compared with the Petitioner claim of 900 MUs. As per the Provisional Load Generation Balance Report 2009-10 for the Northern Region dated 15th April, 2009 by Northern Regional Power Committee (NRPC), Delhi would have a surplus of 5143 MUs during FY 09-10 considering the demand within the State and availability of power from various generating stations. The Commission would like to highlight that the total surplus power for Delhi as estimated by the Commission for FY 09-10 is also inline with the NRPC estimates for Delhi.

Power Purchase Cost

Cost of Power Purchase from Existing Stations

Petitioner's Submission

4.100. The Petitioner has made the following assumptions for estimating the power purchase cost from existing stations for FY 09-10:

a) The annual fixed charges (in proportion of the Petitioner's share) for NTPC and NHPC stations for FY 09-10 has been estimated considering 10% escalation over the fixed charges applicable in FY 09. This escalation has been considered by the Petitioner taking into view the increase in employee cost due to implementation of 6^{th} Pay Commission.

b) Fixed charges for the State Generating Stations have been taken by the Petitioner as approved by the Commission in the MYT Order. However, the Petitioner has requested the Commission to take into account the effect of ATE judgment on the tariff of the State Generating Stations.

c) The variable cost for FY 09-10 is estimated by the Petitioner considering an escalation of 10% on the variable cost of FY 09 in view of draft CERC Regulations, increase in Fuel Cost and inflation.

d) The Petitioner has estimated the Fuel Price Adjustment (FPA) based on the actual power purchase bills for April'07 to September'08.

e) For estimating the power purchase cost for FY 09-10 from NPCIL stations, the Petitioner has estimated single part tariff with an escalation of 10% on the actual bills for FY 09.

f) Incentives payable has been computed as applicable for generation above target PLF.

g) Income tax and other charges payable has been considered as per actual paid in FY 08.

h) Total power purchase cost has been estimated considering fixed charges, variable charges, FPA, Income tax, Incentive and other charges.

i) The average power purchase cost has been estimated based on ex-bus energy.

Commission's Analysis

4.101. The following methodology has been adopted by the Commission for estimation of the power purchase cost for FY 09-10 from existing stations:

a) The Commission has reviewed the variation in the fixed cost approved in the MYT Order and the actual fixed cost of the Petitioner for FY 07-08. The overall difference has been negligible. Therefore, the Commission continues with the earlier projections of fixed cost made in the MYT Order for FY 09-10. However, the Commission has provided an additional 7% increase in fixed cost over and above the FY 09-10 approved fixed cost in view of the recent CERC Tariff Regulations, 2009 for revision of Return on Equity, higher escalation in O&M costs, etc. The Commission has also considered the revised share of the Petitioner in BTPS and Dadri TPS while computing the fixed cost for the Petitioner from these plants.

b) The fixed cost for State generating stations has been considered based on the respective MYT Order of the Generation Company for the Control Period FY08 to FY11 as the ARR of the State generating stations has been fixed for the Control Period. However, the Commission has considered the revised share of fixed cost for computing the fixed cost for the Petitioner.

c) The variable cost (including fuel price adjustment) has been computed based on the average of actual variable charges per unit for FY 07-08 and provisional variable charges per unit for FY 08-09 as submitted by the Petitioner. An escalation of 4% and 3% has been applied for coal and gas/ liquid fuel based stations on the average variable cost computed by the Commission to account for the increase in fuel cost. It is observed that the price of coal procured from Coal India Limited has remained unchanged since December 2007 and the spot price of imported coal has declined from $128 in April 2008 to $62 in April 2009. Additionally, the availability of gas through KG basin to Anta, Auriya and Dadri gas plants at $4.2 per MMBTU during FY 09-10 will reduce their spot purchases and will therefore, result in lower variable cost from these plants.

d) Moreover, as per the recent CERC Tariff Regulations, 2009, tightening of SHR norms and secondary fuel oil consumption will further result in the reduction of variable cost. Therefore, an average of variable cost for FY 07-08 and FY 08-09 would be adequate to meet the liability on account of variable cost from the power plants.

e) The Commission has provided an escalation of 2% on the average actual single part tariff of energy in FY 07-08 and provisional energy tariff submitted by the Petitioner for FY 08-09 from the nuclear stations for computing the single part tariff of NPCIL plants.

f) Other charges including income tax, incentive, etc has been increased by 2% on the average of actual other charges for FY 07-08 and provisional other charges for FY08-09.

g) The Commission has computed the total power purchase cost considering fixed cost, variable cost (including FPA) and other charges (incentive, income tax, etc) for each plant.

4.102. The revised total power purchase cost computed by the Commission is summarised in Table 45 below:

Table 45: Approved Total Power Purchase Cost for BYPL from Existing Stations (Rs. Crs)

Source	MYT Order Approved	Petitioner Claim	Revised Cost
Central Generating Stations			
NTPC			
Anta Gas	24.87	28.50	21.80
Auraiya Gas	44.77	55.69	38.44
Dadri Gas	59.82	63.57	44.74
Farakka	21.47	13.14	18.51
Kahalgaon	38.80	31.60	35.68
Rihand –I	38.32	44.50	41.73
Rihand –II	50.30	60.40	55.12
Singrauli	44.53	53.01	46.22
Unchahar-I	11.12	12.83	11.99
Unchahar-II	21.10	24.78	22.60
Unchahar-III	13.66	18.64	15.12
NTPC Total	**368.76**	**406.66**	**351.94**
NHPC			
Baira Siul	1.91	2.32	2.17
Chamera-I	5.27	7.58	5.38
Chamera-II	16.15	19.66	18.51
Dhauliganga	8.16	10.52	8.88
Dulhasti	21.50	28.10	26.72
Salal	7.03	9.19	7.51
Tanakpur	1.86	2.31	2.20
Uri	10.86	13.04	11.66
NHPC Total	**72.72**	**92.72**	**83.03**
Tehri Hep	**28.91**	**34.25**	**36.13**
NJPC (Satluj)	**49.07**	**44.41**	**51.54**
TALA HEP	**11.16**	**5.85**	**6.58**
NUCLEAR			
NPCIL - RAPS - 3	1.13	1.14	1.10
NPCIL - RAPS - 4	1.13	2.25	1.07
NPCIL - NAPS	7.28	11.90	7.83
Nuclear Total	**9.53**	**15.29**	**10.00**
Generating Stations in Delhi System			
BTPS	161.78	380.86	269.45
Dadri Thermal	376.77	410.40	360.27
IP Station	56.14	67.54	58.57
Rajghat	59.61	71.99	62.42
Gas Turbine	99.76	146.80	115.75
Pragati -I	123.68	105.78	96.59
SGS Total	**877.74**	**1,183.36**	**963.05**
Total Cost	**1,417.89**	**1,782.54**	**1,502.28**

Cost of Power from New Generation Stations in FY 09-10

Petitioner's Submission

4.103. The Petitioner has escalated the fixed and variable charges by 10% for Kahalgaon Stage II based on the approved provisional tariff by CERC in its Order dated 25.09.2007 for computing the cost of power from Kahalgaon Stage II.

4.104. The cost for new NHPC stations has been considered at the same level as that of the existing stations of the State. For Nuclear RAPP-unit 5&6, single part tariff as that of the existing units of RAPS (unit 3&4) is considered.

4.105. For the Mejia TPS plant, the Petitioner has considered single part provisional tariff of Rs.2.90/kWh for Mejia TPS as per CERC Order. The Petitioner has also considered a similar tariff for Chandrapura Power Generating Station as that applicable for Mejia for FY 09-10.

Commission's Analysis

4.106. The Commission has considered a power purchase cost per unit of Rs. 2.80 for coal and gas based future generation plants like Dadri Unit 5&6 and Kahalgaon Stage-II. For NHPC hydro based plants, Rs. 2.90 per unit has been assumed for computing the power purchase cost.

4.107. For NPCIL nuclear plants, the Commission has considered a power purchase cost per unit of Rs. 2.90 in line with the power purchase cost from RAPS Unit 3 & 4 in FY09.

4.108. In the absence of definite tariff for power available from DVC plants of Mejia and Chandrapura, the Commission has considered single part tariff of Rs. 3.00 per unit for the power procured from these plants during FY 09-10.

4.109. The Commission is of the view that the power purchase cost from new plants may vary and will be subject to true-up based on the actual cost at the end of FY 09-10.

Table 46: Approved Power Purchase Cost for New Generation Stations (Rs. Crs)

Particulars	As per MYT	Petitioner	Revised Cost
Power Purchase from New Generation Stations	285.42	126.32	327.94

Cost of Power from Other Sources

Petitioner's Submission

4.110. The Petitioner has considered bilateral power purchase at an average cost of Rs. 5.39 per unit and sale of surplus power at an average rate of Rs. 4.49 per unit.

Commission's Analysis

4.111. The Commission is of the view that the various State utilities would be discouraged to overdraw from the grid on account of additional UI imposed by the CERC in order to maintain the grid frequency. This will encourage bilateral arrangements in the ensuing years rather than depending upon grid as a source of power through UI mechanism.

4.112. Therefore, the Commission has considered power purchase for meeting the seasonal demand in the Petitioner's area of operation from intra-state purchase and bilateral arrangements at an average cost of Rs. 3.00 per unit and Rs. 6.00 per unit, respectively. The rates have been considered based on the average of actual cost of purchase for FY 07-08 and provisional cost of purchase for FY 08-09 as submitted by the DISCOMs for Delhi as a whole.

4.113. Both power purchase and sale through banking transactions has been considered at Rs. 4.00 per unit during FY 09-10.

4.114. For the sale of surplus power through intra-state during FY 09-10, the Commission has considered Rs. 3.00 per unit in line with the average rate of sale for FY 07-08 and FY 08-09 (provisional). A rate of Rs. 5.50 per unit has been assumed for surplus power sold under bilateral arrangements by the Petitioner even though the average sale of power for Delhi as a whole for FY 07-08 and FY 08-09 (provisional) were Rs. 5.61 per unit and Rs. 5.87 per unit, respectively. The Commission has considered the actual average rate of bilateral sale for Delhi for FY 07-08 and provisional average rate of bilateral sale for Delhi for FY 08-09 for computing the rate of sale of power under bilateral arrangements.

