



DELHI ELECTRICITY REGULATORY COMMISSION

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

F.11(1386)/DERC/2016-17/

Petition No. 18/2017

In the matter of: Petition for True up of ARR for FY 2012-13 to FY 2015-16 (Provisional) and Aggregate Revenue Requirement for FY 2016-17 to FY 2020-21.

Delhi Transco Limited
Through its: **General Manager (C&RA)**
Shakti Sadan, Kotla Marg,
New Delhi – 110 002.

...Petitioner

Coram: Sh. B. P. Singh, Member.

ORDER

(Date of Order: 31.08.2017)

M/s Delhi Transco Limited filed a Petition for True up of ARR for FY 2012-13 to FY 2015-16 (Provisional) and Aggregate Revenue Requirement for FY 2016-17 to FY 2020-21 which was admitted by the Commission vide Order dated 26.05.2017. The Petitions along with Executive summary were uploaded on the website of the Commission seeking response of the stakeholders. This was also widely publicized through advertisement in newspapers. In response to the advertisement the Commission received comments from the Stakeholders, which have been replied to by the Petitioner. The comments and suggestions of the stakeholders, the submissions made during the public hearing held on 19.07.2017 and the arguments advanced by the Petitioner have been taken into consideration.

After having considered the above, the Commission in exercise of the power vested in it by the Electricity Act, 2003 and Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017, hereby pass this Tariff Order signed, dated and issued on 31.08.2017.

The Petitioner shall take immediate steps to implement the said Order, so as to make the revised tariffs applicable from 01.09.2017.

This Tariff Order shall remain in force till replaced by a subsequent Tariff Order and/or is amended, reviewed or modified, in accordance with the provisions of the Electricity Act, 2003 and the Regulations made there under.

(B. P. Singh)
Member

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List of Abbreviation

Abbreviation	Explanation
ARR	Aggregate Revenue Requirement
A&G	Administrative and General
AAD	Advance Against Depreciation
ABT	Availability Based Tariff
ACD	Advance Consumption Deposit
AMR	Automated Meter Reading
APDRP	Accelerated Power Development and Reforms Program
AT&C	Aggregate Technical and Commercial
ATE	Appellate Tribunal for Electricity
BEST	Birhanmumbai Electric Supply and Transport
BHEL	Bharat Heavy Electricals Limited
BIS	Bureau of Indian Standards
BPTA	Bulk Power Transmission Agreement
BRPL	BSES Rajdhani Power Limited
BST	Bulk Supply Tariff
BTPS	Badarpur Thermal Power Station
BYPL	BSES Yamuna Power Limited
CAGR	Compounded Annual Growth Rate
CCGT	Combined Cycle Gas Turbine
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CFL	Compact Fluorescent Lamp
CGHS	Cooperative Group Housing Societies
CGS	Central Generating Stations
CIC	Central Information Commission
CISF	Central Industrial Security Force
CoS	Cost of Supply
CPI	Consumer Price Index
CPRI	Central Power Research Institute
CPSUs	Central Power Sector Utilities
CSGS	Central Sector Generating Stations
CWIP	Capital Work in Progress
DA	Dearness Allowance
DDA	Delhi Development Authority
DERA	Delhi Electricity Reform Act
DERC	Delhi Electricity Regulatory Commission
DIAL	Delhi International Airport Limited
DISCOMs	Distribution Companies (BRPL, BYPL, TPDDL & NDMC)

Abbreviation	Explanation
DMRC	Delhi Metro Rail Corporation
DPCL	Delhi Power Company Limited
DTL	Delhi Transco Limited
DVB	Delhi Vidyut Board
DVC	Damodar Valley Corporation
EHV	Extra High Voltage
EPS	Electric Power Survey
FBT	Fringe Benefit Tax
FPA	Fuel Price Adjustment
GFA	Gross Fixed Assets
GIS	Geographical Information System
GoNCTD	Government of National Capital Territory of Delhi
GTPS	Gas Turbine Power Station
HEP	Hydro Electric Power
HPSEB	Himachal Pradesh State Electricity Board
HRA	House Rent Allowance
HT	High Tension
HVDS	High Voltage Distribution System
IDC	Interest During Construction
IGI Airport	Indira Gandhi International Airport
IPGCL	Indraprastha Power Generation Company Limited
JJ Cluster	Jhugghi Jhopadi Cluster
KSEB	Kerala State Electricity Board
LED	Light Emitting Diode
LIP	Large Industrial Power
LT	Low Tension
LVDS	Low Voltage Distribution System
MCD	Municipal Corporation of Delhi
MES	Military Engineering Service
MLHT	Mixed Load High Tension
MMC	Monthly Minimum Charge
MoP	Ministry of Power
MTNL	Mahanagar Telephone Nigam Limited
MU	Million Units
MYT	Multi Year Tariff
NABL	National Accreditation Board for Testing and Calibration of Laboratories
NAPS	Narora Atomic Power Station
NCT	National Capital Territory
NCTPS	National Capital Thermal Power Station

Abbreviation	Explanation
NDLT	Non Domestic Low Tension
NDMC	New Delhi Municipal Council
NEP	National Electricity Policy
NGO	Non Government Organisation
NHPC	National Hydroelectric Power Corporation
NPCIL	Nuclear Power Corporation of India Limited
NRPC	Northern Regional Power Committee
NTI	Non Tariff Income
NTP	National Tariff Policy
O&M	Operations and Maintenance
OCFA	Original Cost of Fixed Assets
PGCIL	Power Grid Corporation of India
PLF	Plant Load Factor
PLR	Prime Lending Rate
PPA	Power Purchase Agreement / Power Purchase Adjustment
PPCL	Pragati Power Corporation Limited
PTC	Power Trading Corporation
PWD	Public Works Department
R&M	Repair and Maintenance
RAPS	Rajasthan Atomic Power Station
REA	Regional Energy Account
RoCE	Return on Capital Employed
ROE	Return on Equity
RRB	Regulated Rate Base
RTI	Right to Information
RWA	Resident Welfare Associations
SBI	State Bank of India
SERC	State Electricity Regulatory Commission
SIP	Small Industrial Power
SJVNL	Satluj Jal Vidyut Nigam Limited
SLDC	State Load Despatch Centre
SPD	Single Point Delivery
SPUs	State Power Utilities
SVRS	Special Voluntary Retirement Scheme
THDC	Tehri Hydro Development Corporation
ToD	Time of Day
TOWMCL	Timarpur Okhla Waste Management Company (P) Limited
TPDDL	Tata Power Delhi Distribution Limited
TPS	Thermal Power Station

Abbreviation	Explanation
UI	Unscheduled Interchange
UoM	Units of Measurement
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 Delhi Transco Limited (hereinafter referred to as 'DTL' or the 'Petitioner') for True-Up of ARR from FY 2014-15 to FY 2015-16 for Transmission Business in terms of Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011 (hereinafter referred to as the '2nd MYT Regulations') and approval of Aggregate Revenue Requirement & Tariff for FY 2017-18 in terms of Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017 (hereinafter referred to as the Tariff Regulations')

DELHI TRANSCO LIMITED (DTL)

- 1.2 Delhi Transco Limited is a Company incorporated under the Companies Act, 1956 and is engaged in the business of transmission of electricity in the National Capital Territory (NCT) of Delhi.

DELHI ELECTRICITY REGULATORY COMMISSION

- 1.3 Delhi Electricity Regulatory Commission (hereinafter referred to as 'DERC' or the 'Commission') was constituted by the GoNCTD on 03.03.1999 and it became operational from 10.12.1999.
- 1.4 The Commission's approach to regulation is driven by the Electricity Act, 2003, the National Electricity Plan, the National Tariff Policy and the Delhi Electricity Reform Act 2000 (hereinafter referred to as 'DERA'). The Electricity Act, 2003 mandates the Commission to take measures conducive to the development and management of the electricity industry in an efficient, economic and competitive manner, which inter alia includes tariff determination.

THE STATE ADVISORY COMMITTEE MEETING

- 1.5 The Commission has, since constitution of the State Advisory Committee on 27.03.2003, held 16th meetings so far. In the 16th State Advisory Committee Meeting held on 29.03.2017, the Commission discussed the following:

Table 1: Issues discussed in State Advisory Committee Meeting

Sr. No.	Issues Discussed
i.	Biling and Metering Audit of Distribution Licensees.
ii.	Implementation of UJALA scheme by Distribution Licensees in collaboration with EESL for distribution of LED bulbs, LED tubes and BEE5 star rated fans under Demand side Management(DSM)
iii.	Energy Audit of DISCOMs.
iv.	Draft DERC(Supply Code and Performance Standards) Regulations, 2017.
v.	Funding of Pension Trust.

MULTI YEAR TARIFF REGULATIONS

- 1.6 The Commission issued Tariff Regulations vide gazette notification dated 31.01.2017 specifying Terms and Conditions for Determination of Tariff for Transmission of electricity under the Multi Year Tariff (MYT) framework. Further the operational norms for Transmission utilities have also been approved by the Commission in Delhi Electricity Regulatory Commission Business Plan Regulations, 2017 under Tariff Regulations for the period FY 2017-18 to FY 2019-20 .
- 1.7 The Commission issued '2nd MYT Regulations' vide Order dated 02.12.2011 specifying Terms and Conditions for Determination of Tariff for Transmission of electricity under the Multi Year Tariff (MYT) framework for the period FY 2012-13 to FY 2014-15.
- 1.8 The Commission vide order dated October 22, 2014 has extended the MYT period of FY 2012-13 to FY 2014-15 for a further period of one year till FY 2015-16.

FILING OF PETITION FOR TRUE UP AND ARR

FILING AND ACCEPTANCE OF PETITION

- 1.9 DTL has filed its petition before the Commission on 13.04.2016 for True-up for FY 2014-15 to FY 2015-16 and approval of Aggregate Revenue Requirement for FY 2017-18. The Commission admitted the petition vide its Order dated 26.05.2017 subject to clarifications/additional information, if any, which would be sought from the Petitioner from time to time. A copy of the Admission Order dated 26.05.2017 is enclosed as **Annexure I** to this Order.

INTERACTION WITH THE PETITIONER

- 1.10 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 officers of the Commission and the Staff Consultants appointed by the Commission for carrying out the due diligence on the petition filed by the Petitioner, obtaining and analyzing information/clarifications received from the utilities and submitting all issues for consideration by the Commission.
- 1.11 For this purpose, the Commission Officers and Staff Consultant held discussions with the Petitioners, obtained information/clarifications wherever required and carried out technical validation with regard to the information provided.
- 1.12 The Commission held public hearing on 19.07.2017 to take a final view with respect to various issues concerning the principles and guidelines for tariff determination. The Commission has considered due diligence conducted by the officers of the Commission and the Staff Consultants in arriving at its final decision. The use of the term “Commission” may, therefore, be read in the context of the above clarification.
- 1.13 A preliminary scrutiny/analysis of the Petition submitted by the Petitioner was conducted and certain deficiencies were observed. Accordingly, deficiency notes were issued to the Petitioner. Further, additional information/clarifications were solicited from the Petitioner as and when required. The Commission and the Petitioner also discussed key issues raised in the Petition, which included details of O&M Expenses, Assets Capitalization, Depreciation, Working Capital Requirement, Return on Capital Employed (RoCE), etc. The Petitioner submitted additional information through various letters/Emails, as listed in Table 1.2.
- 1.14 The Commission also conducted validation sessions with the Petitioner during which discrepancies in the petition and additional information required by the Commission were sought. Subsequently, the Petitioner submitted replies to the issues raised in these sessions and provided documentary evidence to substantiate its claims regarding various submissions.
- 1.15 The replies of the Petitioner, as mentioned in the Table-1.2 as follows have been considered for approval of the ARR of the Petitioner:

Table 2: List of Correspondence with the Petitioner

Sr. No.	Letter/ E-Mail	Date	Remarks
1.	F.3(388)/Tariff/DERC/2014-15/4583/258	01.05.2017	Inputs for Business Plan Regulations and True up of FY 2014-15 and FY 2015-16
2.	F.DTL/203/F.1/Opr.GM(C&R A)/2016-17/162	15.03.2017	Regarding submission of data regarding Transmission System Availability for the period FY 2011-12 to FY 2015-16
3.	F.DTL/203/F.1/Opr.GM(C&R A)/2016-17/158	08.03.2017	Regarding submission of Tariff and True up Petition and Tariff Regulations 2017
4.	F.DTL/203/F.1/Opr.GM(C&R A)/2017-18/177	12.04.2017	Regarding submission of various information related to availability of DTL system
5.	F.DTL/203/F.1/2017/Opr.G M(C&RA)/43	29.06.2017	Regarding details of employees strength working as well as under-recruitment (at present) in Delhi Transco Limited
6.	F.DTL/203/F.1/2017/Opr.G M(C&RA)/58	20.07.2017	Regarding submission of various details/information in reference to meeting dated 02.05.2017 and 13.07.2017 for ARR Petition of DTL
7.	F.DTL/203/F.1/2017/Opr.G M(C&RA)/59	20.07.2017	Regarding additional information/ submission for ARR Petition of DTL regarding impact of 7th Pay Commission
8.	F.DTL/203/F.1/2017/Opr.G M(C&RA)/64	28.07.2017	Regarding reply of DTL on the comments of BRPL, BYPL & TPDDL raised on DTL petition for True up for FY 2012-13 to FY 2015-16 & ARR for FY 2016-17 to FY 2020-21 and comments of DVB Engineers Association & Sh. Rajan Gupta on the ARR Petition of DISCOMs regarding the issue of Pension Trust payment.

