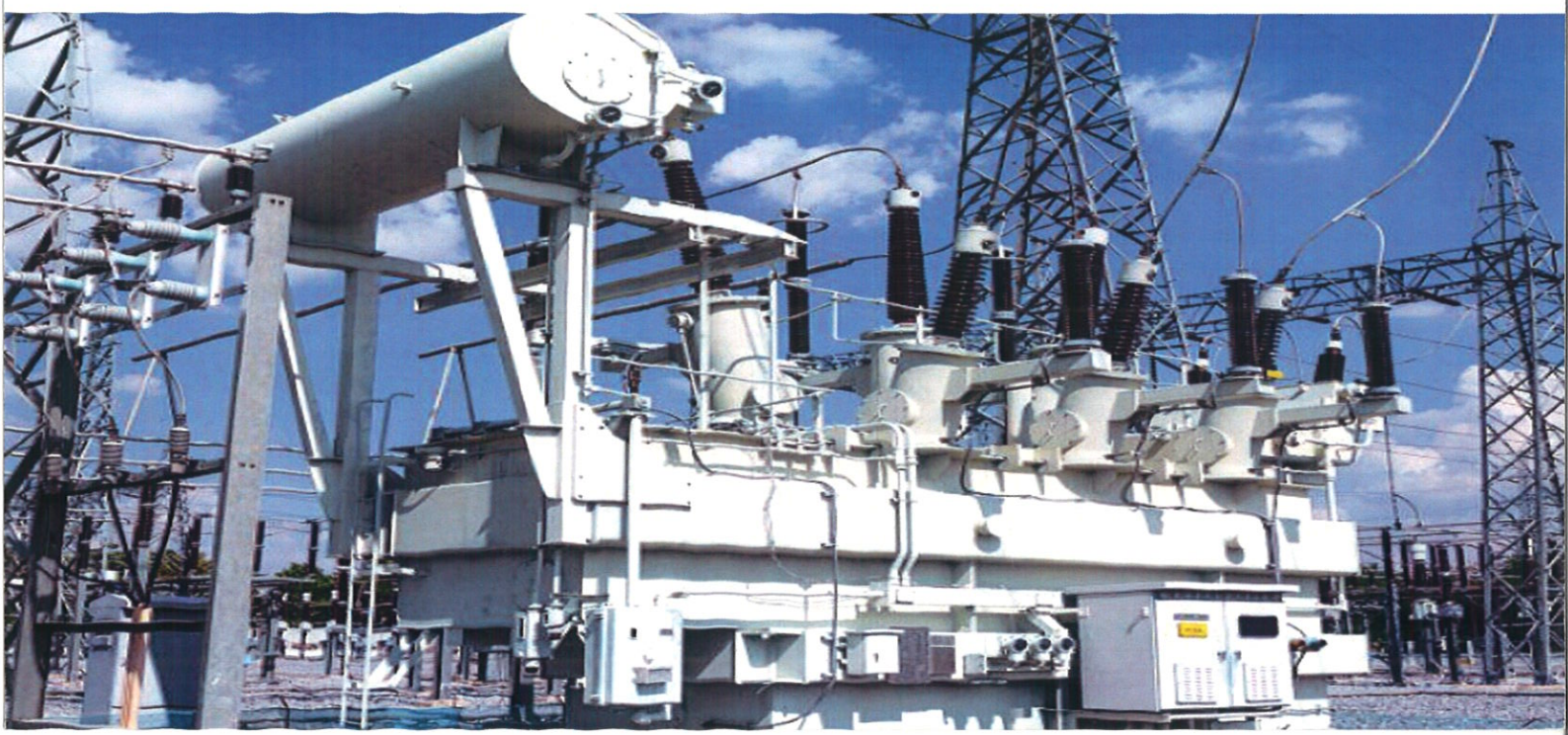




DELHI TRANSCO LIMITED



**PETITION FOR
TRUE UP OF ARR FOR FY 2017-18
AND
AGGREGATE REVENUE REQUIREMENT
FOR FY 2019-20**





दिल्ली ट्रांसको लिमिटेड
(दिल्ली सरकार का उपक्रम)
DELHI TRANSCO LIMITED
(A Govt. of NCT of Delhi Undertaking)

No. F.DTL/203/F- 1 /2018/Oprn. GM(C&RA)/133

Date : 25/01/2019

The Secretary,
Delhi Electricity Regulatory Commission,
Viniyamak Bhawan, C-Block, Shivalik,
Malviya Nagar, New Delhi-110017

Subject : Petition for True up for FY 2017-18 and ARR for FY 2019-20.

Sir,

Kindly find enclosed herewith the Petition for True up of FY 2017-18 and ARR for FY 2019-20.
The petition is accompanied with following documents :

1. Text of petition (Volume-I & II) – (Original and five copies)
2. Affidavit of the authorized signatory verifying the petition duly notarized.
3. The Pay Order No. 047864 dated 22.01.2019 drawn on State Bank of India, Chandni Chowk, Delhi of Rs. 1,00,000/- (Rs. One Lakh only) towards processing fee.
4. A soft copy of petition.

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

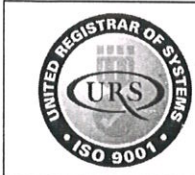
Thanking you

Yours faithfully


(Mukesh Kumar Sharma)
General Manager (C&RA)

Enclosure : As above

MUKESH KUMAR SHARMA
General Manager (C & RA)
DELHI TRANSCO LIMITED
(Govt. of NCT of Delhi Undertaking)
33KV Grid S/Stn. Building
I.P. Estate, New Delhi-110002



कार्यालय: महाप्रबंधक (वाणिज्यिक और विनियामक कार्य), 33 के वी ग्रीड सब स्टेशन बिल्डिंग, आई पी एस्टेट, नई दिल्ली - 110002
Office: General Manager (Commercial & Reg. Affairs) 33 KV Grid S/Station Building, IP Estate, New Delhi-110002

पंजीकृत कार्यालय: शक्ति सदन, कोटला मार्ग, नई दिल्ली - 110002
Registered office : Shakti Sadan, Kotla Road, New Delhi - 110 002

Visit us at www.dtl.gov.in

BEFORE THE HON'BLE DELHI ELECTRICITY REGULATORY COMMISSION, NEW DELHI

Filing No. _____

Case No. _____

IN THE MATTER OF

Petition for True up for FY 2017-18 and ARR for FY 2019-20.

IN THE MATTER OF

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

INDEX

- | | | |
|----|--------------------------------------|------------------|
| 1. | Text of Petition | 1-31 |
| 2. | Annexures (I - XI) | 32-214 |
| 3. | ARR Formats (Annexure - XII) | Separate Booklet |
| 4. | Affidavit in support of application. | |



APPLICANT
DELHI TRANSCO LIMITED
MUKESH KUMAR SHARMA
General Manager (C & RA)
DELHI TRANSCO LIMITED
(Govt. of NCT of Delhi Undertaking)
33KV Grid S/Stn. Building
I.P. Estate, New Delhi-110002

**PETITION FOR TRUE UP OF ARR FOR FY 2017-18
AND
AGGREGATE REVENUE REQUIREMENT FOR FY 2019-20**

BEFORE THE HON'BLE DELHI ELECTRICITY REGULATORY COMMISSION

FILING NO. : _____ / 2019

CASE NO. : _____ / 2019

IN THE MATTER OF :

Filing of Petition / Application for Truing up of Expenses for FY 2017-18 and approval of Aggregate Revenue Requirement (hereinafter referred to as "ARR") & Transmission Tariff for FY 2019-20 for Wheeling Business under the Annual Tariff Framework. The Petition / Application for Truing up of Expenses for FY 2017-18 and for approval of ARR & Transmission Tariff for FY 2019-20 for Wheeling Business is filed under Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017 dated 31.01.2017 (hereinafter referred to as "Tariff Regulations 2017") and Delhi Electricity Regulatory Commission Business Plan Regulations, 2017 dated 31.08.2017 (hereinafter referred to as "Business Plan Regulations, 2017"), by the Delhi Transco Limited as the Transmission Licensee for wheeling the power to the following Distribution Licensees:-