Table 47: Total Cost of Power Purchase/Sale by BYPL through Other Sources for FY 09-10 (Rs. Crs)

Particulars	Cost as Per MYT	Cost as Per Petitioner	Revised Cost
Power Purchase from Other Sources			-
Intra State Power Purchase	17.71		13.50
Bilateral / Banking Purchase	123.65	8.24	161.81
UI Purchase	-		-
Others Total	**141.36**	**8.24**	**175.31**
Power Sold to Other Sources			-
Intra State Power Sale	187.70		100.55
Bilateral / Banking Sale	402.58	404.11	580.30
UI Sale	-		-
Others Total	**590.27**	**404.11**	**680.85**
Net Bilateral Purchase/(Sale)	**(448.91)**	**(395.87)**	**(505.54)**

Transmission Losses and Charges

Petitioner's Submission

4.115. The Petitioner has estimated Inter-state transmission losses (PGCIL losses) for FY 09-10 based upon the pooled transmission losses for last 52 weeks as provided by NRLDC. The intra-state transmission losses (DTL losses) have been estimated at 1.5% as per the recommendation of DTL through its letter No. F./DTL/207/DGM (SO)/08-09/217 effective from 30.06.2008.

4.116. The inter-state transmission charges has been estimated by the Petitioner based on the actual per MW transmission charges paid to PGCIL in FY 07-08 and expected total MW capacity allocation for the Petitioner in FY 09-10 in projects located outside Delhi. The Petitioner has escalated the intra-state transmission charges payable to DTL by 5% each year on the actual transmission charges paid to DTL in FY08 for computing the total intra-state transmission charges for FY 09-10.

Commission's Analysis

4.117. Based on the low variations in the actual PGCIL losses and the MYT approved PGCIL losses for FY 08, the Commission has continued with the PGCIL losses of 3.5% for northern region and 3.0% for eastern region as considered in the MYT Order. However, considering the high DTL losses during FY 07-08 and FY 08-09, the Commission has considered intra-state loss level of 1.50% as compared with the MYT approved 0.95% DTL loss level.

4.118. The Commission has observed large variations in the actual and approved PGCIL transmission charges for FY 07-08 and provisional PGCIL cost submitted by the Petitioner and MYT approved PGCIL cost for FY 08-09. Therefore, the Commission has considered the PGCIL cost per MW as per the recent PGCIL bills for the month of Jan/Feb 2009 and has multiplied it with total MW capacity allocation for the Petitioner during FY 09-10.

4.119. However, in view of the low variations in actual and approved intra-state transmission charges, the Commission has continued with its MYT Order approved intra-state transmission charges for the Petitioner during FY 09-10.

4.120. The PGCIL and DTL transmission losses and the cost is summarised in Table 48 below:

Table 48: Approved Transmission Losses and Charges for the Petitioner for FY 09-10

Particulars	MYT Order Approved	Petitioner Claim	Revised Approved
Transmission Losses (in MUs)			
Inter-State (PGCIL)	213.39	130.37	175.90
Intra-State (DTL)	69.09	145.15	95.43
Total Transmission Losses	**282.48**	**275.52**	**271.33**

Particulars	MYT Order Approved	Petitioner Claim	Revised Approved
<u>Tran mission Charges (Rs. Crs)</u>			
Inter-State (PGCIL)	55.32	99.99	99.87
Intra-State (DTL)	44.53	58.68	44.53
Total Transmission Charges	**99.85**	**158.66**	**144.40**

Energy Balance

4.121. Total power purchase for FY 09-10 as approved by the Commission is summarised below:

Table 49: Energy Balance for FY 09-10

Particular	As Per MYT			As Per Petitioner			As Per Revised		
	Units (in MUs)	Total Cost (Rs. Crs)	Avg Cost*	Units (in MUs)	Total Cost (Rs. Crs)	Avg Cost*	Units (in MUs)	Total Cost (Rs. Crs)	Avg Cost*
Power Purchase from CSGS#	5041.07	1202.35	238.51	4463.93	1135.89	254.46	4991.22	1227.45	245.92
Inter-State Bilateral Purchase	193.20	123.65	640.00	15.28	8.24	539.38	337.06	161.81	480.08
PGCIL losses	213.39			130.37			175.90		
Power purchase from Delhi Stations$	1988.57	500.97	251.92	2448.81	772.97	315.65	2289.28	602.78	263.31
Intra-State Power Purchase	64.40	17.71	275.00	0.00	0.00	NA	44.99	13.50	300.00
Power Available at Delhi Periphery	7073.86	1844.68	260.77	6797.65	1917.10	282.02	7486.64	2005.54	267.88
DTL loss	69.09			145.15			95.43		
Power available to DISCOM	7004.77			6652.50			7391.21		
Sales	3799.25			4241.71			4423.01		
AT&C loss	1352.80			1510.54			1575.11		
Required Power	5152.05	1254.40	243.48	5752.26	1512.98	263.02	5998.12	1324.68	220.85
Surplus/ (Deficit) Power available at DISCOM Boundary	1852.72	590.27	318.60	900.24	404.11	448.90	1393.09	680.85	488.73

**Average cost in Paisa per unit*
#Includes NTPC, NHPC, SJVNL, THDC, NPCIL, Dadri TPS, and Future Stations
$Includes BTPS, PPCL, IP Stations, Rajghat and GTPS

Controllable Parameters

4.122. All other costs including O&M Costs have been projected in the MYT Order dated Feb 23, 2008. These costs were projected considering the various operating parameters for each year of the Control Period. Also, as per the MYT Regulations these costs are not required to be trued up. However, the MYT Regulations requires that these costs should be reviewed at the end of each year. The detailed framework regulating these costs has already been considered in Chapter A3 of this Order.

4.123. In light of the above the Commission has considered other costs including the impact of sixth pay commission as per the projections made for FY 09-10 in the MYT Order dated Feb 23, 2008. In regard to the impact of the Sixth Pay Commission, the Commission holds that the impact on this account is uncertain and should be trued up during the Control Period based on the actual impact. Moreover, the Commission has also observed that provision in regard to sixth pay commission was made at the time of issue of MYT Order (from FY 08-09). However, the need for its utilization is yet to arise.

4.124. Further, the Commission has approved an expenditure of Rs. 10 Crs (considered as a part of retail supply business) over and above the approved ARR for the controllable parameters for FY 09-10 towards energy conservation and demand side management measures to be undertaken by the Petitioner during FY 09-10 as mentioned in Chapter A2 of this Order.

Aggregate Revenue Requirement

4.125. Based on the above approach, Table 50 summarises the Annual Revenue Requirement for the FY 09-10.

Table 50: Approved ARR for FY 09-10 (Rs. Crs)

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

4.126. Based on the allocation of different expenses as approved in MYT Order, the approved ARR for Wheeling and Retail Supply business is given below.

Table 51: Approved ARR for Wheeling Business for FY 09-10 (Rs. Crs)

Particulars	Revised ARR
Operation & Maintenance Costs	138.81
Depreciation (including AAD)	87.67
Return on Capital Employed (including additional return)	104.86
Less: Interest capitalized	8.89
Less: Non Tariff Income	6.65
Income Tax Provision	0.40
Aggregate Revenue Requirement	**316.20**

Table 52: Approved ARR for Retail Business for FY 09-10 (Rs. Crs)

Particulars	Revised ARR
Cost of Power Purchase	1,324.68
Inter-State Transmission (PGCIL) charges	99.87
Intra-state Transmission (DTL) charges	44.53
SLDC fees and charges	1.87
Supply Margin*	108.47
Aggregate Revenue Requirement	**1,579.42**

** Includes Rs. 10 Crs on account of energy conservation cost approved by the Commission for FY 10*

Revenue (Gap)/ Surplus at Existing Tariffs

4.127. The Commission has computed the revenue for the FY 09-10 considering the revised sales approved in the Table 32. The Commission's estimate of the revenues from sale of power for FY 09-10 at existing tariffs is tabulated below.

Table 53: Revenue (Gap)/Surplus for FY 09-10 (Rs. Crs)

Particulars	FY 09-10
Aggregate Revenue Requirement	1895.62
Revenue at Existing Tariffs	2052.09
Revenue (Gap)/Surplus	156.47

Consolidated Revenue (Gap)/Surplus for the Sector

4.128. The revenue (gap)/ surplus of all the three DISCOMs viz. BRPL, BYPL and NDPL at existing tariffs for FY 09-10 are shown below:

Table 54: Revenue (Gap)/Surplus for all DISCOMs for FY 09-10 (Rs. Crs)

Particulars	FY 09-10

Particulars	FY 09-10
BRPL	521.32
BYPL	156.47
NDPL	261.31

4.129. The Commission notices that if the opening gap for the transition period is not considered then all the three DISCOMs have an aggregate revenue surplus at existing level of tariffs in FY 09-10. The Commission is of the opinion that, gap due to past arrears can be fully recovered through the revenue realised by all the DISCOMs in FY 09-10 and the revenue surplus available in the FY 08-09 as per the MYT Order.

Treatment of Revenue (Gap)/Surplus

Petitioner's Submission

4.130. Regarding treatment of opening revenue gap of Rs. 158.50 Crs due to truing up of expenses of previous years, the Petitioner has not sought any tariff adjustments for recovery of the opening revenue gap and its carrying cost. Petitioner has submitted that the impact of recovery of opening revenue gap together with the carrying costs should not be passed to the consumers as it pertains to the Policy direction period and the same shall be recovered through additional transition support from the GoNCTD.

4.131. The Petitioner has submitted that the opening gap pertains to the DTL period as the actual revenue gap for the transition period was more then the estimated government support. Therefore, the excess gap should be funded by the GoNCTD and in case GoNCTD does not provide the support then the same should be recovered through higher consumer tariff.