PUBLIC NOTICE

1.16 The Commission published a Public Notice in the following newspapers on 07.06.2017 inviting comments from stakeholders on the Tariff petitions filed by the Petitioners latest by 27.06.2017:

- | | | |
|------------------------------|---|------------|
| (a) Indian Express (English) | : | 07.06.2017 |
| (b) The Pioneer (English) | : | 07.06.2017 |
| (c) Times of India (English) | : | 07.06.2017 |
| (d) Hindustan (Hindi) | : | 07.06.2017 |

(e) Dainik Jagaran (Hindi) : 07.06.2017

(f) Educator (Punjabi) : 07.06.2017

1.17 Copies of the above Public Notices are available on Commission's website (www.derc.gov.in).

1.18 The Petitioner also published a Public Notice indicating salient features of its petition for inviting comments from the stakeholders and requesting to submit response on the petition on or before 27.06.2017 in the following newspapers on the respective dates mentioned alongside:

(a) The Hindu (English) : 20.06.2017

(b) The Business Standard (English) : 20.06.2017

(c) Punjab Kesari (Hindi) : 20.06.2017

(d) Business Standard (Hindi) : 20.06.2017

(e) Educator (Punjabi) : 20.06.2017

(f) Milap (Urdu) : 20.06.2017

1.19 Copies of the above Public Notices are available on Commission's website (www.derc.gov.in).

1.20 A copy of the petition was also made available for purchase from the head-office of the Petitioner on any working day between 11 A.M. and 4 P.M. on payment of Rs.100/- for hard copy of each petition either by cash or demand draft/pay order. A copy of the complete petition was also uploaded on the website of the Commission, as well as that of the Petitioner, requesting for comments of the stakeholders thereon.

1.21 At the request of the stakeholders, the Commission extended the last date for filing objections and suggestions up to 18.07.2017 for which the public notice was issued in the following newspapers on the respective dates mentioned along side:

(a) Pioneer (English) : 25.06.2017

(b) Hindustan Times (English) : 25.06.2017

(c) Mail Today (English) : 25.06.2017

(d) Hindustan (Hindi) : 25.06.2017

(e) Punjab Kesari (Hindi) : 25.06.2017

(f) Rashtriya Sahara (Hindi) : 25.06.2017

(g) The Educator (Punjabi) : 25.06.2017

1.22 Copies of the above Public Notices are available on Commission's website (www.derc.gov.in).

1.23 In order to extend help to the stakeholders in understanding the ARR Petition and filing their comments, the Commission prepared a Executive Summary highlighting salient features of the Tariff Petition filed by the Petitioner, which was uploaded on the Commission's website. In this regard, three officers of the Commission viz. Joint Director (Tariff-Finance) , Joint Director (Engineering) and Joint Director (PS&E) were nominated for discussion on the ARR Petitions. This was duly highlighted in the Public Notices published by the Commission.

1.24 Further, the Commission published a Public Notice indicating the venue, date and time of public hearing on 4th and 5th July, 2017 in the following newspapers on the respective dates mentioned alongside:

(a) Pioneer (English) : 25.06.2017

(b) Hindustan Times (English) : 25.06.2017

(c) Mail Today (English) : 25.06.2017

(d) Hindustan (Hindi) : 25.06.2017

(e) Punjab Kesari (Hindi) : 25.06.2017

(f) Rashtriya Sahara (Hindi) : 25.06.2017

(g) The Educator (Punjabi) : 25.06.2017

1.25 Copies of the above Public Notices are available on Commission's website (www.derc.gov.in).

1.26 At the request of the stakeholders, the Commission extended the date of Public hearing from 04th and 05th of July 2017 to 19th of July 2017 .The public notice was issued in the following newspapers on the respective dates mentioned along side:

(a) Pioneer (English) : 02.07.2017

(b) Hindustan Times (English) : 02.07.2017

(c) Mail Today (English) : 02.07.2017

(d) Indian Express (English) : 02.07.2017

(e) Hindustan (Hindi) : 02.07.2017

- (f) Punjab Kesari (Hindi) : 02.07.2017
 (g) Dainik Jagran (Hindi) : 02.07.2017
 (h) Jadid in dinon (Urdu) : 02.07.2017
 (i) The Jan Ekta (Punjabi) : 02.07.2017

- 1.27 Copies of the above Public Notices are available on Commission's website (www.derc.gov.in).
- 1.28 The Commission received written comments from stakeholders. The comments of the stakeholders/consumers were forwarded to the Petitioner. The Petitioner responded to the comments of the stakeholders with a copy of its replies to the Commission. The Commission invited all stakeholders, including those who had filed their objections and suggestions, to attend the Public Hearing.
- 1.29 The public hearings was held at the Auditorium of Scope Convention Centre, Scope Complex, New Delhi for all stakeholders on 19.07.2017 to discuss the issues related to the petition filed by the Petitioner. The issues and concerns voiced by various stakeholders have been examined by the Commission. The major issues discussed during the public hearing and/or written comments made by the stakeholders, the responses of the Petitioner thereon and the views of the Commission, have been summarized in Chapter A2.

LAYOUT OF THE ORDER

- 1.30 This Order is organised into six Chapters:
- Chapter A1** provides details of the tariff setting process and the approach of the Order.
 - Chapter A2** provides a brief of the comments of various stakeholders including the comments during the Public Hearing, the Petitioner's response and views of the Commission thereon.
 - Chapter A3** provides details/analysis of the True up for FY 2014-15 & FY 2015-16.
 - Chapter A4** provides analysis of the petition for determination of the Aggregate Revenue Requirement for FY 2017-18.
 - Chapter A5** provides details of the possible options for determination of Wheeling and Retail Supply Tariff for all consumer categories for FY 2017-18, and the approach adopted by the Commission in its determination.

f) **Chapter A6** provides details of the Directives of the Commission.

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

- a) **Annexure I** - Admission Order.
- b) **Annexure II** - List of the stakeholders who submitted their comments on True-up of expense for FY 2014-15 & FY 2015-16 and approval of Aggregate Revenue Requirement & Tariff for FY 2017-18.
- c) **Annexure III** – List of Stakeholders/consumers who attended the public hearing.

APPROACH OF THE ORDER

APPROACH FOR FY 2014-15 TO FY 2015-16

1.32 Under the MYT Framework, the Commission had projected the ARR of the Petitioner for FY 2014-15 and FY 2015-16 in the MYT Order dated 13.07.2012 and Tariff Order dated 29.09.2015.

1.33 As per Regulation 4.16 of the Transmission Tariff Regulations, 2011:

“4.16 For controllable parameters,

- a. Any surplus or deficit of Operation and Maintenance (O&M) expenses shall be to the account of the Licensee and shall not be trued up in ARR; and
- b. Depreciation and Return on Capital Employed shall be trued up every year based on the actual capital expenditure and actual capitalisation vis-à-vis capital investment plan (capital expenditure and capitalisation) approved by the Commission:

Provided that any surplus or deficit in Working Capital shall be to the account of the Licensee and shall not be trued up in ARR:

Provided further that the Commission shall not true up the interest rate variation in State Bank of India Base Rate as on 01.04.2012, if the variation is within $\pm 1\%$ during the Control Period. Any increase/decrease in State Bank of India Base Rate $\pm 1\%$ only shall be trued up.

APPROACH FOR FY 2016-17

1.34 The Petitioner has requested for a provisional true up of ARR for FY 2016-17 since the Petitioner has not filed the petition for approval of ARR for FY 2016-17. The True up of

uncontrollable parameters shall be governed by Regulation 4.16 of Transmission Tariff Regulations, 2011. Truing up shall be carried out for each year based on actual/audited accounts and prudence checks undertaken by the Commission. Accordingly, the Commission is of the opinion that in accordance with the MYT Regulations, 2011 the True up of FY 2016-17 can only be considered based on the audited financial statement once the Petitioner makes a regular tariff Petition for True up of FY 2016-17.

APPROACH FOR FY 2017-18.

- 1.35 The Commission vide its notification dated January 31, 2017 issued the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017.
- 1.36 Further, the Commission has issued the Delhi Electricity Regulatory Commission Business Plan Regulations, 2017.
- 1.37 The ARR for FY 2017-18 shall be determined inter alia based on the following provisions of the Tariff Regulations 2017 read with Delhi Electricity Regulatory Commission Business Plan Regulations relevant to the Transmission Business.
- 1.38 The Commission has evaluated the ARR submitted by the Petitioner on the basis of the provisions in Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017 read with Delhi Electricity Regulatory Commission Business Plan Regulations, 2017 and other factors considered appropriate by the Commission.

A2: STAKEHOLDER'S COMMENTS

INTRODUCTION

- 2.1 Section 64(3) of Electricity Act, 2003, stipulates that the Commission shall determine tariff under Section 62 of the Electricity Act, 2003 for the transmission licensee, after consideration of all suggestions received from the public and the response of the Licensee to the objections/suggestions of stakeholders, issue a tariff order accepting the application with such modifications or such conditions as may be specified in the order. Public hearing, being a platform to understand the problems and concerns of various stakeholders, the Commission has encouraged transparent and participative approach in hearings to obtain necessary inputs required for tariff determination. Accordingly public hearings were held in the Auditorium of SCOPE Convention Centre, SCOPE Complex, New Delhi on 19th July 2017 for consumers to discuss the issues related to the petition filed by Delhi Transco limited for true up of expenses for FY 2014-15 and FY 2015-16 and ARR for FY 2017-18.
- 2.2 In the public hearings, the stakeholders offered their comments and suggestions before the Commission in the presence of the Petitioner.
- 2.3 The Commission has examined the issues taking into consideration the comments/suggestions offered by the various stakeholders in their written statements and during the public hearings and also the response of the Petitioner thereon.
- 2.4 The comments/suggestions of various stakeholders, the replies/response by the Petitioner and the views of the Commission thereon are summarised under various subheads below.

ISSUE 1: IMPACT OF PENSION TRUST DUES FOR FY 10-11 & FY 11-12

STAKEHOLDER'S VIEW:

- 2.5 DTL in its petition for Truing up of ARR for FY 2012-13 to FY 2015-16, has considered the impact of ATE Judgment in Appeal No 255/2013 for the period FY 2007-08 to 2011-12 and has included the impact with the applicable carrying cost.
- 2.6 DTL has claimed the pension trust amount of Rs 28.84 Cr (For FY 10-11 & FY 11-12) which was earlier disallowed by the Hon'ble DERC vide Order dated 31.07.2013, APTEL in it's judgment dated 01.02.2016 in Appeal No. 255 of 2013 directed DERC to consider the claim

of DTL as per the outcome of the Hon'ble High Court.

- 2.7 As the matter is sub-judice before the Hon'ble High Court of India, there is no need to consider the impact of Rs 28.84 crs in this petition till the outcome of the issue.

PETITIONER'S SUBMISSION

- 2.8 Commission had made provision in the ARR of the DTL/ DISCOMs on ad-hoc basis of Rs.150 Cr., Rs.160 Cr. and Rs.400 Cr. , Rs. 470 Cr. & Rs. 573.23 Cr. in the Tariff order of FY 2011-12, FY 2012-13, FY 2013-14, FY 2014-15 & FY 2015-16 respectively for passing on to the Pension Trust.

In the last tariff order of DISCOMs dated 29.09.2015 the Commission directed as under

"from FY 2016-17 onwards, the respective DISCOMs shall provide their requirements for payment to the pension trust, covering pension, quarterly leave encashment, medical reimbursement etc to which the retirees would be eligible including arrears if any payable. All the DISCOMs shall furnish complete details in respect fund requirement of the retirees along with their Tariff petitions for determination of Tariff for FY 2016-17.

Therefore in order to settle the issue of regular flow of funds to the pensioners, it is suggested that in the Business Plan Regulations 2017, all utilities be directed to provide funds directly to Pension Trust for the liabilities of the retired / to be retired employees under their control in their respective ARRs, and not as the part of transmission charges of DTL. It is also suggested as in some other states, DERC may also consider framing "Pension Regulations" so that the post retirement pension liabilities are taken care of.