1. BSES -Yamuna Power Limited (BYPL)
2. BSES- Rajdhani Power Limited (BRPL)
3. Tata Power-Delhi Distribution Limited (TPDDL)
4. New Delhi Municipal Council (NDMC)
5. Military Engineering Services (MES)
6. Northern Railway (NR)



MUKESH KUMAR SHARMA
General Manager (C & RA)
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**PETITION FOR TRUE UP OF ARR FOR FY 2017-18
AND
AGGREGATE REVENUE REQUIREMENT FOR FY 2019-20**

IN THE MATTER OF :

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

The Petitioner named above most respectfully showeth :

1. Pursuant to the applicable provisions of the Delhi Electricity Reform Act, 2000, the Government of Delhi undertook the reform and restructuring of the erstwhile Delhi Vidyut Board (DVB). DTL was formed as one of the successor entity of the erstwhile Delhi Vidyut Board through the transfer scheme notified in the official gazette on 20.11.2001 to manage the Transmission and Bulk supply business of erstwhile DVB.
2. Subsequently on 28.06.2006, the GNCTD issued policy directions to DERC directing therein that the Bulk Supply business of TRANSCO is vested to the DISCOMs with effect from April 1, 2007. PPAs/BPTAs of the existing and upcoming projects were assigned to the DISCOMs vide Commission order dated 31.03.2007. As a result, TRANSCO is presently carrying out the Transmission Business as the State Transmission Utility (STU) in the State of NCT of Delhi.
3. Hon'ble Commission had earlier issued Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011 (**hereinafter called MYT Regulations, 2011**) on 02.12.2011 wherein Hon'ble Commission without giving Statement of Reasons on the issues raised by DTL specifically on Return on Equity (RoE) in which Hon'ble Commission deviated even from its Draft Regulation and non-consideration of actual income tax, etc. DTL being aggrieved had filed a Civil Writ Petition No. 1380/2013 before Hon'ble High Court of Delhi.

**PETITION FOR TRUE UP OF ARR FOR FY 2017-18
AND
AGGREGATE REVENUE REQUIREMENT FOR FY 2019-20**

4. DTL had filed a petition for Truing Up of the year FY 2012-13 to FY 2014-15 and ARR for FY 2015-16 on 24.02.2015 before Hon'ble DERC. Hon'ble DERC had passed an Order on 29.09.2015 for Truing Up of ARR for FY 2012-13, FY 2013-14 & Transmission Tariff for FY 2015-16. DTL being aggrieved by the order passed by Hon'ble DERC on various issues i.e. Non Truing Up of Capitalization for FY 2011-12, Pension Trust Dues, A&G Expenses, etc. filed an Appeal No. 08 of 2016 before the Hon'ble Appellate Tribunal for Electricity. **(Copy of Appeal enclosed as Annexure-I)**
5. Hon'ble Commission has notified DERC Tariff Regulations 2017 on 31.01.2017, which are deemed to have come into force from 1st February, 2017. Later, Hon'ble Commission in terms of Tariff Regulations 2017, has notified Delhi Electricity Regulatory Commission Business Plan Regulations, 2017 (hereinafter referred to as "Business Plan 2017"), in which the value of various parameters has been defined, which was issued on 31.08.2017 and will remain in force for a period of 3 years i.e. for FY 2017-18, FY 2018-19 and FY 2019-20.
6. Hon'ble DERC had passed a Tariff Order on 31.08.2017 for True Up of ARR for FY 2014-15, FY 2015-16 & Transmission Tariff for FY 2017-18. DTL being aggrieved by the Order passed by Hon'ble DERC on various issues i.e. error in calculation of ROCE, A&G Expenses, Income Tax, etc. filed an Appeal No. 15 of 2018 before the Hon'ble Appellate Tribunal for Electricity (ATE). **(Copy of Appeal enclosed as Annexure-II)**
7. Hon'ble DERC had also passed a Tariff Order on 28.03.2018 for True Up of ARR for FY 2016-17 & Transmission Tariff for FY 2018-19. DTL being aggrieved by the Order passed by Hon'ble DERC on issues such as Employee Expenses, A&G Expenses, working capital requirement, error in calculation of ROCE, Income Tax, Non Tariff Income, etc. filed an Appeal No. 224 of 2018 before the Hon'ble Appellate Tribunal for Electricity (ATE). **(Copy of Appeal enclosed as Annexure-III)**



MUKESH KUMAR SHARMA
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**PETITION FOR TRUE UP OF ARR FOR FY 2017-18
AND
AGGREGATE REVENUE REQUIREMENT FOR FY 2019-20**

8. Without prejudice to the rights of DTL in the above appeals / writ petitions which are pending before various superior courts, as per provisions in Tariff Regulations-2017, DTL is filing the present petition for Truing up of Expenses for FY 2017-18 and ARR & Transmission Tariff for FY 2019-20 on the basis of Tariff Regulations 2017 & Business Plan Regulations 2017.
9. DERC had filed a Civil Appeal No. 5863-64 of 2009 before Hon'ble Supreme Court against the ATE's judgment in Appeal No. 133 of 2007 regarding the DVB Arrears. Hon'ble Supreme Court vide its Order dated 16.02.2016 has dismissed the said appeals and also the said appeals are delinked from the Civil Appeal Nos. 5093 and 4837 of 2013. Hon'ble DERC has also considered the partial impact of the same in earlier tariff orders and balance is to be considered by Hon'ble Commission in the present proceedings.
10. There is one more development regarding 2 assets of DTL which were earlier being considered for tariff determination by this Hon'ble Commission. As per direction of Hon'ble CERC, DTL had filed Petition No. 218/TT/2013 and 175/TT/2017 before CERC for DTL owned inter-state transmission lines i.e. 400kV Mandola-Bawana Double Ckt. and 400kV Ballabhgarh-Bamnauli Double Ckt. transmission lines for period 2011-14 and 2014-19 respectively. Subsequently, Hon'ble CERC has passed an Orders dated 21.03.2016 and 29.06.2018 for the above mentioned inter-state transmission lines for period 2011-14 and 2014-19, respectively (**Copy of the Hon'ble CERC Order dated 21.03.2016 and 29.06.2018 enclosed as Annexure-IV and Annexure-V, respectively**). DTL being aggrieved by the Order dated 29.06.2018, has filed a Review Petition No. 40/RP/2018 before Hon'ble CERC (**Copy of Review Petition enclosed as Annexure-VI**). The 40/RP/2018 has been heard and admitted by the Hon'ble CERC on 22.01.2019. DTL undertakes to place on record the Final Order passed by Hon'ble CERC in the above review petition. Further, as per the Hon'ble CERC directions, the transmission tariff allowed in Order dated 21.03.2016 and 29.06.2018 are to be

**PETITION FOR TRUE UP OF ARR FOR FY 2017-18
AND
AGGREGATE REVENUE REQUIREMENT FOR FY 2019-20**

adjusted against the ARR approved by State Commission and the same has been considered by DTL in the Non-Tariff Section.

11. That the Petitioner in the present ARR petition has stated the assumptions at respective places, and has endeavored to comply with the various applicable legal, regulatory directions and stipulations including the directions of the Hon'ble Commission in the Conduct of Business Rules of the Commission, the Guidelines, prior Tariff Orders, Tariff Regulations 2017 and Business Plan Regulations 2017.
12. That based on the information available, the Petitioner has made bonafide efforts to comply with the directions of the Hon'ble Commission and in diligent discharge of its obligations to the best of its abilities. However, the petitioner craves leave to file such additional information and consequently amend / revise the Application / Petition if so desired or as directed by this Hon'ble Commission. The Petitioner is ready and willing to provide any other and further information in respect of the filing of this petition that the Hon'ble Commission may require or need arises to determine its entitlement in the tariff fixation process.