4.132. The Petitioner has also proposed a tariff hike based on its revised ARR for the FY 08-09 and FY 09-10.

Commission's Analysis

4.133. The Commission observes that BYPL had an opening gap of Rs. 158.50 Crs at the beginning of the Control Period. Further, based on the Commission's analysis undertaken for true up for FY 07-08 there is surplus revenue of Rs. 53.72 Crs available to BYPL during FY 07-08. Therefore, the total revenue gap along with the carrying cost of 9% amounts to Rs. 116.62 Crs at the beginning of FY 08-09 which needs to be adjusted.

4.134. The closing gap of Rs.158.50 Crs for the FY 06-07 is shown as the opening gap of FY 07-08. Since this opening gap pertains to the policy direction period of FY 02-07, the Petitioner has proposed that this be funded by GoNCTD in the light of the Commission's Order dated 22nd Feb, 2002 (BST Order). Many of the stakeholders also expressed similar views in their comments as well as during the hearing. This matter was taken up by the Commission with the Government vide its letter no.F.3(228)/Tariff/DERC/2007-08/5843 dated Feb 10, 2009. The Government has informed vide its letter no. F.11(28)/2005/Power/Pt.1/1005 dated 15th April, 2009 that the matter has been examined in the Department and it is felt that after enactment of the Electricity Act, 2003, whole issue of tariff fixation has become the prerogative of the State Regulatory Commission and the Government have no role in this process. In view of this the Commission is left with no alternative but to consider this closing gap of Rs. 158.50 Crs for FY 06-07 as opening gap of MYT Control Period for the purpose of fixation of retail supply tariff for FY 09-10.

4.135. The Commission analysed that as per the MYT Order there is a revenue surplus of Rs. 27.01 Crs for FY 08-09. The true-up for FY 08-09 will be undertaken based on the Audited Accounts during the next Tariff Order for FY 10-11. Further, based on Commission's computation there is a revenue surplus of Rs. 156.47 Crs for FY 09-10 at the existing level of tariffs. The Commission has adjusted the total opening gap approved for the Petitioner in FY 07-08 i.e. Rs 158.50 Crs with the surplus revenue available in FY 07-08, FY 08-09 and FY 09-10.

4.136. The summary of adjustment of the truing up gap of BYPL, if the existing tariffs continue, is summarised in Table 55 below:

Table 55: Net Revenue (Gap)/Surplus of BYPL at Existing Tariffs (Rs. Crs)

Particulars	FY 07-08	FY 08-09	FY 09-10
Opening level of Gap	(158.50)	(116.62)	(98.89)
Revenue Requirement for the year	1371.01	1645.86	1895.62
Revenue at existing tariffs	1424.73	1672.87	2052.09
Surplus/ (Gap) for the year	53.72	27.01	156.47
Surplus utilised towards amortization of Gap		27.01	98.89
Closing level of (Gap)/Surplus	(104.78)	(89.61)	57.58
Carrying Cost for the year (at 9%)	(11.85)	(9.28)	(4.45)
Net (Gap)/ Surplus	**(116.62)**	**(98.89)**	**53.13**

4.137. The Commission observes that after meeting the aggregate revenue gap (opening as well as the trued up gap for FY 07-08) the Petitioner has a revenue surplus of Rs. 53.13 Crs in the FY 09-10.

Treatment of DTL Arrears

4.138. Delhi Transco Limited has filed a Petition on 25th March, 2009 requesting the Commission for following payment on account of additional liability which has arisen for the past period, i.e. FY 2002-03 to 2006-07. The claim preferred by them in their Petition is as under:

Table 56: Claim as per DTL Petition (Rs. Crs)

S. No.	Particulars	Amount
1	Revised Power Purchase Tariff passed by CERC and other forums in favour of various generating stations.	117.95
2	Wage revision Arrears payable in 2008-09 (over and above considered by the Commission in the MYT Orders for the FYs 2005-06, 2006-07 and 2007-08 upto December, 2008)	48.66
3	Service tax Liability on wheeling charges under the process of levy by Commissioner of Service Tax	-

4.139. Justifying their claim, DTL has stated that the revised power purchase liability amounting to Rs. 117.95 Crs has arisen on account of Orders of the CERC for revised tariff of NTPC and other Gencos for the past period.

4.140. The Commission has admitted the Petition of DTL and has considered the arguments advanced by them. Pending final decision in the matter the Commission deems it appropriate to provisionally allow the amount claimed in respect of revised power purchase cost claimed by the Transmission Utility. The Commission appreciates the financial difficulties explained by DTL and is of the view that not providing for the additional liability on account of revised power purchase in the present Tariff order may adversely impact the financial position/Capex plan of the company. The Commission is also aware that the total ARR of DTL is only to the tune of about Rs. 180 Crs. This being a company with a small capital base, the Commission is of the view that making provisional allowance of Rs. 117.95 Crs would enable DTL to go ahead with their Capex plan which will strengthen the transmission infrastructure and will be in the ultimate interest of the consumers. This provisional allowance of Rs. 117.95 Crs is subject to the final decision of the Commission in the matter. The Commission is also of the view that since this liability relates to past power purchases, the same has to be necessarily passed on to DISCOMs and ultimately to the consumers.

4.141. The apportionment of Rs. 117.95 Crs (to be paid to DTL) amongst different Distribution Licensees is being done on provisional basis. This provisional allocation is subject to the final decision by the Commission in the matter. The provisional allocation of Rs. 117.95 Crs is summarised in Table 57 below:

Table 57: Provisional Apportionment of DTL Claim

DISCOM	Power Purchase Allocation	Amount (Rs. Crs)
BRPL	40.00%	47.18
BYPL	24.00%	28.31
NDPL	26.00%	30.67
NDMC	10.00%	11.80

A5: TARIFF DESIGN

Components of Tariff Design

5.1 The Commission has considered following components for tariff designing of the DISCOMs.

(a) Uniform v/s Differential Tariff

(b) Cross-subsidisation in tariff structure

(c) Consolidated Sector Revenue Gap/(Surplus)

(d) Cost of service

Uniform v/s Differential Tariff

5.2 The Policy Directions issued by the GoNCTD mandated that the retail tariff for the DISCOMs shall be identical till the end of FY07, i.e., consumers of a particular category shall pay the same retail tariff irrespective of their geographical location. Further, through the MYT Order the Commission extended application of uniform tariff across all distribution companies up to FY 08-09.

5.3 During the process of true up for FY 07-08 and determination of ARR for FY 09-10, the Commission again solicited stakeholders' comments and suggestion on the issue of whether to have uniform tariff or differential tariff across various DISCOMs vide the Public Notice dated 26 December, 2008.

5.4 Majority of the stakeholders submitted that consumers in one geographical area in Delhi should be given equitable treatment vis-à-vis consumers in other geographical area in Delhi and advocated for the uniform tariff across all three DISCOMs in Delhi. However, few stakeholders submitted that uniform tariffs for all three DISCOMs violate the principle of rewarding efficiency in the sector and therefore differential tariff needs to be adopted as per the Section 62 (3) of the Electricity Act, 2003.

5.5 The Commission is undertaking rationalisation of tariff primarily for cross-subsidizing consumers with a view to move towards cost to serve in various categories. At the same time it is also recognised that it is not possible to increase the tariff of the subsidized categories to the level of cost to serve over night as it will result in a tariff shock to those consumers. The Commission has been taking a conscious view that as and when the AT&C loss levels reaches a reasonable level, attempts shall be made to correct this anomaly.

5.6 As a first step, the Commission is attempting to reduce the energy charges of all Industrial consumers, Bulk Consumers like DJB, DIAL, Railways, etc. in keeping with the concerned Provisions of the EA, 2003, Tariff Policy and also guided by some of the Orders of the Hon'ble ATE.

Cross-subsidisation in Tariff Structure

5.7 The Electricity Act, 2003 provides for reduction of cross subsidies by moving the category wise tariffs towards cost of supply. The Commission also recognises the need for reduction of cross subsidy. However, it is equally incumbent on the Commission to keep in mind the historical perspective for the need to continue with cross-subsidy for some time.

5.8 Regarding Cross subsidy, Clause 8.3 of National Tariff Policy states

"….Direct subsidy is a better way to support the poorer categories of consumers than the mechanism of cross subsidizing the tariff across the board. Subsidies should be targeted effectively and in transparent manner. As a substitute of cross subsidies, the State Government has the option of raising resources through mechanism of electricity duty and giving that subsidy to only needy consumers. This is a better way of targeting subsidies effectively."

5.9 In line with the above provision of Tariff Policy, Clause 9.1 of the Commission's MYT Regulations, 2007 states that any consumer desirous of getting subsidized tariff shall approach the State Government and if the request for subsidy is found justified, the State Government may give subsidy to that class of consumers so that these consumers get electricity at concessional tariff.

5.10 At present, there are a number of consumer classes such as some slabs of domestic consumers, Agriculture & Mushroom Cultivation, Government Schools/Colleges, Hospitals etc. which are being cross subsidized by other consumers. Several stakeholders have raised serious concern over cross subsidization of some categories and argued that after privatization, electricity distribution is purely commercial operation and there is no justification for making some consumers pay for others. If any class of consumers is to be given concessional tariff on socio-economic ground, the State government shall bear the cost on this count as supporting weaker sections of society is the responsibility of the government and this responsibility cannot be thrust upon other sections of consumers.

5.11 The Commission is of the view that in an ideal case electricity tariff for all categories of consumers should be fixed on cost to serve basis. In accordance with the Act and the policies prescribed from time to time, the Commission has made an attempt in this Tariff Order to reduce the prevailing cross-subsidy as detailed in the subsequent sections.

Consolidated Revenue (Gap)/Surplus for the Sector

5.12 As already indicated in Chapter A4, the Commission has observed that at the existing tariff all the Distribution Companies are revenue surplus. The details of the revenue surplus for the respective companies for the FY 09-10 are summarised in Table 58.