Further in the GST regime, payment received against Pension Trust bills & thereafter remittance of the same to Pension Trust may attract tax liability. Furthermore, disputes also have taken place between DTL & Pension Trust regarding the TDS made by DISCOMs from the contributions and the actual remittance made to Pension Trust thereby causing financial loss to DTL. To avoid all such controversies and to allow DTL

to focus on transmission business only, it is reasonable and proper that Pension Trust activities should be handled by Pension Trust directly, so, it would be fitness of things to execute to exclude DTL as a vehicle for routing such payments from the ARR of DTL.”

COMMISSION’S VIEW

- 2.9 The Pension Trust was established as a part of Transfer Scheme Rules, 2001 framed under Delhi Electricity Reform Act, 2000 (DERA) and the Tripartite Agreements executed by the GoNCTD with unions of employees and Associations of officers of the erstwhile DVB. In terms of the aforesaid Rules and Tripartite Agreements, the Pension Trust was funded at the time of unbundling of the DVB by way of one lump sum payment by the GoNCTD. The issue of under funding of corpus fund of the pension trust is sub-judice in W.P. (C) 1698/2010 in the Hon’ble High Court of Delhi. Subsequent contributions from the date of unbundling have to be made to the Pension Trust by the successor entities of DVB. The Commission has been releasing ad-hoc payments in the DTL Tariff orders from FY 2011-12 onwards up to FY 2015-16.
- 2.10 Section 86 of the Electricity Act, 2003, which defines functions of State Commission, does not provide for issuing Regulations of Pension Trust. The fact has also been appreciated by the Hon’ble APTEL in Appeal No. 238 of 2013 (Mahendra Gupta & Others Vs DERC), wherein it has held that “ the learned state Commission has no jurisdiction to go into disputes between the Appellants and the Pension Trust with regard to release of terminal benefits in their favour. The grievances of individual employees/appellants relating to service matters relating to the terminal benefits including pension are not under the jurisdiction of the State Commission”. The Commission reiterates its view that it is beyond its jurisdiction to regulate the Pension Trust or to frame Regulations in this regard.
- 2.11 The Commission vide letter no. F.17(44)/Engg./DERC/201213/C.F. No.3481/3320 dated 11.09.2012 has issued Statutory Advice under Section 86(2) of the Electricity Act, 2003 to Govt. of NCT of Delhi to constitute an Oversight Committee to look into the issues related to pensioners of erstwhile DVB. The subject matter is presently sub-judice before Hon’ble High

Court of Delhi and the parties to the dispute should expedite the proceedings before the court and explore other avenues for settlement of dispute.

- 2.12 The Commission has already made provision on ad-hoc basis of Rs.150 Crore, Rs.160 Crore and Rs.400 Crore and Rs. 470 Crore and Rs. 573 Crore in the Tariff order of FY 2011-12, FY 2012-13, FY 2013-14, FY 2014-15 and FY 2015-16 respectively for passing on to the Pension Trust to avoid undue hardship to the pensioners till all issues concerned with Pension Trust are settled by the Courts/Delhi Govt.
- 2.13 A correspondence was made by DTL seeking clarification from GoNCTD in regard to the competent authority (new entity) to deal with vigilance/disciplinary/court cases in respect of employees of the erstwhile DVB, who could not become part of any company on 01.07.2002 in terms of Delhi Reform (Transfer Scheme) Rules, 2001 due to pending cases of retirement/dismissal/remove compulsory retirement while in the DVB. The GoNCTD clarified in its letter dated 21.01.2004 that the DVB employees who could not become part of any company i.e. DPCL, DTL, IPGCL, BYPL, BRPL and NDPL (now TPDDL) on the date of restructuring due to cases of retirement/dismissal/removal /compulsory retirement etc being pending as on 01.07.2002 shall be processed and decided by such company who could have been the controlling authority of the employee. And retirement/removal/dismissal/compulsory retirement etc will be dealt as per schedule 'B', 'C', 'D', 'E' and 'F' of the Delhi Electricity Reform (Transfer Scheme) Rules, 2001.
- 2.14 In LPA No 98/2005, the Hon'ble High Court of Delhi in its judgment dated 30.03.2006 has held that: "There is no escape from concluding that even in all these suits which are pending are filed by the retired employees in the Court claiming for their service benefits, thereby creating liability of DVB on the respective transfer company. The transferor company shall be substituted instead of DVB." In civil Appeal No 4269 of 2006 read with civil appeal No 4270 of 2006, the Hon'ble Supreme Court of India has observed that the GoNCTD has taken a clearest decision possible by its letter dated 21.01.2004, which is binding on all parties. The Hon'ble Supreme Court has further observed that the view taken by the High Court of Delhi is correct.
- 2.15 In view of the clarification given by the GoNCTD in its letter dated 21.01.2004 and the above

mentioned judgments of the Hon'ble High Court of Delhi and the Hon'ble Supreme Court, it is the responsibility of the respective DISCOMs to look after the interests of the DVB retirees as well as those who retired/retire in the DISCOMs after unbundling of the DVB. It would therefore be appropriate that the DISCOMs provide for funding for the liabilities of the retired/ to be retired employees under their control in their respective ARR.

- 2.16 The Commission vide letter dated 08.12.2016 has requested GoNCTD for conducting a forensic audit of Pension Trust for authentication of the data of pension disbursement from FY 2002-03 to till date to ascertain the actual liability of Pension Trust. The Commission has considered the amount of Rs. 693 Crore sought for FY 2017-18 by the Pension Trust on an ad-hoc basis recommended by GoNCTD vide its letter dated 26.07.2017

ISSUE 2: EFFICIENCY FACTOR FOR THE PERIOD FY 2008-09 TO FY 2013-14

STAKEHOLDER'S VIEW:

- 2.17 DTL proposed for 1% efficiency factor for each year of control period without providing any basis is not justified. On number of occasions the same has been conveyed by Hon'ble DERC to DTL. Further DTL justification that most of the substation being conventional type and are 25-30 years old is not acceptable as a lot of development in DTL transmission system has been done the same can be seen from the fact that due to the network expansion, O&M and R&M related activities, the DTL transmission tariff has been increased from 186 crores during FY 07-08 to Rs 727 crores during FY 15-16.
- 2.18 There is steep increase of 291% in ARR of DTL shows the huge capital investment made on transmission system, infrastructure, latest technologies and trained man power to maintain network. Hence proposed efficiency factor of 1% is very low and should be increased.
- 2.19 Further APTEL in Appeal no 255 of 2013 for FY 2013-14 has also approved this Hon'ble Commission's decision to approve the Efficiency factor as 3% and has rejected the claim of 1% of DTL.
- 2.20 Further, DTL in part B of the petition (for Truing up of ARR for FY 2012 to FY 2015-16) has itself considered the Efficiency factor at 2%, 3%, 4%, and 4% for FY 12-13 to FY 15-16 as

approved by Hon'ble DERC in MYT order FY 12-13 to FY 14-15 and ARR order for FY 15-16.

2.21 DTL's claim to consider the Efficiency factor as 1% is unjustified.

PETITIONER'S SUBMISSION

2.22 ATE in judgment of Appeal No. 255/2013 has already considered the plea of DTL and remanded back the issue to DERC. Due to the application of efficiency factor, the net effect of escalation allowed by DERC drops to 0.47% for 2010-11 and 2011-12 as against the actual Inflation of 10.10% and 8.61% respectively. Further for FY 2012-13 to 2015-16, DTL has already taken into consideration the efficiency factor approved by Hon'ble DERC.

COMMISSION'S VIEW

2.23 The Commission has not considered the efficiency factor proposed by the Petitioner. The detail reasoning for efficiency factor has been provided in Chapter 3 of this order.

ISSUE 3: INCOME TAX

STAKEHOLDER'S VIEW:

2.24 APTEL in judgment in Appeal no. 255 of 2013 has remanded back the matter of refund of Income tax to the Hon'ble Commission. The Hon'ble Commission is yet to decide the matter but DTL has been claiming the LPSC on the Income tax amount from BYPL. DTL in its latest LPSC bill dated 16.01.2017 to BYPL, has claimed an amount of Rs 365,392,511/- as LPSC on Income tax (FY 07-08 onwards). BYPL vide letter dated 03.04.2017, requested DTL not to consider the LPSC bill till the final outcome by DERC and accordingly withdraw the LPSC. Hon'ble Commission is requested to give appropriate direction in this regard to levy of LPSC charges.

2.25 DTL has been seeking Income tax expenses based on actual payout on taxes as under:

Table 3: Income Tax Expenses

Particulars	FY 13	FY 14	FY 15	FY 16
Income Tax	65.85	0.00	54.22	133.41

2.26 In this regard it is submitted the Regulation 5.22 of the DERC (Terms and Conditions for

Determination of Transmission Tariff) Regulations, 2011 categorically provides that Tax on Income, if any liable to be paid shall be limited to tax on return on the equity component as under:

“Tax on Income

Tax on the income streams of the Transmission Licensee shall be recovered from the beneficiaries. Tax on income, if any, liable to be paid shall be limited to tax on return on the equity component of capital employed. Any additional tax liability on account of incentive due to improved performance like higher availability, lower O&M Expenses etc and other income shall not be considered:

Provided that the deferred tax liability, excluding Fringe Benefit Tax, for the period up to 31st March, 2012 whenever it materializes, shall be recoverable directly from the beneficiaries and the long-term customers.

5.23 The actual assessment of income tax should take into account benefits of tax holiday, and the credit for carry forward losses applicable as per the provisions of the Income Tax Act 1961 shall be passed on to the consumers.”

- 2.27 Hon’ble Commission is requested to allow Income Tax in terms of the Regulation 5.22 of the DERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011.

PETITIONER’S SUBMISSION

- 2.28 As per ATE judgment in appeal no. 255/2013, the actual income tax paid by DTL is to be allowed by Hon’ble DERC and the same has been submitted by DTL in its ARR Petition.

COMMISSION’S VIEW

- 2.29 The Commission has allowed Income Tax as per the provision of MYT Regulations, 2011 and the directions of Hon’ble ATE in True up of the relevant year.

ISSUE 4: NON TARIFF INCOME

STAKEHOLDER’S VIEW:

- 2.30 The Petitioner has not considered the amount received from various entities like NRLDC, WRDLC, NERLDC, and CTU on account of STOA refund.

As per the DERC “(Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011”. Clause 6.13 the treatment of STOA collected by the DTL as under:-

“6.13 25% of the charges collected from the short term open access customer shall be retained by the transmission licensee and the balance 75% shall be considered as nontariff income and adjusted towards reduction in the transmission service charges payable by the long term and medium term users.”

2.31 Based on the above regulations, DTL has retained the 25 % of STOA amount collected from various agencies. From Nov-12 to Mar-17 DTL received the payment of Rs 543 crores from which Rs 407 crores was adjusted against the transmission charges bills of Discoms and rest 136 crores was retained by DTL.

2.32 The Commission is requested to consider the Open Access refund of 25% retained by DTL and accordingly adjust the same in the ARR of DTL.

2.33 Regulation 5.24 and Regulation 5.25 of DERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011 provides for adjustment of Non-Tariff Income from ARR as under:-

“5.24 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 and miscellaneous receipts from the Beneficiaries shall constitute Non-Tariff Income of the Licensee.

5.25 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.”

2.34 DTL, in its True Up Petition has considered income or receipts derived from regular sources like sale of scrap, sale of tender documents, interest on investment etc. The same has been reduced from the ARR for the period FY 2012-13 to FY 2015-16. However, the charges relating to O&M fees recoverable from PGCIL, LD recovered from contractor, amount received against deposit works etc. have been adjusted with the value of capital work or the R&M charges as the case may be.

2.35 Further the amount of excess provision written back pertaining to the last year adjustment

amounting to Rs 5.39 Cr has been considered in non-tariff income. Apart from the above the treatment of foreign currency fluctuation has been modified in this revised ARR by showing/claiming the same under the head income from other sources instead of adding or subtracting the same in the formats relating to A&G expenses.