दिल्ली ट्रांसको लिमिटेड



MUKESH KUMAR SHARMA
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**PETITION FOR TRUE UP OF ARR FOR FY 2017-18
AND
AGGREGATE REVENUE REQUIREMENT FOR FY 2019-20**

Prayer

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

- i) **Accept & Approve the Petition** for Truing up of Expenses for FY 2017-18 and approval of Aggregate Revenue Requirement for FY 2019-20 based on the information provided therein.
- ii) In the event, any of the issues raised by DTL in Review / Appeal / SLP are adjudicated prior to issuance of the Tariff Order for FY 2019-20, take into account the impact of the same while approving the ARR for the FY 2019-20. In the event, Supreme Court / High Court / ATE / Review, Order being issued after the issuance of the Tariff Order, the impact of the same be allowed forthwith.
- iii) Allow additions / alterations / changes / modifications to the application at a future date if so required, in the interest of justice.
- iv) To pass such and any other orders as the Hon'ble Commission may deem fit and proper in the facts and circumstances of the case.

दिल्ली ट्रांसको लिमिटेड



DEPONENT

MUKESH KUMAR SHARMA
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**PETITION FOR TRUE UP OF ARR FOR FY 2017-18
AND
AGGREGATE REVENUE REQUIREMENT FOR FY 2019-20**

INDEX

	PARTICULARS	PAGE NO.
PART - I	TRUING UP OF AGGREGATE REVENUE REQUIREMENT FOR FY 2017-18	11-23
1	OPERATION AND MAINTENANCE EXPENSES	11
2	ASSETS CAPITALIZATION	15
3	DEPRECIATION	16
4	WORKING CAPITAL REQUIREMENT	17
5	RETURN ON CAPITAL EMPLOYED	17
6	NON TARIFF INCOME	19
7	INCOME TAX EXPENSES	21
8	TRUE UP OF AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2017-18	23
PART - II	AGGREGATE REVENUE REQUIREMENT AND TRANSMISSION TARIFF FOR FY 2019-20	24-31
A	AGGREGATE REVENUE REQUIREMENT FOR FY 2019-20	24-29
1	ASSETS CAPITALIZATION FOR FY 2019-20	24
2	OPERATION AND MAINTENANCE EXPENSES	25
3	DEPRECIATION	26
4	WORKING CAPITAL REQUIREMENT	27
5	RETURN ON CAPITAL EMPLOYED	27
6	NON TARIFF INCOME	29
7	AGGREGATE REVENUE REQUIREMENT FOR FY 2019-20	29
B	IMPACT OF DVB ARREARS AND PAST TRUE UPS	30
C	TRANSMISSION TARIFF FOR FY 2019-20	31



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**PETITION FOR TRUE UP OF ARR FOR FY 2017-18
AND
AGGREGATE REVENUE REQUIREMENT FOR FY 2019-20**

ANNEXURES TO THE PETITION		
	PARTICULARS	PAGE NO.
Annexure-I	COPY OF APPEAL NO. 08 OF 2016 AGAINST TARIFF ORDER DATED 29.09.2015 FILED BEFORE HON'BLE APPELLATE TRIBUNAL FOR ELECTRICITY	32-65
Annexure-II	COPY OF APPEAL NO. 15 OF 2018 AGAINST TARIFF ORDER DATED 31.08.2017 FILED BEFORE HON'BLE APPELLATE TRIBUNAL FOR ELECTRICITY	66-90
Annexure-III	COPY OF APPEAL NO. 224 OF 2016 AGAINST TARIFF ORDER DATED 28.03.2018 FILED BEFORE HON'BLE APPELLATE TRIBUNAL FOR ELECTRICITY	91-123
Annexure-IV	COPY OF THE HON'BLE CERC ORDER DATED 21.03.2016 IN PETITION NO. 218/TT/2013	124-135
Annexure-V	COPY OF THE HON'BLE CERC ORDER DATED 29.06.2018 IN PETITION NO. 175/TT/2017	136-146
Annexure-VI	COPY OF REVIEW PETITION NO. 40/RP/2018 IN TARIFF ORDER DATED 29.06.2016 FILED BEFORE HON'BLE CERC	147-160
Annexure-VII	COPY OF WAGE REVISION COMMITTEE ORDER DATED 14.06.2017	161-166
Annexure-VIII	COPY OF AUDITED FINANCIAL STATEMENT OF DTL FOR FY 2017-18	167-208
Annexure-IX	LIST OF TENTATIVE WORKS TO BE CAPITALIZED (PROVISIONALLY) FOR FY 2017-18	209-210
Annexure-X	LIST OF PROJECTED SCHEMES/WORKS TO BE CAPITALIZED FOR FY 2018-19	211
Annexure-XI	REVISED ASSETS CAPITALIZATION SCHEDULE FOR FY 2019-20	212-213
Annexure-XII	ARR FORMATS FOR TRUE UP OF FY 2017-18 AND ARR FOR FY 2019-20	SEPARATE BOOKLET



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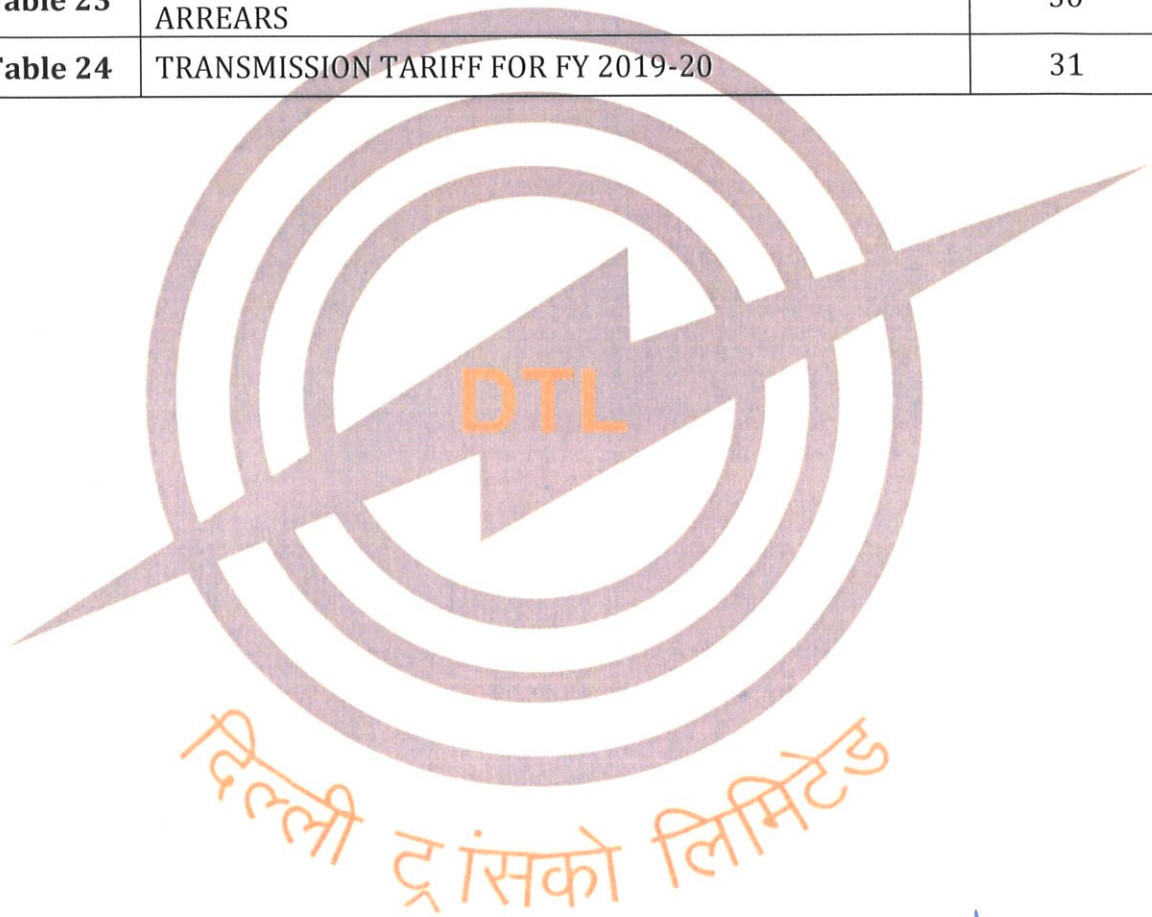
**PETITION FOR TRUE UP OF ARR FOR FY 2017-18
AND
AGGREGATE REVENUE REQUIREMENT FOR FY 2019-20**