Table 58: Revenue (Gap)/Surplus for all DISCOMs

Particulars (Rs. Crs)	FY 09-10
BRPL	521.32
BYPL	156.47
NDPL	261.31

5.13 The Commission has treated the above surplus against the opening gap of the Policy Direction Period and the trued up gap for FY 07-08 which is discussed in detail in Chapter A4. Subsequent to treatment of past year gaps the Commission has observed that even after accounting for increase in power purchase cost, there is no requirement for increase in tariff as all the three DISCOMs are revenue surplus which is detailed in the following section.

Revenue (Gap)/Surplus at Existing Tariffs

5.14 The summary of net revenue surplus/ (gap) for BYPL along with adjustment of the truing up gap at existing tariffs is shown below.

Table 59: Net Revenue (Gap)/Surplus of BYPL at Existing Tariffs (Rs. Crs)

Particulars	FY 07-08	FY 08-09	FY 09-10
Opening level of Gap	(158.50)	(116.62)	(98.89)
Revenue Requirement for the year	1371.01	1645.86	1895.62
Revenue at existing tariffs	1424.73	1672.87	2052.09
Surplus/ (Gap) for the year	53.72	27.01	156.47
Surplus utilised towards amortization of Gap	53.72	27.01	98.89
Closing level of (Gap)/Surplus	(104.78)	(89.61)	57.58
Carrying Cost for the year (at 9%)	(11.85)	(9.28)	(4.45)
DTL Claim on Provisional Basis			28.31
Net (Gap)/ Surplus	**(116.62)**	**(98.89)**	**24.82**

5.15 The summary of net revenue surplus/ (gap) for BRPL and NDPL along with adjustment of the truing up gap at approved tariffs is shown below:

Table 60: Net Revenue (Gap)/Surplus of BRPL at Existing Tariffs (Rs. Crs)

Particulars	FY 07-08	FY 08-09	FY 09-10
Opening level of Gap	(404.47)	(575.63)	(281.31)

Particulars	FY 07-08	FY 08-09	FY 09-10
Revenue Requirement for the year	3006.51	2986.85	3160.34
Revenue at existing tariffs	2877.56	3318.07	3681.65
Surplus/ (Gap) for the year	(128.95)	331.22	521.32
Surplus utilised towards amortization of Gap		331.22	281.31
Closing level of (Gap)/Surplus	(533.42)	(244.41)	240.01
Carrying Cost for the year (at 9%)	(42.21)	(36.90)	(12.66)
DTL Claim on Provisional Basis			47.18
Net (Gap)/ Surplus	**(575.63)**	**(281.31)**	**180.17**

Table 61: Net Revenue (Gap)/Surplus of NDPL at Existing Tariffs (Rs. Crs)

Particulars	FY 07-08	FY 08-09	FY 09-10
Opening level of Gap	(138.94)	(343.43)	(157.27)
Revenue Requirement for the year	2353.79	2254.05	2410.05
Revenue at existing tariffs	2170.07	2461.77	2671.37
Surplus/ (Gap) for the year	(183.72)	207.72	261.31
Surplus utilised towards amortization of Gap		207.72	157.27
Closing level of (Gap)/Surplus	(322.66)	(135.71)	104.04
Carrying Cost for the year (at 9%)	(20.77)	(21.56)	(7.08)
DTL Claim on Provisional Basis			30.67
Net (Gap)/ Surplus	**(343.43)**	**(157.27)**	**66.30**

Treatment of Revenue Surplus

5.16 In the previous Tariff Orders, the Commission had taken steps towards reduction of cross-subsidy and had attempted to align the tariffs with the cost of supply at various voltage levels. In attempting to align tariffs with the cost of supply, Commission in this Tariff Order has made an effort to reduce the prevailing cross subsidy level in the existing tariff structure. The prevailing levels of electricity tariff in Delhi contain a large degree of cross subsidy, with some categories of consumers paying well above the cost of supply. It has to be recognised that low and subsidised tariff initiate inefficient high demand for power, which puts pressure on the system capacity and the quality of service. As per Section 61 (g) of the Electricity Act 2003 the tariff should progressively reflect the cost of supply of electricity and also reduce and eliminate cross-subsidies within the period to be specified by the Commission.

5.17 The Commission has reduced the existing energy charges of some of the consumer categories. The reduction of tariff is determined considering the current power purchase cost, consumption pattern in consumer categories, seasonality trends in consumption, share of each DISCOMs in the revenue surplus, power purchase from outside states to meet the peak shortages and level of cross subsidy in the existing tariff.

5.18 The Commission is in the process of reducing the cross subsidy to the levels proposed by the Government of India over a period of time. As a first step, the energy charges is proposed to be reduced in the Industrial category as indicated in the Tariff Schedule. The Commission is reducing the energy charges of the industrial consumers in the range of 10 paise to 30 paise during the winter months viz October to March. The purpose of allowing lower tariff in the winter months is that the average cost of power purchase is lower during the winter months. While passing the benefits to the industrial consumers, Commission is of the view that the industries should take steps to conserve energy by DSM at all times and more so during the period from April to September. Moreover, while doing this reduction, the Commission has incentivised the category of consumers availing power at higher voltages since the incidence of loss at a higher voltage is lower than the loss level of consumers connected at lower voltages.

5.19 The Commission has considered the submissions made by the Northern Railways regarding fixing of lower preferential tariff to them. Commission has observed that the Railways draw power from a 66 KV line and above and their contribution to distribution loss level is negligible. Moreover, Commission in the past Orders has acknowledged the need for rationalizing the tariff gradually towards cost of supply over a period of time. The Commission has also kept in view the decision of the Hon'ble ATE in Appeal No. 268 of 2006 Northern Railway Vs. DERC. Keeping in view all the parameters, the Commission has reduced the energy charges of the Railways Traction from the existing level of 380 paise per unit to 360 paise per unit.

5.20 The Commission has considered the submissions made by Delhi International Airport Limited (DIAL) regarding a new slab be created for the DIAL, which should be charged at a lower tariff than the existing non domestic tariff rate applicable to them. But, the Commission also acknowledges that the airport operations carry a mix of activities which are commercial in nature and it can not be denied that airports apart from having the essential services pertaining to the aviation services also have a variety of non-aviation commercial activities such as shops, restaurants, bars, retail stores, duty free shops, etc.

5.21 The Commission understands that in the existing system, metering is integrated and it will be difficult to segregate the commercial operations from the purely aviation services. Hence, till the time commercial activities within the airport are separately metered, DIAL would be charged at an average tariff of 470 paise per unit, which is lower than the existing non domestic charges applicable to them.

5.22 The Commission in this Tariff order has considered the request by Delhi Jal Board (DJB) for fixation of special concessional tariff for electricity supply to its installations. The Commission acknowledges that DJB is carrying out an essential service for the society. DJB is presently charged MLHT tariff, for which certain rebates are also provided. As a first step towards cost to serve, the energy charges for DJB pumping is reduced to the level indicated in the new tariff schedule.

5.23 The surplus, if any, for any of the distribution companies after considering the reduction of tariff in some of the categories in FY 09-10 would be transferred to the MYT contingency reserve as specified in MYT Regulations along with necessary carrying cost based on the time of collection of the surplus amounts and the time at which these amounts are created to the Contingency Reserve. Funds available in the Contingency Reserve shall be considered while determining the aggregate revenue requirement and the tariff structure of the respective company for FY 10-11.

Revenue (Gap)/Surplus at Approved Tariffs

5.24 The summary of net revenue surplus/ (gap) for BYPL along with adjustment at approved tariffs is shown below

Table 62: Net Revenue (Gap)/Surplus of BYPL at Approved Tariffs (Rs. Crs)

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

5.25 The summary of net revenue surplus/ (gap) for BRPL and NDPL along with adjustment at approved tariffs is shown below:

Table 63: Net Revenue (Gap)/Surplus of BRPL at Approved Tariffs (Rs. Crs)

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

Table 64: Net Revenue (Gap)/Surplus of NDPL at Approved Tariffs (Rs. Crs)

Particulars	FY 07-08	FY 08-09	FY 09-10
Opening level of Gap	(138.94)	(343.43)	(157.27)
Revenue Requirement for the year	2353.79	2254.05	2410.05

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

5.26 The Commission, hereby, directs the Petitioner to transfer the complete surplus revenue realised in FY 09-10 at approved tariffs to MYT Contingency Reserve. The Commission however, would like to highlight that the surplus revenue of Rs 19.52 Crs as determined is a provisional estimate and may change while truing up of the expenses for FY 09-10.

Cost of Service Model

5.27 While determining the revenue requirement, various sectors of services, viz. generation, transmission and the distribution cost contributes to the total cost of service. The relative burden of constituent consumer categories is assessed and on the basis of the cost imposed on the system, it is decided as to how much share is due to which category of consumers. Although, it shall be equitable to have the embedded cost in designing the tariff for different consumer categories, it calls for a detailed database of allocated costs. Such allocations in the determination of embedded cost are done on the basis of following factors:

(a) Voltage of supply;

(b) Power factor;

(c) Load factor;

(d) Time of use of electricity;

(e) Quantity of electricity consumed,

(f) AT&C Loss etc.

5.28 As the detailed information regarding all the above factors except AT&C loss is not available, it would be difficult to assess the cost of service with reference to all the above factors except AT&C loss.

5.29 In the MYT Order, Commission had computed the voltage wise cost of supply for the first two years of the Control Period i.e. FY 07-08 and FY 08-09. Based on the same approach, the Commission has carried out a study for calculating the voltage wise cost of supply (CoS) for all the three DISCOMs for FY 09-10. The approach adopted by the Commission for determining the CoS for different voltage levels has been described in the following paragraphs.

5.30 The approved ARR of the Wheeling and Retail Supply business (excluding supply margin) for FY 09-10 is allocated to different voltage levels and the same has been considered along with the energy sales to the respective voltage level to arrive at the Paisa per unit Wheeling charge and Retail Supply Charge for that voltage level (detailed methodology discussed ahead).