- 2.36 In this regard, a table regarding the Non-Tariff Income submitted by DTL in its True up Petition, is as under:

Table 4: Non-Tariff Income

Particulars	FY 13	FY 14	FY 15	FY 16
Non- Tariff Income (after adjusting Loss on foreign exchange)	7.16	-17.75	-6.20	-8.88
Adjustment made towards Loss on foreign exchange		31.37	13.25	
Other Income offered as Non Tariff Income	7.16	13.62	7.05	

- 2.37 There are several components of Non-tariff Income which are not taken into consideration by DTL in its ARR Petition, as detailed herein below:

Table 5: Components of Non Tariff Income proposed by Stakeholders

Particulars	FY 13	FY 14	FY 15	FY 16	Whether offered or not offered as non-tariff income
Other Operating Income					
- Rebate received from power purchase		[^] 1.83			
- Incentive/ Disincentive	116.06	(295.68)	426.72	*	Pertains to utility, hence not required to be offered as non-tariff income
- LPSC on wheeling/transmission charges	479.20		2547.27	*	Not offered , against Regulation 5.23
Sub- Total – “A”	595.26	(293.85)	2973.99		
Other Income					
Gain on Sale	[^] 1.58	[^] 112.04	792.08	*	Not offered for FY 2014-15
Excess Provisions/ write back	1180.75	82.39	** 787.18	*	Not offered for FY 2012-13 & FY 2013-14, Partly offered for FY 14-15.

Particulars	FY 13	FY 14	FY 15	FY 16	Whether offered or not offered as non-tariff income
Interest on Investment	36.00	17.89	1.82		Not offered , against Regulation 5.23
Gain on Foreign Currency translation	^252.20	-	-	*	
Other Miscellaneous receipt	^461.36	^1248.25	# 870.13	*	Partly offered for FY 14-15.
Sub-Total – “B”	1931.89	1460.57	2451.21		
Open Access Charges/ Reactive Energy charges					
Open Access Charges	*	2239.30	3844.35	*	Required To be offered as NTI
Operating Charges – Open access	*	158.02	133.54	*	Required To be offered as NTI
Application money Open Access	*	47.75	51.57	*	Required To be offered as NTI
Reactive Energy Charges	*	182.33	101.54	*	Required To be offered as NTI
Income loading Data ABT Meter	*	2.35	2.35	*	Required To be offered as NTI
Sub-Total –“C”		2629.75	4133.35		

2.38 As evident from the above table, that DTL has partially offered its other operating income /other income to the Beneficiaries. Further, as per Tariff Regulations, 2011 hedging cost with respect to foreign exchange is allowed as an expense in ARR if the prior approval of the Hon'ble Commission has been obtained. In the true up Petition DTL has nothing mentioned that hedging cost and prior approval from State Commission hence any gain or loss on account of foreign exchange should not be allowed as an expense in ARR or adjusting the same from non-tariff income? Accordingly the revised computation of Non-Tariff Income which is required to be offered as a part of ARR is given below:

Table 6: Revised Computation of Non-Tariff Income

Particulars	FY 13	FY 14	FY 15	FY 16
Non-Tariff Income				
- Rebate received from power purchase	-	1.83	-	*
- LPSC on wheeling / transmission charges	479.20	-	2547.27	*
Gain on Sale	1.58	112.04	792.08	*
Excess Provisions/ write back	1180.75	82.39	787.18	*
Interest on Investment	36.00	17.89	1.82	*
Other Miscellaneous receipt	461.36	1248.25	870.13	
Open Access Charges	*	2239.30	3844.35	*

Particulars	FY 13	FY 14	FY 15	FY 16
Operating Charges – Open access	*	158.02	133.54	*
Application money Open Access	*	47.75	51.57	*
Reactive Energy Charges	*	182.33	101.54	*
Income loading Data ABT Meter	*	2.35	2.35	*
Total	2158.89	4092.15	9131.83	*

2.39 In the Audited Financial Statement, DTL has adjusted interest income of FD/CLTD directly from financing cost for the year without passing the benefit to the beneficiaries. The relevant information of interest income of FD/CLTD is provided herein below:

Table 7: Interest Income of FD/CLTD

Particulars	FY 13	FY 14	FY 15	FY 16
Interest Income adjusted from Financing Cost				
- Interest Income of FD/CLTD	3934.55	742.81	1725.96	*

**Figures not available*

PETITIONER'S SUBMISSION

2.40 DTL is already following the provisions of MYT Regulations 2011 for STOA Charges and giving appropriate credit in the wheeling charges bills of DISCOMs.

COMMISSION'S VIEW

2.41 The Commission has analysed the Audited Financial Statement of the Petitioner for the relevant year during True up of Non-Tariff Income. The detail reason has been provided in Chapter 3 of this order.

ISSUE 5: TRANSMISSION CHARGES

STAKEHOLDER'S VIEW:

2.42 Adjustment of transmission charges allowed by DERC for "400 kV D/C Mandaula-Bawana line" & "400 kV D/C Bamnauti-Ballabhgarh line".

2.43 The CERC vide order dated 14.3.2012 in Petition No.15/SM/2012 gave the following directions:-

"5. It has come to the notice of the Central Commission that the some of the

owners/developers of the inter-State transmission lines of 132 kV and above in North Eastern Region and 220 kV and above in Northern, Eastern, Western and Southern regions as mentioned in the Annexure to this order have approached the Implementing Agency for including their transmission assets in computation of Point of Connection transmission charges and losses under the Central Electricity Regulatory Commission (Sharing of inter-State Transmission Charges and Losses) Regulations, 2010 (hereinafter "Sharing Regulations").

6. As a first step towards inclusion of non-ISTS lines in the POC transmission charges, the Commission proposes to include the transmission lines connecting two States, for computation of POC transmission charges and losses. However, for the disbursement of transmission charges, tariff for such assets needs to be approved by the Commission in accordance with the provisions of Sharing Regulations. Accordingly, we direct the owners of these inter-State lines to file appropriate application before the Commission for determination of tariff for facilitating disbursement.

7. We direct the respondents to ensure that the tariff petition for determination of tariff is filed by the developers/owners of the transmission line or by State Transmission Utilities where the transmission lines are owned by them in accordance with the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009, by 20.4.2012."

2.44 Two D/C transmission lines of DTL were identified as inter-State transmission lines, in order dated 14.3.2012 in Petition No. 15/SM/2012 and DTL was directed vide the above mentioned order to file tariff petition for the purpose of inclusion in the POC charges.

2.45 Accordingly CERC, vide order in Petition No. 218/TT/2013 dated 21.03.2016, has determined the Transmission tariff for abovementioned lines.

2.46 CERC further directed as under:

"The transmission charges allowed in this order shall be included in the Yearly Transmission Charges in accordance with Central Electricity Regulatory Commission (Sharing of Inter-State Transmission Charges and Losses) Regulations,

2010, as amended from time to time.”

As the tariff of the above lines have already been included in the ARR of Delhi Transco Limited by the Learned Delhi Electricity Regulatory Commission (DERC), the annual transmission charges allowed in this order shall be adjusted against the ARR approved by DERC.

2.47 In this regard BYPL submits that while submitting the ARR of transmission tariff by DTL before Hon'ble DERC, the cost of abovementioned lines have also been considered which was approved by the Hon'ble DERC through its various orders. Now, as Hon'ble CERC has directed to consider these lines under POC regime, the excess amount claimed due to excess approved tariff should also be adjusted. DTL has already claimed an amount of Rs 75.61 crs (at CERC approved tariff) for the period July-11 to June-16 and Rs 3.73 crores for the period Jan-17 to Mar-17, from beneficiaries through PGCIL. The amount on account of abovementioned transmission lines as approved by this Hon'ble Commission need to be deducted w.e.f. July-11 onwards.

2.48 In view of the Order passed by the Hon'ble Central Commission, TPDDL, by its letter no. TPDDL/PMG/Regulatory/03 dated 24.03.2017 filed before this Hon'ble Commission, has sought direction against DTL to refund the excess amount charged from TPDDL, as under:

“We request the Hon'ble Commission to issue necessary directions to DTL to refund the amount pertaining to 400 KV D/C Mandola-Bawana and 400 KV D/C Ballabhgarh-Bamnauli lines which were charged to TPDDL as a part of the ARR of DTL for the period of 1st July 2011 till date in line with CERC order dated 21st March 2016 (copy enclosed). Further going ahead the recovery of the part of ARR pertaining to these lines should not be made by DTL as the same is now a part of PoC Charges to be charged by PGCIL.”

2.49 Hon'ble Commission is requested to approve the expenses for FY 2012-13 to FY 15-16, and direct Petitioner to issue credits in favor of Delhi Discoms.

PETITIONER'S SUBMISSION

2.50 As per directions of Hon'ble CERC in its petition No. 15/Suo-Moto/2012 dated 14.03.2012;

DTL had filed petition no. 218/TT/2013 before Hon'ble CERC. DTL had already mentioned in its ARR petition for True up of FY 2012-13 to FY 2015-16 and ARR for FY 2016-17 to 2020-21 dated 13.04.2016 submitted to DERC regarding the ISTS petition filed by DTL as per Directions of Hon'ble CERC and the Order dated 21.03.2016 passed by Hon'ble CERC. Further as per directions of Hon'ble CERC, the tariff petition for FY 2014-15 to FY 2018-19 for 400 KV D/C Transmission lines from Bamnauli- Ballabhgarh and Mandaula-Bawana is being filed.

COMMISSION'S VIEW

- 2.51 The CERC has also indicated that the Transmission Charges on account of inter state transmission line shall be adjusted in the ARR of the Petitioner. Accordingly, the Commission has considered transmission charges received by the Petitioner on account of Inter State Transmission Line as part of Non-Tariff Income of the Petitioner.

ISSUE 6: METERING

STAKEHOLDER'S VIEW:

- 2.52 There should be complete AMR/AMI meters at interface of DTL and Discoms. This will help the discoms to achieve T&D targets, demand forecasting, RE integration etc.

PETITIONER'S SUBMISSION

- 2.53 Implementation of AMR has been discussed and deliberated in the 16th meeting of Delhi GCC dated 18/01/2017 wherein it was clarified by DTL that AMR provision is under consideration of DTL for a long time. However, due to fund crisis owing to non payment of dues by utilities, the scheme has not been taken on priority. If funds availability improves, the scheme would be implemented after due processing. GCC noted the position and advised DTL to speed up the implementation of AMR in view of its importance in managing the power purchases and scheduling of power arising optimization of power purchase cost. Utilities were also advised to ensure timely payment to DTL to ensure implementation of such schemes.
- However, after considering the recommendation of the SAMAST, budgetary offer for

preparing the cost estimate is under process for implementation of AMR on interface meters of DTL & DISCOMS.

COMMISSION'S VIEW

- 2.54 The Commission has formed a committee for implementation of recommendation under SAMAST. The Commission will direct the Petitioner for necessary action based on recommendation of the Committee formed on SAMAST report implementation.

ISSUE 8: TIMELINES FOR CAPEX PROJECT

STAKEHOLDER'S VIEW:

- 2.55 There should be a specific timelines for the capex projects for DTL. Hon'ble Commission is requested to specify timelines for DTL network as given to Discoms and other utilities.

PETITIONER'S SUBMISSION

- 2.56 The capex projects are already time bound. Delays, if any, are mostly due to reasons which are beyond the control of DTL, such as Land acquisition, ROW clearance, Forest Dept. Clearance, Flood Control & Irrigation Dept. Clearance, MCD Clearance, Land Dispute, NGT Clearance, ASI Clearance, etc. and Delhi being the National Capital and having multiple land owning agencies i.e. DDA/ MoUD, have to face various problems i.e. paucity of land in Delhi, ROW problems (Congested areas, Railways, PWD, other utilities etc.), VIP areas, etc.

COMMISSION'S VIEW

- 2.57 The Commission has specified the penal provision for delay in implementation of Capitalization scheme in its DERC Tariff Regulations 2017. Therefore, any delay in Commissioning of the capital scheme other than due to force majeure events shall be to the account of the Petitioner.

ISSUE 9: O&M EXPENSES**STAKEHOLDER'S VIEW:****EMPLOYEE EXPENSE**

2.58 Based on Audited Financial Statements, DTL in its true up Petition has recomputed the base year employee expenses to compute the employee expenses for 2nd MYT control period. While reducing the inter unit (SLDC) related expenses from gross employee expenses, it has erroneously considered Rs. 7.23 crores as inter unit expenses as against the Rs. 7.32 Crores, resulting into an increase in employee expenses by Rs. 0.09 Crores. This will impact Discom financially by Rs. 0.44 Crores, year on year amount excess claimed by DTL which has to be factored while truing up the employee expenses.