LIST OF TABLES

TABLE NO.	PARTICULARS	PAGE NO.
PART - I	TRUING UP OF AGGREGATE REVENUE REQUIREMENT FOR FY 2017-18	
Table 1	BAY WISE NORMS FOR HVAC (RS. LAKH/BAY)	11
Table 2	CIRCUIT KM WISE NORMS FOR HVAC LINES (RS. LAKH/CKM)	12
Table 3	NORMATIVE O&M EXPENSES FOR FY 2017-18	12
Table 4	OPERATION AND MAINTENANCE EXPENSES FOR FY 2017-18	15
Table 5	ASSETS CAPITALIZATION FOR FY 2011-12 TO FY 2017-18	16
Table 6	DEPRECIATION FOR FY 2017-18	16
Table 7	WORKING CAPITAL FOR FY 2017-18	17
Table 8	RETURN ON CAPITAL EMPLOYED FOR FY 2017-18	18
Table 9	APPROVED TRANSMISSION TARIFF FOR ISTS LINES OWNED BY DTL FOR FY 2011-12 TO FY 2013-14 BY HON'BLE CERC IN ORDER DATED 21.03.2016	19
Table 10	APPROVED TRANSMISSION TARIFF FOR ISTS LINES OWNED BY DTL FOR FY 2014-15 TO FY 2018-19 BY HON'BLE CERC IN ORDER DATED 29.06.2018	20
Table 11	NON TARIFF INCOME FOR FY 2017-18	21
Table 12	INCOME TAX EXPENSES FOR FY 2017-18	22
Table 13	TRUE UP OF AGGREGATE REVENUE REQUIREMENT FOR FY 2017-18	23
Table 14	IMPACT OF TRUE UP FOR FY 2017-18	23
PART - II	AGGREGATE REVENUE REQUIREMENT AND TRANSMISSION TARIFF FOR FY 2019-20	
Table 15	PROPOSED ASSETS CAPITALIZATION FOR FY 2019-20	24
Table 16	NORMATIVE O&M EXPENSES FOR FY 2019-20	25
Table 17	OPERATION AND MAINTENANCE EXPENSES FOR FY 2019-20	25

**PETITION FOR TRUE UP OF ARR FOR FY 2017-18
AND
AGGREGATE REVENUE REQUIREMENT FOR FY 2019-20**

Table 18	DEPRECIATION FOR FY 2019-20	26
Table 19	WORKING CAPITAL FOR FY 2019-20	27
Table 20	RETURN ON CAPITAL EMPLOYED FOR FY 2019-20	28
Table 21	NON TARIFF INCOME FOR FY 2019-20	29
Table 22	AGGREGATE REVENUE REQUIREMENT FOR FY 2019-20	29
Table 23	BALANCE IMPACT OF PAST TRUE UPS AND DVB ARREARS	30
Table 24	TRANSMISSION TARIFF FOR FY 2019-20	31



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**PETITION FOR TRUE UP OF ARR FOR FY 2017-18
AND
AGGREGATE REVENUE REQUIREMENT FOR FY 2019-20**

PART - I
TRUING UP OF AGGREGATE REVENUE REQUIREMENT
FOR FY 2017-18

A. TRUING UP OF AGGREGATE REVENUE REQUIREMENT FOR FY 2017-18

As per Delhi Electricity Regulatory Commission (Terms and Condition for Tariff) Regulations 2017, the Annual Fixed Cost (AFC) of a transmission system shall consist of the following components:

- a) Return on Capital Employed;
- b) Depreciation; and
- c) Operations and Maintenance Expenses.

1. OPERATION & MAINTENANCE EXPENSES :

- 1.1 The Hon'ble DERC has specified in Tariff Regulations 2017, that Commission shall notify the Business Plan Regulations for each control period based on the Business Plan submitted by the utility and Business Plan shall contain the operational parameters.
- 1.2 Further, the Commission has notified Business Plan Regulations 2017, wherein O&M Expenses has been approved by the Commission based on the network details (No. of bays and Line Length in circuit kilometers), which are as below:

Table 1 : BAY WISE NORMS FOR HVAC (RS. LAKH/BAY)

Voltage levels	2017-18	2018-19	2019-20
400 kV	✓ 45.23	✓ 47.76	✓ 50.44
220 kV & below	✓ 15.30	✓ 16.16	✓ 17.06

**PETITION FOR TRUE UP OF ARR FOR FY 2017-18
AND
AGGREGATE REVENUE REQUIREMENT FOR FY 2019-20**

Table 2 : CIRCUIT KM WISE NORMS FOR HVAC LINES (RS. LAKH/CKM)

Voltage levels	2017-18	2018-19	2019-20
400 kV	✓ 8.13	✓ 8.59	✓ 9.07
220 kV	✓ 2.03	✓ 2.15	✓ 2.27

1.3 The normative O&M Expenses for FY 2017-18 has been computed on the basis of Average No. of Bays and Ckt-Kms in 2017-18 and considering the norms as above, and the same are as below:

**Table 3 : NORMATIVE O&M EXPENSES FOR FY 2017-18
(Rs. Crore)**

Sr. No.	Voltage levels	Average No. of Bays	Average Ckt. km	Rs. Lakh/bay	Rs. Lakh/ckm	Bay (Rs. Cr.)	Ckm (Rs. Cr.)	Total (Rs. Cr.)
1	400 kV	✓ 62	249.19	45.23	✓ 8.13	✓ 28.04	✓ 20.26	✓ 48.30
2	220 kV & below	✓ 1255.5	✓ 823.64	✓ 15.30	✓ 2.03	✓ 192.09	✓ 16.72	✓ 208.81
	Total					220.13	36.98	✓ 257.11

1.4 DTL has also considered the additional expenditure which were not included by Hon'ble DERC while calculating the norms of normative O&M Expenses, which are as below:

1.4.1 Interim Relief on Account of Implementation of 7th Pay Commission :

Govt. of NCTD has constituted the Wage Revision Committee to review the structure of pay scales and allowances/benefits of various categories of Power Sector Enterprises and suggest changes. As per Committee's Order No. WRC/2016/157 dated 14.06.2017, DTL has disbursed an amount of Rs. 39.06 Crore as Interim Relief on account of implementation of 7th Pay Commission from January, 2016 onwards, and the same has been considered by DTL in its Petition. Further, any additional amount, if any, will be

**PETITION FOR TRUE UP OF ARR FOR FY 2017-18
AND
AGGREGATE REVENUE REQUIREMENT FOR FY 2019-20**

considered separately as per the final recommendations of Wage Revision Committee. **(Copy of Wage Revision Committee Order dated 14.06.2017 is enclosed as Annexure-VII)**

- 1.4.2 **Salary of IPGCL Staff deployed in Delhi Transco Limited :** As per directions of Ministry of Power, Govt. of NCTD, staff of Indraprastha Power Generation Co. Ltd. (IPGCL) have been deployed in DTL on diverted capacity. The salary of the IPGCL staff is being paid by DTL since 2016-17, over and above the Employee Expenses allowed by Hon'ble Commission to DTL. In this regard, Hon'ble Commission in its Order dated 28.03.2018 while Truing up the Employee Expenses of DTL for FY 2016-17, has observed the following :

"3.20 The Petitioner has claimed Rs. 8.52 Cr. in respect to IPGCL staff diverted to them. It is observed from the true up of IPGCL that normative O&M expenses allowed to IPGCL is higher in comparison to the actual O&M expenses incurred by IPGCL partly due to reduced employee expenses burden to IPGCL. Therefore, the Commission has not considered additional claim of the Petitioner on account of Salary of IPGCL staff deployed with Petitioner as the same was part of employee expenses of IPGCL of the base year."

However, the same has not been allowed by Hon'ble Commission to DTL even after the Commission has acknowledged the fact that the same were part of employee expenses of IPGCL of the base year, and not that of DTL. IPGCL and DTL being separate entities, therefore DTL in its Tariff Petition has considered Rs. 10.98 Crore for FY 2017-18 which has been incurred by DTL which also include Interim Relief on account of 7th pay Commission.