Allocation of Wheeling ARR

5.31 The Commission has considered the gross energy sales (MU) approved for DISCOMs for the FY 09-10 and has allocated the same to different voltage levels in the proportion of energy sales (MU) at these voltages to total sales in that year as submitted by the respective DISCOMs. Both BRPL and BYPL has submitted that there is no energy sales above 66 kV level in their distribution area and therefore, no energy sales has been considered above 66 kV level while computing the CoS.

Table 65: Approved Energy Sales (MUs)

Particulars	FY 09-10		
	BRPL	BYPL	NDPL
Sales above 66 kV level	0	0	59
Sales at 33/ 66KV level	226	92	123
Sales at 11KV level	1433	567	998
Sales at LT level	6138	3785	4446
Total	**7797**	**4445**	**5625**

5.32 The Commission has, thereafter, grossed up the energy sales (MU) at the specific voltage level with the respective distribution losses (%) at that level to arrive at the Energy Input (MU) for that level. Since the accurate baseline data for the voltage wise distribution losses is not available, the Commission has considered the estimates of the same after considering the submissions made by the DISCOMs, and approved distribution losses. The summary of the voltage wise distribution losses considered by the Commission is as follows.

Table 66: Distribution Loss (%)

Particulars	FY 09-10		
	BRPL	BYPL	NDPL
Loss at 66 kV level	0.00%	0.00%	0.00%
Loss at 33/ 66KV level	1.49%	0.87%	1.50%
Loss at 11KV level	2.30%	1.83%	4.95%
Loss at LT level	23.56%	28.94%	21.31%
Overall	**19.83%**	**25.89%**	**18.27%**

5.33 The Commission would like to re-iterate that the voltage wise distribution losses considered above are estimates and may not reflect the actual picture. The summary of Energy Input (MU) for the respective voltage levels are shown below:

Table 67: Approved Energy Input (MUs)

Particulars	FY 09-10		
	BRPL	BYPL	NDPL
Input at 66 kV level	-	-	58.60
Input at 33/ 66KV level	229.00	93.24	125.13
Input at 11KV level	1,467.03	577.83	1,049.55
Input at LT level	8,029.34	5,327.04	5,649.12
Overall	**9725.37**	**5998.12**	**6882.40**

5.34 Next, the Commission has allocated the approved GFA of the DISCOMs to different voltage levels. This is line with the approach followed by the Commission in the MYT Order. Accordingly, the Commission had directed the DISCOMs to submit their estimates of allocation of GFA to different voltage levels. BYPL has submitted the ARR for wheeling and retail business across different voltage level based on the cost audit report. Further, the Petitioner has segregated components of Wheeling and Retail ARR across different voltage levels. They have also segregated the depreciation across different voltage levels based on the GFA at each voltage level. Therefore, the Commission has considered the submission of the Petitioner and is of the view that depreciation allocated by Petitioner in their cost of supply submission is as per the GFA at different voltage level. Further, the Commission directs the Petitioner to submit GFA at different voltage level by June 30, 2009.

5.35 Based on the voltage wise assets allocation, the Commission has allocated the Wheeling ARR to the assets at respective voltage levels, which is summarised below:

Table 68: Wheeling Cost Allocation Asset wise (Rs. Crs)

Particulars	FY 09-10		
	BRPL	BYPL	NDPL
Above 66 kV level	0.00	0.00	0.00
At 33/ 66KV level	98.75	54.75	72.62
At 11KV level	239.97	130.75	197.33
At LT level	146.32	130.70	127.03
Total	**485.04**	**316.20**	**396.98**

5.36 The Wheeling cost apportioned above to a particular assets category is thereby reallocated to different voltage levels in proportion of their contribution to the energy input at that level as shown below:

Table 69: Wheeling Cost Allocated to Different Voltages (Rs. Crs)

Particulars	FY 09-10

	BRPL	BYPL	NDPL
Above 66 kV level	0.00	0.00	0.00
At 33/ 66KV level	2.33	0.85	1.33
At 11KV level	51.97	18.07	42.09
At LT level	430.75	297.28	353.56
Total	**485.04**	**316.20**	**396.98**

5.37 Based on the energy sales at the respective voltage level the Commission has determined the Wheeling Charge per unit for different voltages for FY 09-10.

Table 70: Wheeling Charge (Paisa per unit)

Particulars	FY 09-10		
	BRPL	BYPL	NDPL
Above 66 kV level	0.00	0.00	0.00
At 33/ 66KV level	10.31	9.21	10.80
At 11KV level	36.26	31.85	42.19
At LT level	70.18	78.53	79.53
Average	**62.21**	**71.13**	**70.58**

Allocation of Supply Margin and balance of Retail Supply ARR

5.38 The Commission has allocated the Retail Supply ARR (excluding Supply Margin) and the Supply Margin approved in the ratio of energy input determined above for different voltage levels. The Commission has thereafter, determined the Retail Supply charge and Supply Margin charge for a particular voltage level by considering energy sales at that voltage level. The summary of the same is shown below.

Table 71: Retail Supply Charge (Paisa per unit)

Particulars	FY 09-10		
	BRPL	BYPL	NDPL
Above 66 kV level	0.00	0.00	263.16
At 33/ 66KV level	258.44	247.38	267.18
At 11KV level	260.58	249.79	276.88
At LT level	333.06	345.10	334.42
Average	**317.58**	**330.91**	**322.00**

Table 72: Supply Margin Charge (Paisa per unit)

Particulars	FY 09-10		
	BRPL	BYPL	NDPL
Above 66 kV level	0.00	0.00	29.33
At 33/ 66KV level	20.79	18.24	29.78
At 11KV level	20.96	18.42	30.86

At LT level	26.79	25.45	37.27
Average	**25.55**	**24.40**	**35.89**

5.39 The cost of supply determined by the Commission for the FY 09-10 for the different voltage levels is shown below.

Table 73: Cost of Supply for BYPL (Paisa per Unit)

Particulars	FY 09-10			
	Wheeling	RST	SM	Total
Above 66 kV level	0.00	0.00	0.00	0.00
At 33/ 66KV level	9.21	247.39	18.24	274.84
At 11KV level	31.85	249.79	18.42	300.07
At LT level	78.53	345.10	25.45	449.08
Average	**71.13**	**330.91**	**24.40**	**426.44**

Table 74: Cost of Supply for NDPL (Paisa per Unit)

Particulars	FY 09-10			
	Wheeling	RST	SM	Total
Above 66 kV level	0.00	263.16	29.33	292.50
At 33/ 66KV level	10.80	267.18	29.78	307.77
At 11KV level	42.19	276.88	30.86	349.93
At LT level	79.53	334.42	37.27	451.22
Average	**70.58**	**322.00**	**35.89**	**428.46**

Table 75: Cost of Supply for BRPL (Paisa per Unit)

Particulars	FY 09-10			
	Wheeling	RST	SM	Total
Above 66 kV level	0.00	0.00	0.00	0.00
At 33/ 66KV level	10.31	258.44	20.79	289.54
At 11KV level	36.26	260.58	20.96	317.80
At LT level	70.18	333.06	26.79	430.03
Average	**62.21**	**317.58**	**25.55**	**405.33**

Tariff Structure

Domestic Tariff

5.40 Domestic tariff is applicable for the lighting/fan and power consumption of residential consumers, hostels of recognized/aided educational institutions and staircase lighting in residential flats, compound lighting, lifts and water pumps or drinking water supply and fire fighting equipment, etc. in Cooperative Group Housing Societies (CGHS), bonafide domestic use in farm houses, etc.

5.41 The Commission in its Tariff Order dated June 26, 2003 introduced two part tariff for domestic consumers, i.e., fixed charges and energy charges and abolished minimum charges and meter rent. The fixed charge in two-part tariff represents the fixed component of charges, which is independent of consumption level and depends on the fixed cost incurred by the Utility in supplying electricity. The Commission has received several suggestions on the levy of fixed charges from the Petitioners as well as respondents. The Commission has already explained the rationale of fixed charges in detail in its earlier Tariff Orders.

5.42 The Commission has considered the views expressed by the stakeholders and after considering various options, the Commission proposes to continue with the existing methodology of levying fixed charges on slab system, based on the sanctioned load till the sanctioned load of 5 kW and for the sanctioned load above 5 kW, the fixed charges shall be applicable in Rs/kW terms.

5.43 All the Cattle's / Dairy Farms across Delhi with a total consumption of not more than 200 units in a month and connected load of upto 2 kW shall be charged domestic tariff. However, incase the consumption in a month exceeds 200 units, the total consumption including the first 200 units shall be charged non-domestic rates as applicable to the consumers falling under the NDLT category.

JJ Clusters

5.44 The Commission has separately dealt with the tariff for JJ Clusters while processing the Petition filed by DISCOMs in the matter of "Waiver of Development Charges for JJ Clusters" and issued the Order on March 26, 2004. In this Order, the Commission had approved the tariff for JJ Clusters and had mentioned that *"in addition to the cost borne by the consumer for the infrastructure, for the energy consumed, every consumer will pay Rs 175.00 per month. The Commission considering the fact that these consumers belong to economically weaker sections of the society had decided not to increase the tariff and had retained the tariff at Rs 175.00 per month. The Commission believes that this will result in several benefits to the system such as these consumers will become part of network which will avoid unpredictable overloading of system. This will also increase the revenue substantially which otherwise would have to be borne by other consumers".*

5.45 The Commission retains the same arrangement for the Control Period as also mentioned in the MYT Order. However, the National Tariff Policy stipulates 100% metering of the energy sales, Therefore Commission directs the Petitioner to install meters in JJ cluster and bill them as per the applicable tariff for domestic category slabs. The Commission in its MYT Order had noted that the Petitioner in its petition has assumed that all JJ cluster consumers will be metered by FY10 and this category may not be necessary thereafter. DISCOMs have been directed to ensure compliance with the same.

5.46 The issue of charging non-domestic tariff to the small commercial establishments being run in JJ Clusters has also been raised by the DISCOMs.