Table 8: Employee Expenses submitted by the Petitioner

Particulars	FY 12	FY 13	FY 14	FY 15	FY 16
Employee Exp. Base year -	116.43				
Escalation factor		1.0803	1.0804	1.0806	1.0806
Employee Expenses should be		125.77	135.89	146.83	157.67
Employee Expenses sought – Page 22 - Table 3 of True up Petition		125.87	135.99	146.95	158.79
Excess claimed by DTL		0.10	0.10	0.12	0.12

A&G EXPENSES

2.59 Based on Audited Financial Statements, DTL in its true up Petition has taken the base year A&G expenses to compute the A&G expenses for 2nd MYT control period. While doing so DTL has failed to take into consideration following aspects:

- Inter unit (SLDC) adjustment of "OTHER EXPENSES" of Rs 1.61 Cr as given in Note 37 of Audited Financial Statement not excluded.*
- Other Expenses Includes Rs 6.38 cr prior period expenses which are onetime expenses therefore should not form part of base year expenses. (Page 277 of Petition)*
- DTL has seeking property tax on actual basis for 2nd MYT control period, therefore any amount if included in base year should be reduced while computing the base year expenses.*

2.60 The base year A&G Expenses as sought by DTL are as under:

Table 9: Base year A&G Expenses

Particulars	Actual for FY 2011-12 (in Crore)	Remark
Electricity & water Charges	4.02	
Rent, Rates and Taxes	1.28	
Communication Expenses	0.91	
Legal & Professional charges	0.94	
Travelling & Conveyance	1.24	
Adv. & Publication	2.20	
Medical Expenses	1.95	
Other Expenses	7.42	See Comment (a)
Auditor Fees	0.07	
Property Tax	1.49	See note below
Legal Award Expenses	2.01	

Particulars	Actual for FY 2011-12 (in Crores)
Less- Adjustment of Inter unit (SLDC) A&G exp	1.35
Total – A&G Expenses	22.19

2.61 The aforesaid claim of DTL needs to be revised in terms of the revised Computation of A&G Expenses provided herein below:-

Table 10: Revised Computation of A&G Expenses

Particulars	Actual for FY 2011-12 (in Crores)	Remark
Total A&G Expenses	22.19	From previous Table
Less- Adjustment of Property Tax	1.49	As the utility has asked Property tax on actual basis hence the same should be excluded from Base year
Less- Inter unit adjustment of other expenses	1.62	Refer Note no 37 of Audited Financials of FY 2013
Less- Prior period expenses (one time)	6.38	Refer page no 277 of the Petition
Revised A&G Expenses	12.70	

2.62 In view of the aforesaid submissions, the A&G Expenses for 2nd MYT control period are computed for DTL. It is apparent that DTL has claimed Rs. 46.22 crores in excess, as under:

Table 11: A&G Expenses for 2nd MYT control period

Particulars	FY 12	FY 13	FY 14	FY 15	FY 16
A&G Exp. Base year (refer table above)	12.70				
Escalation factor		1.0803	1.0804	1.0806	1.0806
A&G Expenses should be		13.72	14.82	16.02	17.31

- 2.63 In addition to above DTL in its true up petition has sought additionally a DDT of Rs. 1.92 Cr and water charges of Rs. 3.38 Cr, as under:

Table 12: Water Charges & DDT submitted by the Petitioner

Particulars	FY 13	FY 14	FY 15	FY 16
Dividend Distribution Tax (Comment (a))	1.92			
Water Charges (Comment (b))			3.38	

- 2.64 Hon'ble Commission is requested
- to direct DTL to refund the excess amount charged by it from its beneficiaries, including TPDDL in terms of A&G expenses along with carrying cost.
 - that DDT of Rs 1.92 Cr paid in FY 2012-13 should not be a part of A&G Expenses, as the same is paid for the purpose of paying dividend to equity shareholders and not related to business expenses, hence, cannot be allowed as a part of A&G expenses.
 - Rs 3.38 Cr on account of water charges should be excluded as the same is forming part of base year expenses which are controllable and cannot be trued up on actual basis.

R&M EXPENSE

- 2.65 The Commission is requested to consider average K Factor at rate of 1.403% as against 1.424% sought by DTL and direct DTL to refund the excess amount of Rs. 2.56 crores along with carrying costs.

PETITIONER'S SUBMISSION

- 2.66 The K-factor has been taken as already approved by Hon'ble DERC in MYT Order dated 13.07.2012 for FY 2012-13 to FY 2014-15 and ARR Order for FY 2015-16 dated 29.09.2015.

COMMISSION'S VIEW

- 2.67 The Commission has trued up the O&M Expenses of the Petitioner for the relevant year as per the provisions of MYT Regulations, 2011. The Detail reason for additional allowance over and above normative O&M Expenses has been provided in True Up of the relevant year in Chapter 3 of this order.

ISSUE 10: CAPITALIZATION ISSUE**STAKEHOLDER'S VIEW:****CAPITALIZATION OF O&M EXPENDITURE**

2.68 Capitalization of O&M Expenses in Audited Financial statements of DTL

Table 13: Capitalization of O&M Expenses

Particulars	FY 13	FY 14	FY 15	FY 16
Employee Expenses	61.83	53.21	47.24	*
A&G Expenses	7.88	14.19	9.53	*
Total Exp. Capitalized	69.71	67.40	56.77	*

*Figures not available

2.69 Adjustment of Capitalization of O&M Expenses sought in ARR based on capitalization are as follows:

Table 14: Adjustment of Capitalization of O&M Expenses

Particulars	FY 13	FY 14	FY 15	FY 16
Total O&M Expenses sought in ARR – “A”	209.77	208.10	228.03	242.56
Less- Exp. Capitalized				
Employee Expenses	20.43	7.20	140.15	45.74
A&G Expenses	5.79	2.32	37.08	13.72
Total of Exp. Capitalized – “B”	26.21	9.52	177.23	59.47
Net O&M Expenses (A-B)	183.56	198.58	50.80	183.09

2.70 Adjustment of Capitalization of O&M Expenses should be considered in ARR based on audited financial statement

Table 15: Adjustment of Capitalization of O&M Expenses proposed by Stakeholder

Particulars	FY 13	FY 14	FY 15	FY 16
Total O&M Expenses sought in ARR – “A”	209.77	208.10	228.03	242.56
Less- Exp. Capitalized				
Employee Expenses	61.83	53.21	47.24	*
A&G Expenses	7.88	14.19	9.53	*
Total of Exp. Capitalized – “B”	69.71	67.40	56.77	*
Net O&M Expenses (A-B)	140.06	140.70	171.26	

2.71 From the table (b) & (c) above, it can be seen that for the purpose of allowance of O&M expenses in ARR, DTL is deferring capitalization of O&M expenses, which is against the

interest of consumers, as by deferring the capitalization DTL is earning carrying cost for the period of deferment.

- 2.72 It is further submitted that consideration of capitalization of O&M expenses as per table (b) shows uneven allowance of O&M expense which does not reflect the correct position. Commission is requested to consider capitalization of expenses in line with audited accounts of the utility.

CAPITALIZATION

- 2.73 As per annexure annexed to True up petition of DTL, TPDDL would like to bring some of the following observations before the Hon'ble Commission:

- a) Replacement schemes are considered as a part of capitalization instead of treating the same as O&M expenses, resulting double benefit to the utility in terms of:
 - i. Excess allowances of R&M expenses
 - ii. Assured Return of 14%
- b) Further, against the huge replacement schemes of every year, minimal retirement of fixed assets has been done.

- 2.74 Hon'ble Commission is requested to consider the aforesaid observations as well as consider the impact of retirement of assets for the purpose of RRB/ROCE etc.

CAPITALIZATION OF INTEREST COST

- 2.75 Based on the information provided by DTL, in its Petition, TPDDL would like to draw the attention of the Hon'ble Commission with respect to capitalization on interest cost (i.e. IDC)

Table 16: Capitalization on interest cost

Particulars	FY 13	FY 14	FY 15
Liabilities			
Shareholder fund/Net worth	1637.13	1425.82	1754.37
Grants	-	-	200
Loan Fund			
- Secured Loan	1230.54	1299.87	1115.83
- Unsecured Loan	729.03	947.48	1065.17
Total Liabilities	3596.70	3673.17	4135.37
Assets			
Fixed Assets			
Net GFA	1872.63	2161.42	2797.47
CWIP	975.82	850.68	320.35

Particulars	FY 13	FY 14	FY 15
Investment	4.73	0.22	0.22
Net Working Capital			
- Current Assets	1441.07	1361.65	1694.95
- Less Current Liabilities	(697.53)	(701.00)	(677.65)
Net working capital (CA-CL)	743.54	660.65	1017.30
Total Assets	3596.70	3673.17	4135.37

2.76 Based on the information provided in the aforesaid table, utilization of loan fund can be bifurcated as below:

Table 17: Utilization of Loan Fund

Particulars	FY 13	FY 14	FY 15
Loan Fund			
- Secured Loan	1230.54	1299.87	1115.83
- Unsecured Loan	729.03	947.48	1065.17
Total of Loan Fund	1959.57	2247.35	2181.00
Assumed Utilization of loan fund			
Used towards funding of net current assets	743.54	660.65	1017.30
- Used towards funding of Fixed assets/CWIP	1216.03	1586.70	1163.70
Total utilization	1959.57	2247.34	2181.00
Gross Interest cost	205.16	193.67	217.63
Average Interest Cost based on average loan	10.29%	9.21%	9.83%
Estimated interest cost towards funding of net current assets	76.50	60.85	100.00
Estimated interest cost towards funding of fixed assets	125.13	146.13	114.39
Less – Actual capitalized interest cost as per Audited accounts	96.08	107.20	79.93
Interest cost towards Fixed Assets	29.05	38.93	34.46
Net GFA : CWIP	66:34	72:28	90:10
Interest FA : Capitalized Intt.	23:77	27:73	30:70

2.77 From the aforementioned tables, ratios and computations, it can be seen that higher part of interest cost is capitalized as a part of CWIP. This has resulted into additional benefit to DTL in the form of higher interest cost through RRB, without taking the impact of capitalization

of interest cost.

PETITIONER'S SUBMISSION

- 2.78 The complete capitalization details being submitted to Hon'ble DERC on yearly basis and the same shall be tried up by the Commission.
- 2.79 The capitalization of employee and A&G expenses has been taken as per capitalization details submitted to DERC.

COMMISSION'S VIEW

- 2.80 The Commission has allowed the Capitalization of Employee Expenses at 30% of the total employee expenses based on the audited financial statements. The detail reason as mentioned in Chapter 3 of this Order.

ISSUE 13: AGGREGATE REVENUE REQUIREMENT

STAKEHOLDER'S VIEW:

- 2.81 DTL has filed the present petition for approval of Aggregate Revenue Requirement from the FY 2016-17 to FY 2020-21, seeking the determination for a total of 5 years. It is pertinent to note that the Hon'ble Commission extended the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2011, which were earlier extended to FY 2015-16 only. Thereafter, vide gazette Notification dated 02.02.2017, the Hon'ble Commission notified the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017. After, coming into effect of these Regulations, all the licensees and various entities have to comply with substantive as well as procedural norms which have been laid down by the aforesaid Regulations. Now, Part 3 of the aforesaid Regulations deals with the Tariff Petition which is to be filed by the Generating Entity as well as the Transmission Licensee. Regulation 8 prescribes that the tariff petition has to be filed annually, on the basis of the information and principles specified in Business Plan Regulations every year. The relevant extract is reproduced herein below:

"8. The Generating Entity and Transmission Licensee shall submit Annual Tariff

Petition, based on the information and principles specified in the Business Plan Regulations, at least, one hundred and fifty (150) days prior to the end of relevant financial Year.”

- 2.82 However, the ARR petition filed by DTL, in its prayer clause, seeks the approval of the Hon'ble Commission for the ARR from FY 2016-17 to FY 2020-21. This is because the Petitioner filed this ARR Petition on 13.04.2016, as is substantiated by the affidavit, and hasn't been modified since even after the notification of the new Regulations.
- 2.83 It is incorrect on part of the Petitioner to submit an ARR petition in this manner on two accounts. Firstly, it is not open for DTL to file an ARR petition for the period from FY 2016-17 to FY 2020-21 in accordance with the DERC (Terms and Conditions for the Determination of Tariff) Regulations, 2011, when the same have been replaced with the 2017 regulations. Consequently, the same needs to be re-filed.
- 2.84 Secondly, without considering the specific provision of the DERC Tariff Regulations, 2017, DTL has filed an ARR petition for the entire period from FY 2016-17 to FY 2020- 21 when the regulations explicitly mandate for annual filing of ARR petitions.
- 2.85 Hon'ble Commission is requested to direct DTL to withdraw the ARR Petition filed for FY 2016-17 to 2020-21 and filed separate Aggregate Revenue Requirement for each year as mandated under DERC Tariff Regulations, 2017.

PETITIONER'S SUBMISSION

- 2.86 DTL filed the ARR Petition for FY 2016-17 to FY 2020-21 as per directions of Hon'ble Commission and Draft Tariff Regulations 2015 and subsequently submitted the information as and when desired by Hon'ble DERC.

COMMISSION'S VIEW

- 2.87 The Commission has considered the submissions of the Petitioner pertaining to the ARR for FY 2017-18 and has sought all the relevant information from the Petitioner in line with Tariff Regulations, 2017.