- 1.4.3 **Additional Security Expenses :** DTL have been striving it's all efforts in order to ensure the safety of the personals as well as the grids. DTL had

**PETITION FOR TRUE UP OF ARR FOR FY 2017-18
AND
AGGREGATE REVENUE REQUIREMENT FOR FY 2019-20**

deployed security personnel through Private Security Agencies (PSA) since its formation and the experience has not been very satisfactory and encouraging on account of various labour law violations, non-compliance to the terms and conditions of the contract, malpractices & litigations; and had failed to improve despite several reminders, advisories, show cause notices etc. This has forced DTL to invoke the clause of termination of the contract before the expiry of its tenure. In line with Govt. of India directives, DTL had deployed security personnel through DGR sponsored agency. The Director General of Resettlement, Govt. of India issues notices of minimum wages for the workmen deployed through its sponsored agencies. The minimum wages decided by DGR are higher than the minimum wages determined for Delhi Government. Therefore, the financial expenses had increased as well as number of personnel increased due to deployment of security in various offices/sub-stations/installations of DTL as well as due to commissioning of new Sub-Stations.

1.4.4 License Fee for Land : As per directions of Govt. of NCTD, DTL has been paying license fee for use of land to Govt. of NCTD. Earlier, such cost was added in the Gross Block of the Asset, but after the implementation of the IND-AS, Accounting Policy is modified whereby such cost is now charged as expenses. In FY 2017-18, DTL has paid Rs. 4.30 Crore of annual premium for land at Dev Nagar (Karol Bagh), R. K. Puram and Dwarka, to GNCTD and the same has been claimed in the petition.

1.4.5 Additional Property Tax : An amount of Rs. 2.08 Crore has been considered in the Petition on the basis of actual amount of property tax paid by DTL based on the demand raised and enforced by the respective Municipal Corporations. Further, Rs. 5.00 Crore have been booked provisionally in the

**PETITION FOR TRUE UP OF ARR FOR FY 2017-18
AND
AGGREGATE REVENUE REQUIREMENT FOR FY 2019-20**

Balance Sheet of DTL on account of Property Tax and the same will be claimed as and when the amount is paid.

(Copy of Audited Financial Statement of DTL for FY 2017-18 is enclosed as Annexure-VIII)

- 1.5 The summary of Operation & Maintenance Expenses for the FY 2017-18 is as tabulated below:-

**TABLE 4 : OPERATION AND MAINTENANCE EXPENSES FOR FY 2017-18
(Rs. Crore)**

PARTICULARS	2017-18
NORMATIVE O&M EXPENSES	257.11 ✓
IMPACT OF INTERIM RELIEF ON ACCOUNT OF 7 TH PAY COMMISSION	39.06 ✓
IPGCL STAFF SALARY (INCLUDING INTERIM RELIEF FOR 7 TH PAY COMMISSION)	10.98 ✓
ADDITIONAL SECURITY EXPENSES	10.10 ✓
LICENSE FEE FOR LAND	4.30 ✓
ADDITIONAL PROPERTY TAX	2.08 ✓
TOTAL O&M EXPENSES	323.64 ✓

2 ASSETS CAPITALIZATION:

- 2.1 The Review of Assets Capitalization of DTL for FY 2011-12 to FY 2016-17 is being done by the Consultant i.e. M/s ABPS Infrastructure Pvt. Ltd. appointed by the Hon'ble Commission. For FY 2017-18, the Assets Capitalization is under preparation and the same is likely to be submitted shortly. In this petition, a tentative amount of Rs. 172.03 Crore (including expenses capitalized) have been provisionally considered as assets capitalization for FY 2017-18 **(List of tentative schemes to be capitalized for FY 2017-18 is enclosed as Annexure-IX)**. The actual details of the assets capitalized

**PETITION FOR TRUE UP OF ARR FOR FY 2017-18
AND
AGGREGATE REVENUE REQUIREMENT FOR FY 2019-20**

during the period FY 2011-12 to FY 2016-17 as submitted by DTL before Hon'ble Commission and tentative assets capitalization for FY 2017-18 considered in this petition are as given below:

TABLE 5 : ASSETS CAPITALIZATION FOR FY 2011-12 TO FY 2017-18

(Rs. Crore)

PARTICULARS	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
CAPITALIZATION	601.63	333.51	279.40	835.06*	541.88	324.97	172.03

* Rs. 22.70 Crore has been added in FY 2014-15 towards balance works of 220kV DSIDC Bawana as per Hon'ble Commission's Order dated 05.11.2004 in Review Petition No. 69/2004.

3 DEPRECIATION :

- 3.1 The depreciation for FY 2017-18 is computed by considering the rates of Depreciation as specified in the Tariff Regulations 2017 and actual assets capitalized for FY 2011-12 to FY 2016-17 as submitted to Hon'ble Commission and a tentative amount of Rs. 172.03 Crore have been considered as assets capitalization for FY 2017-18.
- 3.2 DTL while computing the depreciation for FY 2017-18 has taken into account the adjustment in depreciation as per the provisions in Tariff Regulations 2017 separately, for the assets which have completed 12 years of their useful life.
- 3.3 The details of depreciation for FY 2017-18 are given below:

TABLE 6 : DEPRECIATION FOR FY 2017-18

(Rs. Crore)

PARTICULARS	RATE OF DEPRECIATION	2017-18
LAND	0.00%	0.00
LAND UNDER LEASE		0.00
BUILDING	1.80%	0.68
METERS	6.00%	0.11
LINES NETWORK	5.83%	98.36
OTHER CIVIL WORKS	3.00%	6.67

**PETITION FOR TRUE UP OF ARR FOR FY 2017-18
AND
AGGREGATE REVENUE REQUIREMENT FOR FY 2019-20**

PLANT AND MACHINERY	5.83%	144.18
OFFICE EQUIPMENT	9.00%	0.66
COMPUTER	16.67%	8.94
FURNITURE	9.00%	0.47
MISC. ASSETS	6.33%	0.08
VEHICLES	9.00%	0.49
SCADA	6.33%	3.38
DEPRECIATION		264.01
ADJUSTMENT ON ACCOUNT OF ASSETS COMPLETING 12 YEARS OF THEIR USEFUL LIFE		(39.42)
NET DEPRECIATION		224.59

4 WORKING CAPITAL REQUIREMENT :

- 4.1 The working capital requirement of the DTL for the FY 2017-18 has been calculated as per Tariff Regulations 2017 and is tabulated below:-

TABLE 7 : WORKING CAPITAL FOR FY 2017-18

(Rs. Crore)	
PARTICULARS	2017-18
RECEIVABLES FOR TWO MONTHS CALCULATED ON NATAF	143.37
MAINTENANCE SPARES @ 15% OF O&M	48.55
O&M EXPENSES FOR 1 MONTH	26.97
TOTAL WORKING CAPITAL	218.88

5 RETURN ON CAPITAL EMPLOYED :

- 5.1 The Return on Capital Employed (ROCE) has been calculated as per Tariff Regulations 2017 by considering Regulated Rate Base (RRB) & Weighted Average Cost of Capital (WACC) i.e.

$$\text{ROCE} = \text{RRB} \times \text{WACC}$$

**PETITION FOR TRUE UP OF ARR FOR FY 2017-18
AND
AGGREGATE REVENUE REQUIREMENT FOR FY 2019-20**

- 5.2 The Opening Cost of Fixed Assets for FY 2017-18 has been considered based on the value of Closing GFA of FY 2010-11 as approved by Hon'ble Commission and actual Assets Capitalization values for FY 2011-12 to FY 2016-17 as submitted by DTL before Hon'ble Commission and the tentative assets capitalization for FY 2017-18, as discussed above.
- 5.3 The Rate of Return on Equity (r_e) has been taken @ 14% as specified in the Business Plan Regulations 2017, however, the Return on Equity has not been grossed with income tax rate and has been claimed separately as explained in Paragraph No. 7 (below), Further, the rate of Return on Debt (r_d) for FY 2017-18 has been taken @ 9.69% as approved by Hon'ble Commission in Tariff Order dated 31.08.2017.
- 5.4 For FY 2017-18, the ROCE is computed as per the Tariff Regulations 2017 and by considering the Debt : Equity ratio of 70:30 on the actual assets capitalization values for FY 2011-12 to FY 2016-17 as submitted before Hon'ble Commission and tentative assets capitalization for FY 2017-18.