5.47 The consumers running small commercial establishments from their households in JJ clusters shall be charged domestic tariff provided that their total consumption of electricity in a month does not exceed 200 units.

Domestic lighting/fan & power on 11 kV single delivery point for CGHS and other similar Group Housing Complexes

5.48 In respect of tariffs for CGHS, the Commission had indicated in tariff schedule of its earlier Orders that billing would be as per the energy charges applicable for the first 44.4% of consumption, next 44.4% of consumption and next 11.2% of consumption. The Commission proposes to follow similar approach in this Tariff Order as well.

5.49 In respect of the tariff charged by a CGHS to its constituent consumers, the Commission in its previous Order stated that the tariff charged by a CGHS to its constituent members shall be mutually determined by the CGHS and its constituent consumers. The Commission has proposed to continue with the existing practice for FY 09-10.

Domestic lighting/fan and power connections in un-electrified left out pockets and villages

5.50 The tariff for domestic connections in un-electrified left out pockets and villages is applicable on the basis of plot size. The Commission has assigned energy consumption levels to different categories. The lump sum monthly rates payable for this sub-category have been approved at the same level.

5.51 The Commission, however, expects that the meters will be installed on connections in un-electrified left out pockets and villages once these areas are electrified and the billing would start as per the approved tariff schedule duly taking into account the category to which the consumer belongs. When all such consumers have been metered, this category would be abolished and the metered tariff shall be made applicable for these consumers.. As directed, the Petitioner has submitted that it has undertaken conscious efforts towards metering of the un-electrified/ left-out pockets. However, still some areas are left to be metered. The Commission has accordingly proposed to continue with the existing level of tariff for this sub-category for FY 09-10.

Non-Domestic Tariff

5.52 Non-domestic category of consumers comprises two sub-categories, viz., Non-domestic Low Tension (NDLT) with load upto 100 kW and Mixed Load High Tension (MLHT) with load more than 100 kW.

Non-Domestic Low Tension (NDLT)

5.53 This category covers LT non-domestic consumers having connected load upto 100 kW (other than the industrial load) for lighting, fan & heating/cooling power appliances. For the consumers with sanctioned load up to 10 kW in NDLT category, the Commission had specified the kWh based tariff only. The Commission has decided to continue with the existing practice.

5.54 The Commission in its Tariff order for FY07 had decided that the energy charges for 11 kV single delivery point commercial complexes will be the same as that applicable for NDLT consumers between 10 kW to 100 kW, with a 15% rebate on energy charges. The Commission proposes to continue with the existing level of fixed charges and energy charges for this category.

Mixed Load High Tension (MLHT)

5.55 This category includes non-domestic consumers having load above 100 kW for lighting, fan, heating/cooling power appliances in non-domestic establishment, DDA/MCD, etc.

5.56 The MLHT consumers availing LT supply are required to pay a higher demand charge as compared to MLHT consumers availing supply at 11 kV. The higher the voltage of supply, lower the system losses and hence the consumption by MLHT consumers at LT voltages has to be discouraged. The Commission believes that with gradual movement towards voltage linked tariff, irrespective of load of the consumer, the tariff for consumption at higher voltages will be lower than that for low voltages, which will discourage consumers to opt for LT connections particularly for loads higher than 100 kW.

5.57 Consumers connected at 33/66 kV supply will get a rebate of 2.5% on the energy charges applicable for 11 kV supply and a rebate of 4% for supply at 220 kV. The demand charge shall continue at the existing level. The Commission proposes to continue with the existing level of rebate for this category for the notified duration of new tariff schedule.

Industrial Tariff

5.58 Industrial category of consumers consist of two sub-categories, viz., Small Industrial Power (SIP) with load upto 100 kW and Large Industrial Power (LIP) with load more than 100 kW. Industrial consumption in Delhi is approximately 19% of the total billed unit in Delhi.

Small Industrial Power (SIP)

5.59 This category consists of industrial consumers with load up to 100 kW including lighting, heating and cooling load. For the consumers with sanctioned load up to 10 kW in SIP category, the Commission had specified the kWh based tariff only.

5.60 In its endeavour for charging tariff on cost to serve basis and reducing the cross subsidy as per the Tariff Policy, the Commission proposes to reduce the energy charges during the winter months (viz October to March) as mentioned in the new Tariff schedule for this category.

Large Industrial Power (LIP)

5.61 This category includes large industrial consumers having load above 100 KW including lighting load.

5.62 LIP consumers availing LT supply are required to pay a higher demand charge, as compared to LIP consumers availing supply at 11 kV. The higher the voltage of supply, lower the system losses and hence the consumption by LIP consumers at LT voltages has to be discouraged. The Commission believes that with gradual movement towards voltage linked tariff, irrespective of load of the consumer, the tariff for consumption at higher voltages will be lower than that for low voltages, which will discourage consumers to opt for LT connections particularly for loads higher than 100 kW.

5.63 In its endeavour for charging tariff on cost to serve basis and reducing the cross subsidy as per the Tariff Policy, the Commission proposes to reduce the energy charges during the winter months (viz October to March) as mentioned in the new Tariff schedule for this category. The Commission proposes to continue with the existing level of rebate. For supply at 33/66 kV, consumers will get a rebate of 2.5% on the energy charges applicable for supply at 11 kV and a rebate of 4% for supply at 220 kV.

Agriculture and Mushroom Cultivation Tariff

5.64 Agriculture connections are available for tube wells for irrigation, threshers and kutty cutting in conjunction with pumping load for irrigation purpose for load up to 10 kW and lighting load for bonafide use in 'Kothra'. The percentage share of agricultural consumption is only around 0.3% of the total billed units in Delhi.

5.65 The Commission proposes to continue with the existing level of fixed charges and energy charges for this category for the notified duration of the new tariff schedule.

Public Lighting

5.66 Tariff for this category is applicable to all street light consumers including MCD, DDA, PWD/CPWD, CGHS, Slums, DSIDC and certain civilian pockets of MES. The share of MCD, however is dominating as most of the street lights in the city are owned by the MCD. Public Lighting consumption is about 1.7% of the total billed units in Delhi.

5.67 The Commission in its previous Tariff Orders had set the tariff for public lighting equivalent to energy charge of the highest slab in the domestic category. The Commission continues to follow this principle. The Commission proposes to continue with the existing level of fixed charges and energy charges for this category for the notified duration of the new tariff schedule.

5.68 As regard to the maintenance charges for street lighting, the Commission would like to clarify that the maintenance charges and other conditions of maintenance of street lights as approved in the Commission's Order dated March 16, 2004 will continue till such time it is amended.

Railway Traction

5.69 The Commission has observed that Railways draw power from 66KV line where the distribution loss level is negligible. As acknowledged by the Commission, the need for rationalizing the tariff towards cost of supply and other relevant parameters, the Commission proposes to reduce the energy charges of the railway traction for the notified duration of the new tariff schedule.

Delhi International Airport Limited (DIAL)

5.70 The Commission has observed the submissions made by DIAL regarding creation of a new slab for charging lower tariffs than the existing commercial tariffs applicable to them. The Commission also acknowledges that airport operations carry a mix of activities. Keeping in view the relevant parameters, the Commission shall propose a differential tariff for electricity consumption pertaining to purely aviation services and purely commercial activities in due course till the airport is fully operational. Till such time, the tariff as indicated in the tariff schedule shall be applicable for the entire airport.

Delhi Jal Board

5.71 The Commission has observed DJB is charged MLHT tariff for which certain rebates are also provided. At the request of DJB for fixation of special concessional tariff, and a first step towards cost to serve, the Commission proposes to reduce the energy charges for the notified duration of the new tariff schedule.

Delhi Metro Rail Corporation Ltd. (DMRC)

5.72 The Commission has already fixed the tariff of DMRC based on the cost to serve. The Commission proposes to continue with the existing level of fixed and energy charges for the notified duration for this category.

Temporary Supply

5.73 The Commission does not propose any change in the existing tariff mechanism for temporary supply as mentioned in Tariff Schedule.

Tariff Schedule

(To be read along with "Other terms and conditions of the tariff")

	Category	Fixed/Demand Charges [1]	Energy Charges (Apr-Sept)	Energy Charges (Oct-Mar)
1	**Domestic**			
1.1	**JJ Clusters**	175 Rs/month		
1.2	**Domestic Lighting/ Fan and Power**			
	Upto 2 kW Load			
	0-200 units	24 Rs/month	245 P/kWh	
	201-400 units	24 Rs/month	395 P/kWh	
	Above 400units	24 Rs/month	465 P/kWh	
	2 to 5 kW Load			
	0-200 units	60 Rs/month	245 P/kWh	
	201-400 units	60 Rs/month	395 P/kWh	
	Above 400units	60 Rs/month	465 P/kWh	
	Above 5 kW Load			
	0-200 units	12 Rs/kW/month	245 P/kWh	
	201-400 units	12 Rs/kW/month	395 P/kWh	
	Above 400units	12 Rs/kW/month	465 P/kWh	
1.3	**Domestic Lighting/Fan and Power on 11kV single delivery point for CGHS and other similar group housing complexes [2]**			
	First 44.4%	12 Rs/kW/month	245 P/kWh	
	Next 44.4%	12 Rs/kW/month	395 P/kWh	
	Next 11.2%	12 Rs/kW/month	465 P/kWh	
1.4	**Domestic Lighting/ Fan and Power Connections in Left Out Pockets and Villages, both Electrified and Un-electrified for plot sizes**			
	Upto 50 sq yards	264 Rs/month		
	Between 51-100 sq yards	384 Rs/month		
	Between 101-150 sq yards	504 Rs/month		
	Between 151-200 sq yards	699 Rs/month		
	More than 200 sq yds. only through installation of meters by licensee	As applicable for relevant category	As applicable for relevant category	As applicable for relevant category
2	**Non-Domestic**			
2.1.1	**Non-Domestic (Low Tension): NDLT-I**			
	Up to 10 kW	50 Rs/kW/month	540 P/kWh	
	> 10 kW to 100 kW	50 Rs/kW/month	492 P/kVAh	
2.1.2	**Non-Domestic Light/ Power on 11 kV Single Delivery Point for Commercial Complexes-NDLT-II**	50 Rs/kW/month	492 P/kVAh[3]	
2.2	**Mixed Load (High tension) >100 kW – MLHT**			
	Supply on 33 kV and above	150 Rs/kVA/month	495 P/kVAh[4]	