ISSUE 14: ARR COMPONENT**STAKEHOLDER'S VIEW:**

- 2.88 **Return on Equity:** Return of equity for the entire tariff period of FY 2016-17 to FY 2020-21 has been considered at the rate of 16% by the petitioner in line with CERC (Terms and Conditions of Tariff) Regulations, 2014. The same should be suitably modified for the FY 2016-17 & for the period from FY 17-18 onwards, should be restricted to 14% as specified in the (Draft) DERC Business Plan Regulations, 2017 (which are pending finalization) to avoid undue tariff burden on the consumers of Delhi.
- 2.89 **Interest on Loan Capital:** Interest on loan capital on the for the entire tariff period of FY 2016-17 to FY 2020-21 has been considered at the rate of 11.15% by the petitioner in line with Draft DERC (Draft Composite terms and conditions for Tariff and Accounting), Regulations 2015. The same needs modification since the said Regulations were never notified by this Hon'ble Commission. However, as specified in the Draft DERC Business Plan Regulations, 2017 (which are pending finalization), rate of interest on loan shall be allowed on the basis of Marginal Cost of Fund based Lending Rate (MCLR) of SBI plus the margin specified by Hon'ble DERC in the (Draft) Business plan regulations 2017. The rate of interest on loan capital considered by the petitioner for the period of FY 2016-17 to FY 2020-21 may be modified suitably by the petition in line with the applicable Tariff regulations and relevant details may be resubmitted accordingly.
- 2.90 **Depreciation:** Depreciation claimed by the petitioner for the period of FY 2016-17 to FY 2020-21 is not consistent with tariff regulations issued by Hon'ble DERC for the relevant control period, i.e., FY 2016-17 to FY 2020-21. As per DERC (Terms and conditions for Determination of Transmission Tariff), Regulations 2011, *"depreciation shall not be allowed on assets funded by any capital Subsidy / grant. Provision for replacement of such assets shall be made in the Capital Investment plan"*. However, contrary to the same, Government grant of around 37.56 Crores & 200 Crores has been considered respectively for FY 2015-16 & FY 2016-17 for calculation of depreciable value for the related year. Further, rate of 5.83% has been used for calculating depreciable amount for the FY 2016-17 also need to be reviewed, as the same has been specified in the DERC (Terms and

conditions for Determination of Tariff), Regulations 2017, and applicability of the same for FY 2016-17 needs further clarity.

- 2.91 **Interest on Working Capital:** Interest on working capital for the entire tariff period of FY 2016-17 to FY 2020-21 has been considered at the rate of 11.15 % by the petitioner in line with DERC (Draft Composite terms and conditions for Tariff and Accounting), Regulations 2015. The same needs modification since the said Regulations were never notified by this Hon'ble Commission.
- 2.92 Accordingly, interest on working capital has to be modified in terms of DERC (Terms and conditions for Determination of Tariff), Regulations 2017, which provides that rate of interest on working capital shall be considered as the bank rate as on 1st April of the year plus margin as specified by the commission for the control period and shall be trued up on the basis of prevailing bank rate as on 1st April of the respective year, provided that the rate of interest availed through open tendering process(Competitive bidding) among Scheduled Banks, Financial Institutions etc., shall not be trued up. In line with the above, the Petitioner should specify the mode of determination of the rate of "Interest on Working Capital". The rate of interest on working capital may be modified suitably by the petitioner and relevant details may be resubmitted accordingly.
- 2.93 **Operation and Maintenance Expenses:** O & M expenses claimed by the petitioner for the period of FY 2016-17 to FY 2020-21 have been claimed on the basis of methodology specified in DERC (Terms and conditions for Determination of Transmission Tariff), Regulations 2011. The same need to be modified in terms of DERC (Terms and conditions for Determination of Tariff), Regulations 2017 and (Draft) Business Plan Regulations, 2017 (which are pending finalization)

PETITIONER'S SUBMISSION

- 2.94 DTL prepared the petition as per Tariff Regulations applicable at the time of filing and as per directions of Hon'ble DERC. Further, RoE is considered as per CERC Regulations 2014. DTL has already considered the Government Grant while computing the depreciation.

COMMISSION'S VIEW

- 2.95 The Commission has approved RoE as 14% in line with Business Plan Regulations, 2017.
- 2.96 The Commission has considered Interest on Loan and Working Capital as 11.69% in line with Business Plan Regulations, 2017.
- 2.97 Regarding depreciation for FY 2015-16, the Commission has deducted the amount of Grant received while determining the depreciation and for FY 2017-18, the Commission has dealt the matter appropriately in the relevant section.
- 2.84 The Commission has considered O&M Expenses in line with Business Plan Regulations, 2017

A3: TRUE UP FOR FY 2014-15 AND FY 2015-16 (PETITIONER)**IMPACT OF APTEL JUDGEMENT****PETITIONER'S SUBMISSION**

- 3.1 The Petitioner has submitted impact of ATE judgement in Appeal No. 255/13 for the first control period i.e. FY 2007-08 to FY 2011-12 as follows:

Table 18: Impact of ATE Judgement (Rs. Crore)

	2007-08	2008-09	2009-10	2010-11	2011-12
ACTUARIAL VALUATION			1.28	1.98	4.25
EX GRATIA					3.25
PENSION TRUST DUES				23.85	5
EFFICIENCY FACTOR		1.01	3.02	4.79	5.13
DEPRECIATION					2.12
ROCE	4.62	4.69	4.27	4.70	13.22
TOTAL	4.62	5.70	8.57	35.32	32.97

COMMISSION'S ANALYSIS

- 3.2 The Commission directed the Petitioner to submit the total employee cost incurred during FY 2009-10 to FY 2011-12 and the details of expenses incurred on account of actual evaluation Ex Gratia.
- 3.3 Further the Commission has sought the status of Hon'ble High Court of Delhi direction in the matter related to Petitioner's claim of Rs. 28.84 Crore on account of Pension Trust dues. The Petitioner submitted during the prudence check that the matter is still subjudice before the Hon'ble High Court of Delhi. Therefore, the Commission has not considered the Petitioner's claim of Rs. 28.84 Crore on account of Pension Trust dues in line with the direction of Hon'ble Tribunal in Appeal No. 255/2013. The impact if any shall be considered in the ARR of the Petitioner as per the decision of the Hon'ble High Court of Delhi in subsequent Tariff Orders.
- 3.4 The Petitioner has also submitted the justification towards efficiency factor by comparing net effect of escalation allowed by the Commission vis-à-vis escalation factor based on actual inflation during the year.
- 3.5 The efficiency factor for O&M expenses has been fixed by the Commission in Tariff Order dated 20.12.2007 for FY 2007-08 to 2010-11. The Petitioner has preferred an appeal against Tariff Order dated 20.12.2007 in Appeal No. 28/2008 and it was directed by Hon'ble Tribunal

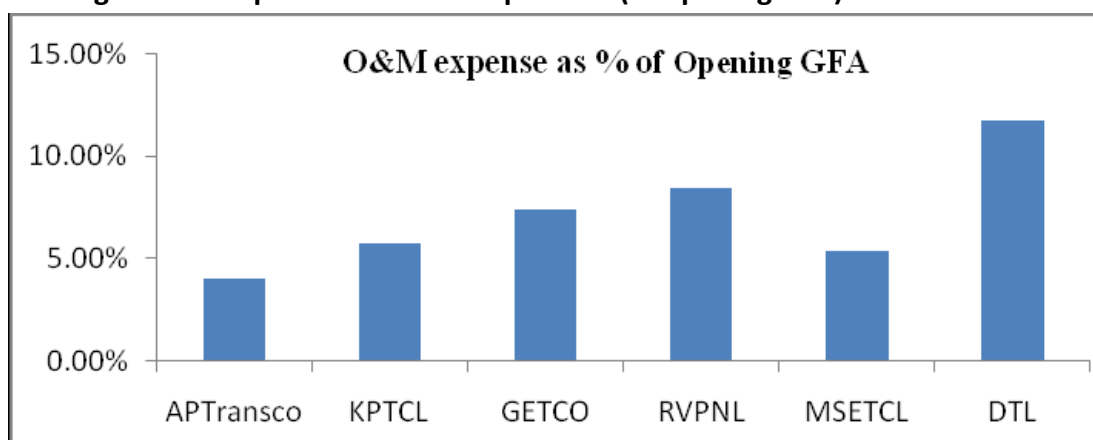
in its judgement dated 29.09.2010 as follows:

“The State Commission made an ad-hoc reduction of 2%, 3% and 4% for the FY 2008-09, FY 2009-10 and FY 2010-11 respectively. The only reason given by the State Commission is that the Appellant will have to improve its performance. There cannot be any reason for the ad-hoc reduction in O&M expenditure applying any annual improvement efficiency factor. Even though the Regulations provide for application of efficiency factor, such factor has to be determined only on the basis of the materials placed before the State Commission and analysis by the Commission and not on ad-hoc basis. The State Commission is directed to consider this and pass order accordingly on this issue.”

- 3.6 Accordingly, the Commission has justified the efficiency factor for FY 2007-08 to FY 2010-11 in its Tariff Order dated 26.08.2011. The relevant extract from Tariff Order dated 26.08.2011 is as follows:

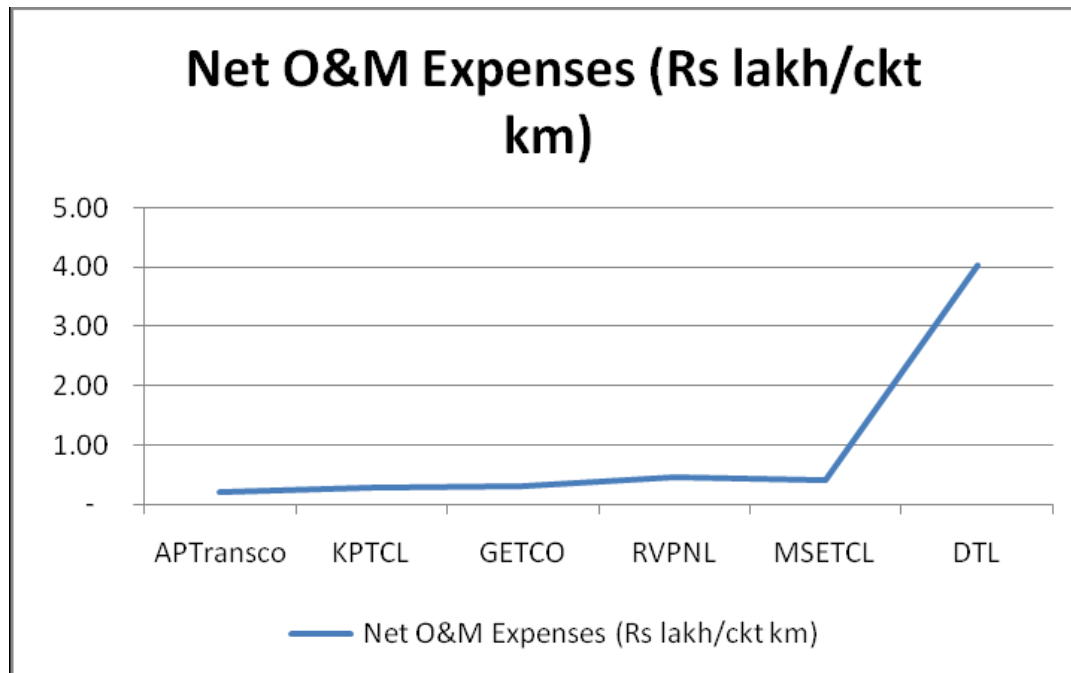
“3.84 However, the Commission has benchmarked the O&M expenses of the Petitioner against O&M expenses of the transmission licensees in other States. The Commission has observed that the O&M expenses of the Petitioner are higher than those of other State Transmission utilities. The summary of the relative comparison of O&M expenses of Petitioner vis-a-vis the other Transmission utilities is shown below:

Figure 1: Comparison of O&M Expenses* (% Opening GFA) for FY 2007-08



* for RVPNL O&M expenses include a component of terminal benefit liabilities

Figure 2: Comparison of O&M Expenses*



*Comparison of O&M/ckt km is for FY 2007-08 *for RVPNL O&M expenses include a component of terminal benefit liabilities

3.85 The Commission is of the view that the Petitioner should have made and should make all out efforts to bring about efficiency into the system. The Commission has approved capital expenditure of more than Rs 3000 Cr during FY 2007-08 to FY 2011-12 for the Petitioner for system improvement and introduction of new technologies, which should have enhanced the efficiency of the system. The Commission has thus retained the efficiency factor as set in the MYT Order i.e. 2%, 3% and 4% for FY 2008-09, FY 2009-10 and FY 2010-11 respectively. Therefore, the Commission has maintained the efficiency factor for FY 2011-12 at the level of FY 2010-11, i.e. 4%."