**TABLE 8 : ROCE CALCULATION FOR FY 2017-18
(Rs. Crore)**

PARTICULARS	2017-18
ORIGINAL COSTS OF FIXED ASSETS	4738.65
ACCUMULATED DEPRECIATION	1439.87
RRB OPENING	3094.78
ADDITIONAL CAPITALISATION	172.03
DEPRECIATION	224.59
WORKING CAPITAL	218.88
GOVT. GRANT/PSDF (OPENING)	204.00
GOVT. GRANT/PSDF (ADDITION)	1.22
GOVT. GRANT/PSDF (CLOSING)	205.22
RRB CLOSING	3259.88
RRB AVERAGE	3286.77
EQUITY (OPENING)	1360.39
EQUITY (ADDITION)	51.24
EQUITY(CLOSING)	1411.64
EQUITY (AVERAGE)	1386.02

**PETITION FOR TRUE UP OF ARR FOR FY 2017-18
AND
AGGREGATE REVENUE REQUIREMENT FOR FY 2019-20**

DEBT(OPENING)	3174.25
DEBT(ADDITION)	119.57
DEBT(CLOSING)	3293.82
DEBT (AVERAGE)	3234.04
RATE OF RETURN ON EQUITY	14.00 %
RATE OF RETURN ON DEBT	9.69 %
WEIGHTED AVERAGE COST OF CAPITAL (WACC)	10.98 %
RETURN ON CAPITAL EMPLOYED (ROCE)	360.99

6 NON TARIFF INCOME :

- 6.1 DTL has considered Non Tariff Income based on the factors as per Tariff Regulations 2017, and the same have been reduced from the ARR for FY 2017-18.
- 6.2 The tariff from the Inter-State Transmission Lines owned by DTL i.e. 400 kV D/Ckt. Ballabhgarh - Bamnauli Transmission Lines and 400 kV D/Ckt. Mandaula - Bawana Transmission Lines from FY 2011-12 to FY 2017-18, as approved by Hon'ble CERC vide Orders dated 21.03.2016 and 29.06.2018, have also been considered as Non Tariff Income for FY 2017-18 as per Hon'ble Commission directions in ARR Order for FY 2017-18 dated 31.08.2017.

TABLE 9 : APPROVED TRANSMISSION TARIFF FOR ISTS LINES OWNED BY DTL FOR FY 2011-12 TO FY 2013-14 BY HON'BLE CERC IN ORDER DATED 21.03.2016

(Rs. Lakh)

S. NO.	LINE NAME	2011-12	2012-13	2013-14
1	400KV D/C MANDLAULA-BAWANA	✓ 439.97	✓ 581.58	✓ 562.36
2	400KV D/C BAMNAULI-BALLABHGARH	✓ 724.87	✓ 961.48	✓ 931.37
	TOTAL	1164.84	1543.06	1493.73

**PETITION FOR TRUE UP OF ARR FOR FY 2017-18
AND
AGGREGATE REVENUE REQUIREMENT FOR FY 2019-20**

**TABLE 10 : APPROVED TRANSMISSION TARIFF FOR ISTS OWNED BY DTL FOR FY 2014-15
TO FY 2018-19 BY HON'BLE CERC IN ORDER DATED 29.06.2018**

(Rs. Lakh)

S. NO.	LINE NAME	2014-15	2015-16	2016-17	2017-18	2018-19
1	400KV D/C MANDAULA-BAWANA	✓ 148.54	✓ 109.27	✓ 108.50	✓ 107.76	✓ 107.68
2	400KV D/C BAMNAULI-BALLABHGARH	✓ 279.43	✓ 273.93	✓ 205.82	✓ 204.97	✓ 204.17
	TOTAL	427.97	383.20	314.32	312.73	311.85

6.3 DTL has also considered the amount of Rs. 111.73 Crore received from Short Term Open Access Charges as Non Tariff Income.

6.4 Hon'ble Commission in its previous Tariff Orders dated 31.08.2017 and dated 28.03.2018 have wrongly considered the Non Tariff Income of SLDC such as Open Access Charges, etc. as part of Non Tariff for DTL.

6.5 Hon'ble Commission in its earlier Tariff Orders have also wrongly considered Reactive Energy Charges as part of Non Tariff Income of DTL and therefore, DTL has not considered an amount of Rs. 7.48 Crore of Reactive Energy Charges as Non Tariff Income as the same is to be adjusted with Reactive Energy Charges payable to Northern Regional Power Committee (NRPC). During FY 2018-19 (upto 30.11.2018), a net amount of Rs. 9.42 Crore has already been paid to NRPC reactive Energy Pool Account. Further, Commission have also considered the amount related to TDS amount deducted by DISCOMs on the amount related to Late Payment Surcharge (LPSC) as Non Tariff Income of DTL, however, no LPSC payment have been done by the DISCOMs. Such wrong considerations of Non Tariff Income considerably reduces the ARR of DTL.

**PETITION FOR TRUE UP OF ARR FOR FY 2017-18
AND
AGGREGATE REVENUE REQUIREMENT FOR FY 2019-20**

6.6 The Non Tariff Income for FY 2017-18 has been taken as per details given below:

TABLE 11 : NON TARIFF INCOME FOR FY 2017-18
(Rs. Crore)

PARTICULARS	2017-18
INCOME FROM SALE OF SCRAP	1.34 ✓
INCOME OF SALE OF PLANT & EQUIPMENT	2.80 ✓
EXTERNAL PROJECT - REVENUE	0.53 ✓
TARIFF FROM ISTS LINES	59.52 ✓
STOA CHARGES	111.73 ✓
MISCELLANEOUS RECEIPTS	3.54 ✓
NON TARIFF INCOME	179.45 ✓

7 INCOME TAX EXPENSES :

- 7.1 Delhi Transco Limited (DTL) being a company incorporated under the provisions of Companies Act, 1956, has to pay income tax to the Income Tax Department of State Government as well as Central Government on the transmission business, as DTL is not involved in any other business.
- 7.2 Hon'ble Commission while Truing up the expenses of previous years, has not allowed the actual income tax for previous years on the basis that DTL has paid excess advance income tax. On the contrary side, no advance tax has been paid by DTL and the tax paid to the Income Tax Department is only the Tax Deducted at Source (TDS) which is paid by the Distribution Licensees while making payment/credit on account of wheeling charges, and such TDS far exceeds the income tax liability. The refund earlier claimed is on account of excess TDS and not on account of advance tax paid by DTL. Hon'ble Commission while allowing the income tax has reduced the income tax on account of refunds from Income Tax Department.