	Category	Fixed/Demand Charges [1]	Energy Charges (Apr-Sept)	Energy Charges (Oct-Mar)
	Supply on 11 kV	150 Rs/kVA/month	495 P/kVAh[4]	
	Supply on LT (400 Volts)	200 Rs/kVA/month	569 P/kVAh	
3	**Industrial**			
3.1.1	Small Industrial Power (SIP) < 100 kW			
	Upto 10kW	50 Rs/kW/month	505 P/kWh	495 P/kWh
	>10 to 100kW	50 Rs/kW/month	440 P/kVAh	430 P/kVAh
3.1.2	Industrial Power (SIP) on 11 kV Single Delivery Point for Group of SIP Consumers	50 Rs/kW/month	375 P/kVAh	365 P/kVAh
3.2	Large Industrial Power > 100 kW (LIP)			
	Supply on 33 kV and above	150 Rs/kVA/month	435 P/kVAh[4]	405 P/kVAh[4]
	Supply on 11 kV	150 Rs/kVA/month	435 P/kVAh[4]	405 P/kVAh[4]
	Supply on LT (400 Volts)	200 Rs/kVA/month	500 P/kVAh	490 P/kVAh
4	**Agriculture**	12 Rs/kW/month	155 P/kWh	
5	**Mushroom Cultivation**	24 Rs/kW/month	305 P/kWh	
6	**Public Lighting**			
6.1	Street Lighting	73 Rs/ Light point/month (Maintenance Charges)	465 P/kWh	
6.2	Signals & Blinkers	-	465 P/kWh	
7	**Delhi Jal Board**	150 Rs/kVA/month	470 P/kVAh[4]	
8	**Delhi International Airport Limited**	150 Rs/kVA/month	470 P/kVAh[4]	
9	**Railway Traction (Other than DMRC)[5]**	150 Rs/kVA/month	360 P/kVAh[4]	
10	**Delhi Metro Rail Corporation (DMRC)**			
a	DMRC (220 kV)	75 Rs/kVA/month	300 P/kVAh	
b	DMRC (66 kV)	75 Rs/kVA/month	300 P/kVAh	
11	**Temporary Supply**			
11.1	For a total period of			
a	Less than 16 days	50% of the relevant category	higher by 30% (temporary surcharge) of the relevant category of tariff	Higher by 30% (temporary surcharge) of the relevant category of tariff

	Category	Fixed/Demand Charges [1]	Energy Charges (Apr-Sept)	Energy Charges (Oct-Mar)
b	More than or equal to 16 days	same as that of relevant category	higher by 30% (temporary surcharge) of the relevant category of tariff	Higher by 30% (temporary surcharge) of the relevant category of tariff
11.2	For residential cooperative group housing connections	Same as that of relevant category	domestic tariff without any temporary surcharge	domestic tariff without any temporary surcharge
11.3	For religious functions of traditional and established characters and cultural activities	Same as 1.2	Same as 1.2 without temporary surcharge	Same as 1.2 without temporary surcharge
11.4	For major construction projects	Same as that of relevant category	Same as that of relevant category with temporary surcharge of 30%	Same as that of relevant category with temporary surcharge of 30%
11.5	For threshers			
a	During the threshing season for 30 days	Electricity Tax of MCD : Rs 150 per connection	Flat rate of Rs 3,000	Flat rate of Rs 3,000
b	For extended period		On pro-rata basis for each week or part thereof	On pro-rata basis for each week or part thereof

Notes of Superscripts:

[1] For all categories other than Domestic, Fixed/Demand charges are to be levied on sanctioned load or MDI reading, whichever is higher, on per kW or part thereof basis. Where the MDI reading exceeds sanctioned load, a surcharge of 30% shall be levied on the fixed/demand charges corresponding to excess demand in kW for such billing cycle only. Where ever, sanctioned load/ contract demand is in kW/HP, the kVA shall be calculated on basis of actual power factor of the consumer.

[2] In case of co-operative group housing societies having independent connection for common facilities through separate meter, energy charges shall be billed at highest slab tariff for domestic category. Rebate of 15% in energy charges is admissible on notified tariff.

[3] Rebate of 15% in energy charges is admissible on notified tariff.

[4] Additional rebate of 2.5% on the energy charges on 11 kV rates for availing supply at 33/66 kV and 4% for supply at 220 kV shall be admissible.

[5] Tariffs for Northern railways Traction are based on the supply being given through a single delivery and metering point at single voltage. An additional capacity blockage charges are also applicable to be calculated as Rs. 1260 X (2.97 A +5) where A is contract/ maximum demand, whichever is higher, in MVA subject to a minimum of Rs. 25000.

Other Terms and Conditions of the Tariff

	Category	Availability	Character of Service
1. Domestic	1.1 Domestic Lighting/Fan and Power (Single Delivery Point and Separate Delivery Points/Meters)	A) Available to following categories of consumers: Residential consumers Hostels of recognized/aided institutions of Municipal Corporation of Delhi or Government of the NCT of Delhi. Staircase lighting in residential flats separately metered. Compound lighting, lifts and water pumps etc., for drinking water supply and fire fighting equipment in residential complexes. In cooperative group housing societies etc. for bonafide use of lighting/fan and power, subject to the provision that the supply is at single delivery point for combined lighting/fan & power. B) It is also available to following consumers. Dispensary/Hospitals/Public Libraries/School/ College/Working Women's Hostel/Orphanage/Charitable homes run by the Municipal Corporation of Delhi or the Government of the NCT of Delhi. Small Health Centers approved by the Department of Health, Government of NCT of Delhi for providing Charitable Services only. Recognized Centers for welfare of blind, deaf and dumb, spastic children, physically handicapped persons as approved by the Government of NCT of Delhi. Places of worship. Cheshire homes/orphanage. Electric crematoriums. Professionals like architects, engineers, doctors, lawyers, chartered accountants may utilize up to 25% of the covered area of residential space in their possession, up to a maximum of 50 square meters, for carrying out professional work in the nature of consultancy without attracting non-domestic tariff for the electricity consumed provided that these requirement are complied with. C) Where separate meters, under different K. Nos., for domestic lighting/fan and domestic power, are in existence at the same premises, the billing shall be done under domestic category for total consumption of all such connections/meters taken	AC 50 Hz, single phase, 230 Volts for load upto 10 kW & AC 50 Hz, three phase, 400 Volts for loads beyond 10 kW

	Category	Availability	Character of Service
		together. D) Available, for loads upto 21 kW, to farm houses for bonafide domestic self use and bounded farm houses having minimum 50% of the total land for agriculture/vegetable cultivation. E) The consumers running small commercial establishments from their households in JJ Clusters shall be charged domestic tariff provided that the total consumption of electricity in a month does not exceed 200 units. F) Cattle / Dairy Farms with a total consumption of not more than 200 units/month and connected load of upto 2kW.	
	1.2 Domestic Lighting /Fan And Power on 11 kV single delivery point	Same as 1.1(A) and for CGHS flats and loads above 100 kW in case of individual	AC 50 Hz, three phase, 11 kV; on single delivery point
	1.3 Domestic Lighting/Fan And Power Connections In Regularised/ Unauthorised Colonies, Left Out Pockets and Villages both Electrified and Unelectrified	Available to residential consumers for temporary electricity connection on single phase system of supply. As and when licensee installs energy meters, the energy charges shall be payable as per the tariff applicable to relevant category of supply.	AC 50 Hz, single phase, 230 Volts
2. Non-Domestic	2.1.1 Non-Domestic (Low Tension) – NDLT-I	Available to all consumers having load (other than the industrial load) upto 100 kW for lighting, fan & heating/cooling power appliances in all non-domestic establishments as defined below: Hostels (other than those recognized/aided institutions of Municipal Corporation of Delhi or Government of the NCT of Delhi) Schools/colleges (Other than those run by Municipal Corporation of Delhi or the Government of NCT of Delhi) Auditoriums Hospitals, nursing homes/diagnostic centers other than those run by Municipal Corporation of Delhi or the Government of NCT of Delhi. Railways (other than traction) Hotels and restaurants Cinemas Banks Petrol pumps	AC 50 Hz, single phase, 230 Volts up to 10 kW load; AC 50 Hz, 3 phase, 400 Volts for loads above 10 kW and upto 100 kW