- 3.7 The Petitioner has preferred an appeal against Tariff Order dated 26.08.2011 in Appeal No. 184/2011 before Hon'ble APTEL and the Petitioner has not raised this issue in Appeal No. 184/2011 against Tariff Order 26.08.2011 in which the Commission has justified the efficiency factor to be applied on O&M expenses through bench marking of the O&M Expenses allowed to the Petitioner Rs. Lakh per Circuit/Km and O&M as percentage of opening GFA vis-a-vis O&M expenses allowed to comparable transmission utilities as

indicated above.

- 3.8 In view of above, it is observed that there is no need to revise the efficiency factor for FY 2008-09 to FY 2011-12.
- 3.9 Based on the submission of the Petitioner and the discussion above, the Commission allows the revision in O&M expenses as per the Hon'ble APTEL Judgment as follows:

Table 19: Approved revision in O&M expenses (Rs. Crore)

Sr. No.	Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
A	ACTUARIAL VALUATION			1.28	1.98	4.25
B	EX GRATIA					3.25
C	EFFICIENCY FACTOR					
	TOTAL			1.28	1.98	7.50

OPERATION & MAINTENANCE EXPENSES FOR FY 2012-13 TO FY 2015-16

PETITIONER'S SUBMISSION

- 3.10 As per the the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017 for determination of transmission tariff, Employee expenses and A&G expenses for the Control Period are determined by using the following methodology:

$$EMP_n + A\&G_n = (EMP_{n-1} + A\&G_{n-1}) * (INDX_n/INDX_{n-1})$$

Where

$$INDX_n = 0.55 * CPI_n + 0.45 * WPI_n$$

(a) DETERMINATION OF INFLATION FACTOR :

- 3.11 The Inflation Factor used for indexing the O&M expenses are determined using a combination of the Consumer Price Index (CPI) and the Wholesale Price Index (WPI), which are expected to contribute to the employee expenses and the A&G expenses respectively.
- 3.12 Petitioner has considered the Inflation linked Escalation factor as approved by the Commission in MYT order dated 13.07.2012 for 2nd Control Period and ARR Order for True up 2012-13, 2013-14 and ARR for FY 2015-16 dated 29.09.2015. However, the same has been challenged in the Civil Writ Petition No. 1380/2013 before Hon'ble Delhi High Court.

(b) BASE YEAR :

3.13 Hon'ble ATE in its judgement in Appeal No. 255 of 2013 filed against the True up Order of 2007-08 to 2011-12 and revised ARR for FY 2013-14 dated 31.07.2013, for the base year, ATE has given judgement as below:

"54.3 We direct the State Commission to consider the baseline year 2011-12 as per the Regulations after receiving the audited accounts and after prudence check and compute the employees' expenses and A&G expenses, accordingly."

3.14 Petitioner has considered the actual expenses for FY 2011-12 as per audited accounts of Petitioner the base year on the above mentioned judgement while Truing up the expenses for the period FY 2012-13 to FY 2015-16 (provisional).

EMPLOYEE EXPENSES

3.15 Petitioner has considered the Employee Expenses for FY 2011-12 (Base Year) as per audited accounts of Petitioner for FY 2011-12 for computing the Employee Expenses for FY 2012-13 to FY 2015-16.

3.16 The Details of Employee Expenses for FY 2012-13 to FY 2015-16 is as tabulated below:

Table 20: Employee Expenses for FY 2012-13 to FY 2014-15 (True up 2014-15) (Rs. Crore)

PARTICULARS	2011-12 (Base Year)	2012-13	2013-14	2014-15
Escalation factor		1.0803	1.0804	1.0806
Employee Expenses	114.05	123.21	133.11	143.84
Actuarial Valuation (Gratuity and Leave Encashment)	1.59	3.71	3.86	3.86
Employee Expenses for 220 KV IP Substation		1.86	1.86	1.86
Ex Gratia	1.84	4.56	6.00	8.00
Pension Trust dues	11.52	23.82	8.10	12.15
Total Employee Expenses	129.00	157.15	152.93	169.71

Table 21: Employee Expenses for FY 2012-13 to FY 2015-16 (Rs. Crore)

PARTICULARS	2011-12 (Base Year)	2012-13	2013-14	2014-15	2015-16
ESCALATION FACTOR		1.0803	1.0804	1.0806	1.0806
EMPLOYEE EXPENSES	116.52	125.87	135.99	146.95	158.79
PENSION TRUST DUES		12.43			
TOTAL EMPLOYEE		138.30	135.99	146.95	158.79

PARTICULARS	2011-12 (Base Year)	2012-13	2013-14	2014-15	2015-16
EXPENSES					

A&G EXPENSES

- 3.17 In True up of the ARR, Petitioner has considered the A&G Expenses for FY 2011-12 (Base Year) as per audited accounts of Petitioner for FY 2011-12 for computing the A&G Expenses for FY 2012-13 to FY 2015-16.
- 3.18 Petitioner has claimed certain other expenses which were not part of base year expenses for FY 2011-12. The details are as below:
- 3.19 **Annual Transmission Licensee Fee:** - Further as per directions of Hon'ble Commission, Petitioner had been paying the Annual Transmission Licensee Fee of Rs. 50 Lakh per annum to DERC. However, the same were not included in the accounts of Petitioner during FY 2011-12, so the amount of Rs. 1 Crore for FY 2012-13 & FY 2013-14 and Rs. 50 Lakh each in FY 2014-15 & FY 2015-16, are additionally claimed. Hon'ble Commission has also approved the same in ARR Order dated 29.09.2015. However, for FY 2014-15 the same is to be allowed as Commission did not true up for FY 2014-15 in ARR Order dated 29.09.2015.
- 3.20 **Additional Property Tax :-** In True up of FY 2014-15 Petitioner paid Rs. 1.49 crore towards property tax was part of base year expenses i.e. FY 2011-12 however due to past period arrears/additional Tax, demand has been raised by Municipal Corporations, wherein some amount has been paid by Petitioner and the issue has been contested also. The details are as under.
- NDMC has raised a demand of Rs 11.30 crore against buildings of Petitioner upto 31.03.2013 and the said amount (though under dispute) was enforced by NDMC by payment through Petitioner bank account.
 - NDMC has raised a demand of Rs 4.24 crore on account of property tax in 2013-14 and Petitioner has contested against the same. In the event of verdict being against Petitioner, the same will be claimed accordingly.
 - EDMC has raised a demand of Rs 185.66 crore on account of property tax in 2014-15 and Petitioner has contested against the same and paid Rs 16 crore provisionally. In the event of verdict being against Petitioner, the same will be claimed accordingly.

- 3.21 The amount of Property Tax and Water Charges in the revised ARR for FY 2012-13 to FY 2015-16 has been made on the basis of the actual amount of Property Tax paid by Petitioner during this period based on the demand raised and enforced by the respective Municipal Corporations. It is submitted that since Petitioner has paid the Property Tax, the same is being claimed in the ARR even though it has been legally challenged by Petitioner. The effect of the outcome of the matter in Court shall be taken as and when the same is decided.
- 3.22 Foreign Exchange Rate Variation: - As per the mandatory Accounting Standard (AS-11) the liabilities and payments, which are payable by Petitioner in foreign currency, are required to be converted in equivalent INR on the date of transaction and as on the Balance Sheet date. Practically also if any amount of liability in the foreign currency remains unpaid at the end of accounting financial year then it would be necessary as well as prudent to state the said amount of liabilities in INR after converting the same as per the exchange rate applicable on that date. The aforesaid accounting standard is based on rationale that in case if liability in foreign currency are required to be discharged at the end of the financial year then the amount of the same shall have to be paid in equivalent INR based on the exchange rate as on the Balance Sheet date. The difference of exchange rate i.e. rate of exchange as on the date of transaction and the rate on the Balance Sheet date will result into loss or profit to Petitioner. However, if the said amounts of liabilities are not discharged on the date of closing of accounts then the said profit or loss shall get adjusted while discharging the liabilities by converting the said amount on the date of discharge of that liability. Therefore, the net actual profit or loss on the payments of liabilities in foreign currency gets ultimately be reflected in the accounts in this manner. The amount of Rs.31.37 crores is due to the conversion of foreign currency amount into equivalent INR either at the date of transaction or at the end of the financial year 2013-14. Out of the said amount, the actual profit/loss shall get ultimately reflected in accounts as and when paid and the same shall be returned/claimed in ARR for that financial year.
- 3.23 The Details of A&G Expenses for FY 2012-13 to FY 2015-16 is as tabulated below:

Table 22: A&G Expenses for FY 2012-13 to FY 2015-16 (Rs. Crore)

PARTICULARS	2011-12 (Base Year)	2012-13	2013-14	2014-15	2015-16
ESCALATION FACTOR		1.0803	1.0804	1.0806	1.0806

PARTICULARS	2011-12 (Base Year)	2012-13	2013-14	2014-15	2015-16
A&G EXPENSES	22.19	23.97	25.90	27.98	30.24
DIVIDEND DISTRIBUTION TAX		1.92			
LOSS ON DISPOSAL OF ASSETS	4.44				
WATER ARREARS				3.38	
PROPERTY TAX		11.30	8.30	11.36	8.00
TRANSMISSION LICENSE FEE			1.00	0.50	0.50
TOTAL A&G EXPENSES	26.63	37.19	35.20	43.22	38.74

REPAIR & MAINTENANCE EXPENSES

3.24 As per the MYT regulation for Transmission, the Repairs and Maintenance (R&M) 2011, expenses for the petitioner has to be determined based on the following formulae:

$$R\&M_n = K * GFA_{n-1}$$

Where, 'K' is a constant (expressed in %) governing the relationship between R&M Costs and Gross Fixed Assets (GFA) for the nth year.

3.25 The Gross Fixed Assets for the 1st Control Period has been computed as per the True up value of GFA for FY 2010-11 and Actual Assets Capitalization for FY 2011-12.

3.26 R&M Expenses has been computed for FY 2012-13 to FY 2015-16 by considering the Opening GFA for FY 2011-12 and actual value of assets capitalization for FY 2011-12 to FY 2014-15 already submitted to the Commission and projected value of assets capitalization for FY 2015-16 and considering the "K" factor as 1.424% approved by the Commission in MYT order for FY 2012-13 to FY 2014-15 and in ARR order for 2015-16.

3.27 The details of R&M expenses for FY 2012-13 to FY 2015-16 is as tabulated below:

Table 23: R&M Expenses for FY 2012-13 to FY 2015-16 (Rs. Crore)

PARTICULARS	2011-12 (Base Year)	2012-13	2013-14	2014-15	2015-16
GFA OPENING	1822.21	2423.84	2757.35	3036.74	3871.80
K FACTOR	1.424%	1.424%	1.424%	1.424%	1.424%
R & M EXPENSES	25.95	34.52	39.26	43.24	55.13
ADDITIONAL EXP. ON GIS S/STN. (ALLOWED AS PER ARR 2011-12 ORDER)	3.957	3.957	3.957	3.957	
TOTAL R&M EXPENSES	29.91	38.47	43.22	47.20	55.13

COMMISSION'S ANALYSIS

3.28 The Commission has revised O&M Expenses for FY 2012-13 to FY 2015-16 based on the direction of Hon'ble Tribunal in Appeal No. 255/2013. Employee Expenses and A&G Expenses have been considered for the base year FY 2011-12 as per the Audited financial statement for FY 2011-12. The Expenditure incurred on account of SLDC employees has been reduced from the Employee expenditure for the base year as the Employee expenses for SLDC is part of ARR of SLDC. Further it is also observed that the Petitioner has capitalized more than 30% of the total employee expenses in its audited financial statement for FY 2009-10 to FY 2014-15. Therefore, the Commission considered 30% of the total employee expenses towards capitalization and remaining 70% towards O&M expenses for the base year and escalation factor of 1.08 has been factored in for projection of employee expenses for FY 2012-13 to FY 2015-16. Accordingly, revised employee expenses approved by the Commission for FY 2012-13 to FY 2015-16 as follows:

Table 24: Approved Employee Expenses for FY 2012-13 to FY 2015-16 (Rs. Crore)

Sr. No.	Particulars	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
A	Employees Expenses as per audited financial statement	123.75				
B	Less SLDC Employee Expenses	7.33				
C	Total Employee Expenses	116.43	125.74	135.80	146.66	158.40
D	Less Employee Expenses Capitalised	34.93	37.72	40.74	44.00	47.52
E	Net Employee Expenses	81.50	88.02	95.06	102.66	110.88

3.29 The Commission has not considered the claim of the Petitioner on account of water arrears of Rs. 3.38 Crore for FY 2014-15 as it is a part of base year A&G Expenses.