**PETITION FOR TRUE UP OF ARR FOR FY 2017-18
AND
AGGREGATE REVENUE REQUIREMENT FOR FY 2019-20**

- 7.3 Further, Hon'ble Appellate Tribunal for Electricity (APTEL) in the Judgment (dated 01.02.2016) in Appeal No. 255 of 2013 against Tariff Order dated 31.07.2013 has held regarding income tax as below:

"45.4 In our opinion, the Commission has to consider the income tax actually paid by the Appellant with due verification and the same has to be included in the Tariff computation and shall be passed on to the beneficiaries. Further, tax on any income other than through its licensed business shall not be passed through, and it shall be payable by the Transmission Licensee itself. Accordingly, the issue is decided in favour of the Appellant and the issue is remanded back to consider the Income Tax amount paid with due verification and prudence check"

- 7.4 Hon'ble Commission has also heard this remanded matter in Commission in Petition No. 62/2017, however, the Petition is under consideration of the Hon'ble Commission.
- 7.5 Now, as per the Hon'ble Tribunal Judgment in Appeal No. 255 of 2013, the actual income tax for FY 2017-18 has been considered by DTL in the petition.
- 7.6 DTL has received payment in 2017-18 from NTPC for past power purchase dues and the same has been considered in the True-up table (Table 23) after adjusting income tax paid on the same.
- 7.7 The summary of Income Tax Expenses for FY 2017-18 is tabulated below:

TABLE 12 : INCOME TAX EXPENSES FOR FY 2017-18

(Rs. Crore)

PARTICULARS	2017-18
INCOME TAX ON TRANSMISSION BUSINESS	224.13 ✓
INCOME TAX ADJUSTED ON PAST POWER PURCHASE DUES RECEIVED FROM NTPC IN TRUE UP TABLE (TABLE 23)	93.69 ✓
NET INCOME TAX	130.44 ✓

**PETITION FOR TRUE UP OF ARR FOR FY 2017-18
AND
AGGREGATE REVENUE REQUIREMENT FOR FY 2019-20**

8 TRUE UP OF AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2017-18

8.1 The Truing up of ARR for FY 2017-18 is tabulated below :

TABLE 13 : AGGREGATE REVENUE REQUIREMENT FOR FY 2017-18

(Rs. Crore)

SR. NO.	PARTICULARS	2017-18
1	O&M EXPENSES	323.64 ✓
2	DEPRECIATION	224.59 ✓
3	RETURN ON CAPITAL EMPLOYED	360.99 ✓
4	INCOME TAX	130.44 ✓
5	LESS: NON TARIFF INCOME	179.45 ✓
6	LESS: INCOME FROM OTHER BUSINESS	-
	AGGREGATE REVENUE REQUIREMENT	860.20 ✓

9.2 DTL has been billing from DISCOMs for FY 2017-18 on the basis of Transmission Tariff approved by Hon'ble Commission in ARR Order dated 31.08.2017. The impact of the same is tabulated below:

TABLE 14 : IMPACT OF TRUE UP FOR FY 2017-18

(Rs. Crore)

		2017-18
A	APPROVED ARR FOR FY 2017-18 IN TARIFF ORDER DATED 31.08.2017	785.47 ✓
B	TRUE UP OF ARR FOR FY 2017-18	860.20 ✓
A-B	SURPLUS/(DEFICIT)	(74.73) ✓

9.3 The impact of deficit of amount of Rs. 74.73 Crore on account of True up of ARR for FY 2017-18 has been considered later in the Part-II (Table 23) of this Petition.

**PETITION FOR TRUE UP OF ARR FOR FY 2017-18
AND
AGGREGATE REVENUE REQUIREMENT FOR FY 2019-20**

PART-II
AGGREGATE REVENUE REQUIREMENT AND PROPOSED
TRANSMISSION TARIFF FOR FY 2019-20

A. AGGREGATE REVENUE REQUIREMENT FOR FY 2019-20

As per DERC (Terms and Condition for Tariff) Regulations 2017, the Annual Fixed Cost (AFC) of a transmission system shall consist of the following components:

- d) Return on Capital Employed;
- e) Depreciation; and
- f) Operations and Maintenance Expenses.

1 ASSETS CAPITALIZATION FOR FY 2019-20

- 1.1 DTL has considered the projected assets capitalization of Rs. 382.14 Crore for FY 2018-19 on the basis of actual status of projects/works as on 31.12.2018 (**List of Projected Schemes/Works to be capitalized for FY 2018-19 is enclosed as Annexure-X**) and for FY 2019-20, an amount of Rs. 698.18 Crore (including expenses capitalized) has been considered as per the revised proposed capitalization based on the recent development in the power sector/load growth in the region of NCT of Delhi.
- 1.2 The revised Assets Capitalization schedule for FY 2019-20 is enclosed as **Annexure-XI**.

TABLE 15 : PROPOSED ASSETS CAPITALIZATION FOR FY 2019-20

(Rs. Crore)

PARTICULARS	2019-20
PROPOSED ASSETS CAPITALIZATION	698.18

**PETITION FOR TRUE UP OF ARR FOR FY 2017-18
AND
AGGREGATE REVENUE REQUIREMENT FOR FY 2019-20**

2 OPERATION & MAINTENANCE EXPENSES :

2.1 The normative O&M Expenses as per the revised Assets Capitalization schedule for FY 2019-20, Tariff Regulations 2017 and Business Plan Regulations 2017, are as below:

Table 16 : NORMATIVE O&M EXPENSES FOR FY 2019-20

(Rs. Crore)								
Sr. No.	Voltage levels	Average No. of Bays	Average Ckt. km	Rs. Lakh/bay	Rs. Lakh/ckm	Bay (Rs. Cr.)	Ckm (Rs. Cr.)	Total (Rs. Cr.)
1	400 kV	✓ 62	249.19	✓ 50.44	✓ 9.07	✓ 31.27	✓ 22.60	✓ 53.87
2	220 kV & below	✓ 1366.5	843.51	✓ 17.06	✓ 2.27	✓ 233.12	✓ 19.15	✓ 252.27
	Total					264.40	✓ 41.75	✓ 306.15

2.2 DTL has also considered the additional expenditure which were not considered by Hon'ble DERC while calculating the norms of O&M Expenses i.e. impact on account of implementation of 7th Pay Commission, salary of IPGCL staff of diverted capacity, additional security expenses, license fee for land, additional property tax, etc. The detailed justification for the same has already been given in Point 1.4 (Part-I).

2.3 The summary of Operation & Maintenance Expenses for the FY 2019-20 is as tabulated below:-

**TABLE 17 : OPERATION AND MAINTENANCE EXPENSES FOR FY 2019-20
(Rs. Crore)**

PARTICULARS	2019-20
NORMATIVE O&M EXPENSES	306.15 ✓
IMPACT OF INTERIM RELIEF ON ACCOUNT OF 7 TH PAY COMMISSION	27.97 ✓
IPGCL STAFF SALARY (INCLUDING INTERIM RELIEF FOR 7 TH PAY COMMISSION)	11.65 ✓
ADDITIONAL SECURITY EXPENSES	11.27 ✓

**PETITION FOR TRUE UP OF ARR FOR FY 2017-18
AND
AGGREGATE REVENUE REQUIREMENT FOR FY 2019-20**

LICENSE FEE FOR LAND	2.19 ✓
ADDITIONAL PROPERTY TAX	3.16 ✓
TOTAL O&M EXPENSES	362.39 ✓

3 DEPRECIATION :

- 3.1 The depreciation for FY 2019-20 is computed by considering the rates of Depreciation as specified in the Tariff Regulations 2017, the closing GFA for FY 2017-18 (as explained in Part-I) and assets proposed to be capitalized for FY 2018-19 and FY 2019-20.
- 3.2 DTL while computing the depreciation for FY 2019-20 has taken into account the adjustment in depreciation as per the provisions in Tariff Regulations 2017 separately, for the assets which have completed 12 years of their useful life.
- 3.3 The Depreciation for FY 2019-20 is as tabulated below:

TABLE 18 : DEPRECIATION FOR FY 2019-20

(Rs. Crore)

PARTICULARS	RATE OF DEPRECIATION	2019-20
LAND	0.00%	0.00
LAND UNDER LEASE		0.00
BUILDING	1.80%	0.68
METERS	6.00%	0.11
LINES NETWORK	5.83%	107.48 ✓
OTHER CIVIL WORKS	3.00%	7.03
PLANT AND MACHINERY	5.83%	176.50 ✓
OFFICE EQUIPMENT	9.00%	0.67
COMPUTER	16.67%	9.08 ✓
FURNITURE	9.00%	0.48
MISC. ASSETS	6.33%	0.08

**PETITION FOR TRUE UP OF ARR FOR FY 2017-18
AND
AGGREGATE REVENUE REQUIREMENT FOR FY 2019-20**

VEHICLES	9.00%	0.51
SCADA	6.33%	3.38
DEPRECIATION		305.98
ADJUSTMENT ON ACCOUNT OF ASSETS COMPLETEING 12 YEARS		(50.39)
NET DEPRECIATION		255.60

4 WORKING CAPITAL REQUIREMENT :

- 4.1 The working capital requirement of the DTL for the FY 2019-20 has been calculated (based on the projections for FY 2019-20) as per Tariff Regulations 2017 and is tabulated below:-

TABLE 19 : WORKING CAPITAL FOR FY 2019-20

(Rs. Crore)

PARTICULARS	2019-20
RECEIVABLES FOR TWO MONTHS CALCULATED ON NATAF	183.05
MAINTENANCE SPARES @ 15% OF O&M	54.36
O&M EXPENSES FOR 1 MONTH	30.20
TOTAL WORKING CAPITAL	267.60

5 RETURN ON CAPITAL EMPLOYED :

- 5.1 Return on Capital Employed (ROCE) has been calculated as per Tariff Regulations 2017 by Considering Regulated Rate Base (RRB) & Weighted Average Cost of Capital (WACC) i.e.

$$\text{ROCE} = \text{RRB} \times \text{WACC}$$

- 5.2 The Opening Cost of Fixed Assets for FY 2019-20 has been considered based on the value of Closing GFA of FY 2017-18 as discussed in Part-I and the revised Assets Capitalization for FY 2018-19 as discussed above.