	Category	Availability	Character of Service
		All other establishments, i.e., shops, chemists, tailors, washing, dyeing etc. which do not come under the Factories Act. Cattle farms, fisheries, piggeries, poultry farms, floriculture, horticulture, plant nursery Farm houses being used for commercial activity DMRC for its commercial activities other than traction. Ice-cream parlours and Any other category of commercial consumers not specified/covered in any other category in this Schedule	
	2.1.2 Non-Domestic Power on 11 kV Single Delivery Point for Commercial Complexes-NDLT-II	Available to commercial complexes having load more than 100kW for group of consumers for their lighting, fan, heating/cooling power appliances for non-domestic use.	AC 50 Hz, 3 phase, 11 kV
	2.2 Mixed Load (High Tension)-MLHT a) Supply on 11 kV b) Supply on LT (400 Volts)	Available to consumers having load (other than industrial load) above 100 kW for lighting, fan, heating/cooling and power appliances in Domestic/Non-Domestic establishments including pumping loads of Delhi Jal Board /DDA/MCD and supply to Delhi Metro Rail Corporation (DMRC) Ltd. for their on going construction projects etc and for commercial purposes other than traction. Supply at extra high voltage (33 kV and more) may also be given.	AC 50 Hz, 3 phase, 11 kV; AC 50 Hz, 3 phase, 400 Volts
	2.1.2 Non-Domestic Power on 11 kV Single Delivery Point for Commercial Complexes-NDLT-II	Available to commercial complexes having load more than 100kW for group of consumers for their lighting, fan, heating/cooling power appliances for non-domestic use.	AC 50 Hz, 3 phase, 11 kV
3. Industrial	3.1.1 Small Industrial Power (SIP)	Available to Industrial consumers with load up to 100 kW including lighting, heating and cooling load.	AC 50 Hz, single phase, 230 Volts; AC 50 Hz, 3 phase, 400 Volts
	3.1.2 Industrial Power (SIP) on 11 kV Single Delivery Point for Group of SIP Consumers	On single delivery point for group of SIP consumers provided load of any individual consumer does not exceed 100 kW	AC 50 Hz, 3 Phase, 11 kV
	3.2 Large Industrial Power (LIP) a) Supply on 11 kV b) Supply on LT (400 Volts)	Available as primary power to large industrial consumers having load above 100 kW including lighting load. Supply at extra high voltage (33 kV and more) may also be given	AC 50 Hz, 3 phase, 11 kV; AC 50 Hz, 3 Phase, 400 Volts
4. Agriculture		Available for load up to 10 kW for tube wells for irrigation, threshing, and kutti-cuting in conjunction with pumping load for irrigation purposes and lighting load for bonafide use in Kothra.	AC 50 Hz, Single / Three Phase, 230/400 Volts

	Category	Availability	Character of Service
5. Mushroom cultivation		Available for mushroom growing/cultivation upto 100 kW.	AC 50 Hz, 3 Phase, 400 Volts up to 100 kW
6. Public Lighting	6.1 Street lighting	Available to all street lighting consumers including MCD, DDA, PWD/CPWD, Slums department/DSIDC/MES/CGHS etc.	AC 50 Hz, Single /three Phase, 230/400 Volts
	6.2 Signals & Blinkers	Available for traffic signals and blinkers of Traffic Police	AC 50 Hz, Single Phase, 230 Volts
7. Railway Traction (other than DMRC)		Available for railway traction for connected load above 100 kW.	AC 50 Hz, Three phase, 220/66/33 kV
8. Delhi Jal Board		Available to DJB for pumping load & Water Treatment Plants	AC 50 Hz, 3 phase, 11 kV
8. Delhi International Airport Limited		Available to DIAL	AC 50 Hz, 3 phase, 220/66/33 kV
8. Delhi Metro Rail Corporation		Available to Delhi Metro Rail Corporation (DMRC) (not for construction projects)	AC 50 Hz, 3 phase, 220/66/33 kV
9.Temporary Supply	9.1(a) for less than 16 days	Available as temporary connection under the respective category	AC 50 Hz, single phase, 230 Volts; AC 50 Hz, 3 phase, 400 Volts; AC 50 Hz, three phase, 11 kV
	9.1(b) for more than or equal to 16 days		
	9.2 for residential cooperative group housing connections	Same as that of relevant category	
	9.3 for religious functions of traditional and established characters and cultural activities	Provided for religious functions of traditional and established characters like Ram lila, Dussehra, Janmashtami, Nirankari Sant Smagam, Gurupurb, Durga Puja, Id, Christmas celebrations, Easter, Pageants and cultural activities like NCC camps, scouts & guides camps etc. (normally for a period less than 10 days).	
	9.4 for major construction projects	With loads more than 10 kW	
	9.5 for threshers	During the threshing season	

Electricity taxes and other levies

5.74 The rates stipulated in the Schedule are exclusive of electricity tax and other taxes and charges, as levied from time to time by the Government or any other competent authority, which are payable extra.

Surcharges

5.75 All surcharges shall be levied on the basic tariff applicable to the category of use or category of sanction, whichever has higher tariff.

Payments

5.76 In the event of the electricity bill rendered by the licensee, not being paid in full within the time specified on the bill, a surcharge @ 1.5% on the principal amount of bill which has not been paid shall be levied for each 30 days successive period or part thereof until the payment is made in full without prejudice to the right of the licensee to disconnect the supply after due date in the event of non-payment in accordance with section 56 of Electricity Act, 2003. This will also apply to temporary connections, where payment of final bill amount after adjustment of consumption deposit, is not made by due date.

5.77 The Commission directs the Petitioner, that in case the bill for consumption of electricity is more than Rs. 4,000, payment for the bill shall only be accepted by the Petitioner by means of an Account Payee cheque/DD. However, the Commission has considered that the blind consumers shall be allowed to make payment of electricity bills, for any amount, through cash.

Billing/Billing Format

5.78 The Commission directs the Petitioner to bill the consumers using Wheeling Tariff, Retail Supply charge and Supply Margin charge instead of the existing practice of billing the consumers on energy charges. The break-up of energy charges into Wheeling Tariff, Retail Supply charge and Supply Margin charge for the respective consumer categories has been provided in the Table below.

5.79 Wherever the Wheeling Tariff, Retail Supply charge and Supply Margin charge are specified in Paisa per kVAh, for the purpose of billing the kVAh as read from the meter shall be used.

Interpretation/clarification

5.80 In case of doubt or anomaly, if any, in the applicability of tariff or in any other respect, the matter will be referred to the Commission and Commission's decision thereon shall be final and binding.

Break up of Approved Energy Charges for BYPL for FY 10

	Category	Wheeling	Supply Margin Charge	Retail Supply Charge
1	**Domestic**			
1.1	**JJ Clusters**			
1.2	**Domestic Lighting/ Fan and Power**			
	Upto 2 kW Load			
	0-200 units	71 P/kWh	25 P/kWh	149 P/kWh
	200-400 units	71 P/kWh	25 P/kWh	299 P/kWh
	Above 400units	71 P/kWh	25 P/kWh	369 P/kWh
	2 to 5 kW Load			
	0-200 units	71 P/kWh	25 P/kWh	149 P/kWh
	200-400 units	71 P/kWh	25 P/kWh	299 P/kWh
	Above 400units	71 P/kWh	25 P/kWh	369 P/kWh
	Above 5 kW Load			
	0-200 units	71 P/kWh	25 P/kWh	149 P/kWh
	200-400 units	71 P/kWh	25 P/kWh	299 P/kWh
	Above 400units	71 P/kWh	25 P/kWh	369 P/kWh
1.3	**Domestic Lighting/Fan And Power on 11kV single delivery point for CGHS and other similar group housing complexes**			
	First 44.4%	38 P/kWh	25 P/kWh	182 P/kWh
	Next 44.4%	38 P/kWh	25 P/kWh	332 P/kWh
	Next 11.2%	38 P/kWh	25 P/kWh	402 P/kWh
1.4	**Domestic Lighting/ Fan And Power Connections in Regularized/ Unauthorized Colonies, Left Out Pockets and Villages, both Electrified and Un-electrified Pockets**			
	Upto 50 sq yards			
	Between 51-100 sq yards			
	Between 101-150 sq yards			
	Between 151-200 sq yards			
	More than 200 sq yds. Only with meter			
2	**Non-Domestic**			
2.1.1	**Non-Domestic (Low Tension): NDLT-I**			
	Up to 10 kW	71 P/kWh	25 P/kWh	444 P/kWh
	> 10 kW to 100 kW	62 P/kVAh	22 P/kVAh	408 P/kVAh
2.1.2	**Non-Domestic Light/ Power on 11 kV Single Delivery Point for Commercial Complexes-NDLT-II**	33 P/kVAh	22 P/kVAh	437 P/kVAh
2.2	**Mixed Load (High tension) >100 kW**			
	Supply on 33 kV and above	8 P/kVAh	22 P/kVAh	465 P/kVAh
	Supply on 11 kV	33 P/kVAh	22 P/kVAh	440 P/kVAh
	Supply on LT (400 Volts)	62 P/kVAh	22 P/kVAh	485 P/kVAh

	Category	Wheeling	Supply Margin Charge	Retail Supply Charge
3	**Industrial**			
3.1.1	**Small Industrial Power (SIP)**			
	Upto 10kW	71 P/kWh	25 P/kWh	409 P/kWh*
	>10-100kW	62 P/kVAh	22 P/kVAh	356 P/kVAh*
3.1.1	Industrial Power (SIP) on 11 kV Single Delivery Point for Group of SIP Consumers	33 P/kVAh	22 P/kVAh	320 P/kVAh*
3.2	Large Industrial Power > 100 kW LIP			
	Supply on 33 kV and above	8 P/kVAh	22 P/kVAh	405 P/kVAh*
	Supply on 11 kV	33 P/kVAh	22 P/kVAh	380 P/kVAh*
	Supply on LT (400 Volts)	62 P/kVAh	22 P/kVAh	416 P/kVAh*
4	**Agriculture**	71 P/kWh	25 P/kWh	59 P/kWh
5	**Mushroom Cultivation**	71 P/kWh	25 P/kWh	209 P/kWh
6	**Public Lighting**			
6.1	Street Lighting	71 P/kWh	25 P/kWh	369 P/kWh
6.2	Signals& Blinkers	71 P/kWh	25 P/kWh	369 P/kWh
7	**Delhi International Airport Limited**	8 P/kVAh	22 P/kVAh	440P/kVAh
8	**Delhi Jal Board**			
	Supply on 11 kV	33 P/kVAh	22 P/kVAh	415P/kVAh
	Supply on LT (400 Volts)	62 P/kVAh	22 P/kVAh	386P/kVAh
9	**Railway Traction (Other than DMRC)**	8 P/kVAh	22 P/kVAh	330 P/kVAh
10	**DMRC**			
A	DMRC (220 kV)	-	22 P/kVAh	278 P/kVAh
B	DMRC (66 kV)	8 P/kVAh	22 P/kVAh	270 P/kVAh

* A reduction in the Retail Supply Charge will be applicable to the industrial consumers during the winter season (Oct to Mar) as detailed in the Tariff Schedule.