**PETITION FOR TRUE UP OF ARR FOR FY 2017-18
AND
AGGREGATE REVENUE REQUIREMENT FOR FY 2019-20**

5.3 The Rate of Return on equity has been grossed up to 21.41% (by considering the income tax rate @ 34.608%) as per Tariff Regulations 2017.

5.4 For FY 2019-20, the ROCE is computed as per the Tariff Regulations 2017 and by considering the Debt : Equity ratio of 70:30 on the assets capitalized during the year FY 2011-12 to FY 2016-17, tentative assets capitalization for FY 2017-18 and revised assets capitalization proposed for FY 2018-19 and FY 2019-20 as discussed above.

TABLE 20 : RETURN ON CAPITAL EMPLOYED FOR FY 2019-20

(Rs. Crore)

PARTICULARS	2019-20
ORIGINAL COSTS OF FIXED ASSETS	5292.82 ✓
ACCUMULATED DEPRECIATION	1910.94 ✓
RRB OPENING	3158.66 ✓
ADDITIONAL CAPITALISATION	698.19 ✓
DEPRECIATION	255.60 ✓
WORKING CAPITAL	267.60 ✓
GOVT. GRANT/PSDF (OPENING)	223.22 ✓
GOVT. GRANT/PSDF (ADDITION)	89.47 ✓
GOVT. GRANT/PSDF (CLOSING)	312.69 ✓
RRB CLOSING	3779.38 ✓
RRB AVERAGE	3602.82 ✓
EQUITY (OPENING)	1520.88 ✓
EQUITY (ADDITION)	182.61 ✓
EQUITY (CLOSING)	1704.49 ✓
EQUITY (AVERAGE)	1612.19 ✓
DEBT (OPENING)	3548.72 ✓
DEBT (ADDITION)	426.10 ✓
DEBT (CLOSING)	3974.82 ✓
DEBT (AVERAGE)	3761.77 ✓
RATE OF RETURN ON EQUITY	21.41%
RATE OF RETURN ON DEBT	10.24%
WEIGHTED AVG COST OF CAPITAL (WACC)	13.59% ✓
RETURN ON CAPITAL EMPLOYED (ROCE)	489.65 ✓

**PETITION FOR TRUE UP OF ARR FOR FY 2017-18
AND
AGGREGATE REVENUE REQUIREMENT FOR FY 2019-20**

6 NON TARIFF INCOME :

6.1 The Non-Tariff Income for FY 2019-20 has been projected on the basis of parameters as per Tariff Regulations 2017. Further, DTL has also provisionally considered the tariff from inter-state transmission lines owned by DTL as Non Tariff Income for FY 2019-20, on the basis of tariff approved by Hon'ble CERC for FY 2018-19 in Order dated 29.06.2018. The Non Tariff Income for FY 2019-20 is as below:-

TABLE 21 : NON TARIFF INCOME FOR FY 2019-20

		(Rs. Crore)
PARTICULARS		2019-20
NON TARIFF INCOME		9.38 ✓

7 AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2019-20 :

7.1 The summary of ARR for FY 2019-20 is as tabulated below:

TABLE 22 : AGGREGATE REVENUE REQUIREMENT FOR FY 2019-20

		(Rs. Crore)
SR. NO.	PARTICULARS	2019-20
1	O&M EXPENSES	362.39 ✓
2	DEPRECIATION	255.60 ✓
3	RETURN ON CAPITAL EMPLOYED	489.65 ✓
4	LESS: NON TARIFF INCOME	9.38 ✓
5	LESS: INCOME FROM OTHER BUSINESS	-
	AGGREGATE REVENUE REQUIREMENT	1098.27 ✓

(The ARR Formats for True up of FY 2017-18 and ARR for FY 2019-20 are enclosed as Annexure-XII).

**PETITION FOR TRUE UP OF ARR FOR FY 2017-18
AND
AGGREGATE REVENUE REQUIREMENT FOR FY 2019-20**

B. IMPACT OF DVB ARREARS AS PER ATE JUDGEMENT IN APPEAL NO. 133/2007, 28/2008, 184/2011 & SUPREME COURT JUDGEMENT IN CIVIL APPEAL NO. 5863-64/2009, AND IMPACT OF PAST TRUE UPS

As per direction of Hon'ble Supreme Court in Civil Appeal No. 5863-64/2009, Hon'ble DERC in its Tariff Order dated 31.08.2017 has considered the revised balance of DVB arrears and also approved the impact of the same as Rs. 1076.26 Crore upto FY 2015-16. Later, Hon'ble Commission in Tariff Order dated 28.03.2018 has also approved the opening balance of arrears for FY 2017-18 as Rs. 881.86 Crore and the same has been considered in this petition along with the impact of true up of FY 2017-18 (as per Table 14) and adjustment due to income from past power purchase received from NTPC, have been considered for calculating the balance impact of True up and DVB arrears.

Further, the Commission has also held in its Tariff Order dated 31.08.2017, that the past arrears may be liquidated in next four years in equal installments and accordingly, Hon'ble Commission has allowed two installments in Tariff Order dated 31.08.2017 and 28.03.2018. In this Petition, DTL has considered an amount of Rs. 188.27 Crore (1/2th of Closing Balance for FY 2018-19 of Rs. 376.54 Crore) for amortization for FY 2019-20.

TABLE 23 : BALANCE IMPACT OF PAST TRUE UPS AND DVB ARREARS

	(Rs. Crore)		
	2017-18	2018-19	2019-20
OPENING GAP	881.86	551.28	376.54
ADDITION ON ACCOUNT OF TRUE UP OF 2017-18 (TABLE 14)	✓ 74.73	0.00	0.00
ADJUSTMENT DUE TO INCOME FROM PAST POWER PURCHASE	✓ -173.42		
AMORTIZATION IN PREVIOUS ARR ORDERS AND CURRENT PETITION	298.12	218.25	188.27 ✓
CARRYING COST RATE	9.69%	9.84%	10.24%
CARRYING COST	66.23	43.51	28.92
CLOSING GAP	551.28	376.54	217.19

**PETITION FOR TRUE UP OF ARR FOR FY 2017-18
AND
AGGREGATE REVENUE REQUIREMENT FOR FY 2019-20**


C. TRANSMISSION TARIFF FOR FY 2019-20

The proposed transmission tariff for FY 2019-20 including the amortization (as explained above) is tabulated below:

TABLE 24 : TRANSMISSION TARIFF FOR FY 2019-20

(Rs. Crore)	
PARTICULARS	2019-20
ARR FOR FY 2019-20	1098.27
AMORTISATION OF BALANCE IMPACT OF TRUE UP AND DVB ARREARS	188.27
TRANSMISSION TARIFF FOR FY 2019-20	1286.54

DTL
दिल्ली ट्रांसको लिमिटेड


MUKESH KUMAR SHARMA
General Manager (C & RA)
DELHI TRANSCO LIMITED
(Govt. of NCT of Delhi Undertaking)
33KV Grid S/Stn. Building
I.P. Estate, New Delhi-110002