3.30 Further, the Petitioner has claimed Rs. 11.36 Crore for FY 2014-15 and Rs. 8.00 Crore for FY 2015-16 on account of Property Tax. Accordingly, the Commission has considered Rs. 11.36 Crore for FY 2014-15 and Rs. 8.00 Crore for FY 2015-16 on account of Property Tax respectively subject to the outcome of appeal filed by the petitioner.

3.31 The Petitioner has claimed Rs. 50 Lakh for FY 2014-15 and FY 2015-16 separately on account of Licensee Fee. As per the Regulations, Commission has directed the Petitioner to pay the

Annual License fee of Rs. 50 Lakh for transmission business. Accordingly, the Commission has considered Rs. 50 Lakh for FY 2014-15 and FY 2015-16 in each year on account of transmission licensee fee.

- 3.32 Accordingly revised A&G expenses approved by the Commission for FY 2012-13 to FY 2015-16 as follows:

Table 25: Approved A&G Expenses for FY 2012-13 to FY 2015-16 (Rs. Crore)

Sr. No.	Particulars	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
A	Total A&G Expenses as per audited financial statement	19.20	20.74	22.39	24.19	26.12
B	Less A&G Expenses Capitalized	1.92	2.07	2.24	2.42	2.61
C	Net A&G Expenses	17.28	18.66	20.16	21.77	23.51
D	Property Tax		11.3	8.3	11.36	8
E	Licence Fee			1	0.5	0.5
	Total		29.96	29.46	33.63	32.01

- 3.33 The Petitioner has submitted the claim on account of Additional R&M related to GIS of Rs.3.96 Crore for FY 2012-13, FY 2013-14 and FY 2014-15 as approved in MYT Order dated 13.07.2012. Accordingly, the Commission has considered Additional R&M related to GIS of Rs. 3.96 Crore for FY 2012-13, FY 2013-14 and FY 2014-15.
- 3.34 As per the MYT Regulations 2011, the Repairs and Maintenance (R&M) Expenses of the Petitioner for the Control Period are to be determined based on the following formula:

$$R\&M_n = K * GFA_{n-1}$$

Where,

R&M_n is Repair and Maintenance Costs of the Licensee for the nth year;

“K” is a constant (could be expressed in %).

Value of K for each year of the Control Period shall be determined by the Commission in the MYT Tariff order based on Applicant's filing, benchmarking, approved cost by the Commission in past and any other factor considered appropriate by the Commission.

- 3.35 Accordingly, the Commission has revised the R&M Expenses approved for the control period

in the MYT order FY 2012-13 to 2015-16 as per the revised GFA and capitalization approved by the Commission as follows:

Table 26: Approved GFA and Capitalization (Rs. Crore)

Sr. No.	Particulars	UoM	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
A	Opening GFA		2374.16	2682.6	3091.07	3876.92
B	K Factor		1.42%			
C	R&M Expenses		33.81	38.20	44.02	55.21
D	GIS		3.96	3.96	3.96	
	Total		37.77	42.16	47.98	55.21

EFFICIENCY FACTOR

PETITIONER'S SUBMISSION

3.36 Petitioner has considered the efficiency factor for FY 2012-13 to 2015-16 as approved by Hon'ble Commission in MYT Order for 2012-13 to 2014-15 and ARR Order for FY 2015-16. Accordingly, O&M expenses for FY 2012-13 to FY 2015-16 is as follows:

Table 27: O&M Expenses for FY 2012-13 to FY 2015-16 (Rs. Crore)

Sr. No.	PARTICULARS	2012-13	2013-14	2014-15	2015-16
A	EMPLOYEE EXPENSES	138.30	135.99	146.95	158.79
B	A&G EXPENSES	37.19	35.20	43.22	38.74
C	R&M EXPENSES	38.47	43.22	47.20	55.13
D	O&M EXPENSES	213.97	214.41	237.37	252.67
E	EFFICIENCY FACTOR	2%	3%	4%	4%
	TOTAL O&M EXPENSES	209.77	208.10	228.03	242.56

COMMISSION'S ANALYSIS

3.37 The Commission has approved efficiency factor in MYT order dated 13.07.2012 and revised O&M Expenses for FY 2012-13 to FY 2015-16 as discussed above. Accordingly, O&M expenses trued up for FY 2012-13 to FY 2015-16 is as follows:

Table 28: Summarised O&M Expenses (Rs. Crore)

Sr. No.	Particulars	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
A	Employee	88.02	95.06	102.66	110.88
B	A&G	29.96	29.46	33.63	32.01
C	R&M	37.77	42.16	47.98	55.21
D	Total	155.75	166.67	184.27	198.09
E	Efficiency	2%	3%	4%	4%
F	Net O&M Expenses	152.63	161.67	176.90	190.17

ASSETS CAPITALIZATION**PETITIONER'S SUBMISSION**

3.38 The details of the Assets capitalized for the FY 2012-13 & 2014-15 have already been submitted to the Hon'ble Commission in the desired formats. Further for FY 2015-16, the actual capitalization details have been taken. The details of the assets capitalized during the FY 2012-13 to FY 2015-16 are also given below :

Table 29: Assets Capitalization for FY 2012-13 to FY 2015-16 (Rs. Crore)

Particular	2012-13	2013-14	2014-15	2015-16
TOTAL CAPITALIZATION	333.51	279.39	835.06*	612.75

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

COMMISSION'S ANALYSIS

3.39 The Commission has already allowed the capital expenditure during FY 2012-13 and FY 2013-14 of Rs. 333.51 Cr. and 279.39 Cr. in its Tariff Order dated 29.09.2015 subject to physical verification of the assets capitalization. Further, the Petitioner has submitted capitalization of Rs. 835.06 Cr and Rs. 612.75 Cr for FY 2014-15 and FY 2015-16. During the prudence check the Commission has sought the capitalization details submitted by the Petitioner vis-à-vis the amount capitalized in its audited financial statement. The petitioner has further submitted that there is overlapping in date of capitalization as per audited financial statement and the true up of capitalization considered by the Commission.

3.40 The Commission has trued up the capitalization of the Petitioner upto FY 2010-11 based on the report submitted by the consultant and has now revised the provisional capitalization for FY 2011-12 to FY 2015-16 based on the audited financial statement subject to physical verification of assets capitalized during FY 2011-12 to FY 2015-16. Accordingly, the Commission has considered the capitalization for FY 2011-12 to FY 2015-16 as follows:

Table 30: Capitalization approved by the Commission (Rs. Crore)

Particular	2011-12	2012-13	2013-14	2014-15	2015-16	Remarks
Additional Capitalization	551.95	308.44	408.47	785.85	458.80	Audited Financial Statement

DEPRECIATION**PETITIONER'S SUBMISSION**

- 3.41 The depreciation for FY 2012-13 to FY 2015-16 is computed by considering the rates of depreciation as specified in the MYT regulations for 2nd Control Period (extended upto FY 2015-16) and assets capitalized for FY 2012-13 to FY 2014-15 submitted to Hon'ble Commission. The details of Asset Capitalization for FY 2015-16 are submitted along with this petition.
- 3.42 The rate of depreciation @ 5.28% has been considered on the average GFA calculated on the basis of GFA approved till FY 2010-11 & Actual Capitalization details already submitted to Hon'ble Commission from FY 2012-13 to FY 2014-15 and projections for FY 2015-16.
- 3.43 The details of depreciation for FY 2012-13 to FY 2015-16 are given below:

Table 31: Depreciation for FY 2012-13 to FY 2015-16 (Rs. Crore)

Sr. No.	PARTICULARS	2012-13	2013-14	2014-15	2015-16
A	OPENING GFA	2423.84	2757.35	3036.75	3871.81
B	ADDITION	333.51	279.40	835.06	612.75
C	CLOSING GFA	2757.35	3036.75	3871.81	4484.56
D	GOVERNMENT GRANT				37.56
E	AVERAGE GFA	2590.60	2897.05	3454.28	4159.41
F	DEPRECIATION RATE (%)	5.28%	5.28%	5.28%	5.28%
G	DEPRECIATION	136.78	152.96	182.39	219.62

COMMISSION'S ANALYSIS

- 3.44 The Commission has computed depreciation as per the rates prescribed for individual class of assets in the depreciation schedule in Delhi Electricity Regulatory Commission (Terms and Conditions for Determinatio of Transmission Tariff) Regulations, 2011 for transmission as follows:

Table 32 : Depreciation approved by the Commission (Rs. Crore)

Sr. No.	Particulars	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	Remarks
A	Original Costs of Fixed Assets	2374.16	2682.60	3091.07	3876.92	
B	Additional Capitalisation	308.44	408.47	785.85	458.80	Table 30
C	Closing GFA	2682.60	3091.07	3876.92	4335.72	A+B
D	Avg GFA	2528.38	2886.84	3484.00	4106.32	(A+C)/2
E	Rate of Depreciation (%)	5.24%	5.24%	5.23%	5.20%	
F	Depreciation	132.49	151.27	182.21	213.53	D*E

WORKING CAPITAL REQUIREMENT**PETITIONER'S SUBMISSION**

3.45 The working capital requirement of the Petitioner for the FY 2012-13 to FY 2015-16 has been calculated as per MYT Regulations 2011 and tabulated below:-

Table 33: Working Capital Requirement (Rs. Crore)

Sr. No.	PARTICULARS	2012-13	2013-14	2014-15	2015-16
A	RECEIVABLES FOR TWO MONTHS CALCULATED ON NATAF	120.66	126.96	146.07	168.93
B	MAINTENANCE SPARES @ 15% OF O&M	31.47	31.21	34.20	36.38
C	O&M EXPENSES FOR 1 MONTH	17.48	17.34	19.00	20.21
D	TOTAL WORKING CAPITAL	169.60	175.51	199.28	225.52

COMMISSION'S ANALYSIS

3.46 The working capital requirement for FY 2012-13 to FY 2013-14 has already been dealt up in Tariff Order dated 29.09.2015. As per Regulation 4.16 of MYT Regulations, 2011 for transmission tariff:

"Provided that any surplus or deficit in Working Capital shall be to the account of the Licensee and shall not be trued up in ARR"

3.47 In line with the above regulation, the Commission has not trued up the working capital requirement for FY 2012-13 and FY 2013-14. The working capital requirement considered for FY 2012-13 and FY 2013-14 as approved in MYT Order dated 13.07.2012 is as follow:

Table 34: Working Capital Approved for FY 2015-16 (Rs. Crore)

Sr. No.	Particulars	Petitioner's Submission		Approved		Remarks
		2014-15	2015-16	2014-15	2015-16	
A	Receivables for two months calculated on NATAF	146.07	168.93	122.46	121.11	
B	Maintenance spares @ 15% of O&M	34.20	36.38	26.53	28.53	
C	O&M Expenses for 1 month	19.00	20.21	14.74	15.85	
D	Working Capital requirement	199.28	225.52	163.73	165.49	A+B+C

RETURN ON CAPITAL EMPLOYED**PETITIONER'S SUBMISSION**

3.48 Return on Capital Employed (ROCE) has been calculated as per MYT Regulations 2011 by Considering Regulated Rate Base (RRB) & Weighted Average Cost of Capital (WACC) i.e.

ROCE = RRB * WACC

- 3.49 WACC has been calculated on the basis of closing value of Equity and Debt, Rate of Return on Equity & Rate of Return on Debt. The Rate of Return on equity has been taken @ 14% as per MYT Regulations. However the same has been challenged in Civil Writ Petition No. 1380/2013 before Hon'ble Delhi High Court. Further the rate of return on debt (rd) has been taken as per approved values in MYT order for FY 2012-13 to FY 2014-15 dated 13.07.2012 and ARR order for FY 2015-16 dated 29.09.2015.
- 3.50 Petitioner has considered the approved values of debt & equity for FY 2006-07 as per Hon'ble Commission's True up order dated 31.07.2013 and ARR order for FY 2015-16 dated 29.09.2015. Further, for FY 2010-11, equity includes Rs.239 Crore loan of GoNCTD converted into equity vide GoNCTD Letter no. F.11 (28)/2005/Power Ot.I/937 dated 16/07/10 & Rs. 80 Crore as equity infusion by DPCL which has also been considered by the Hon'ble Commission in the True up order dated 31.07.2013.
- 3.51 For FY 2012-13 TO FY 2015-16, the ROCE is computed as per the MYT regulations 2011 and by considering the debt: equity ratio of 70:30 on the assets capitalised during the year FY 2012-13 to FY 2015-16.

Table 35: RoCE for FY 2012-13 to FY 2015-16 (Rs. Crore)

Sr. No.	PARTICULARS	2012-13	2013-14	2014-15	2015-16
A	REGULATED RATE BASE	2127.28	2294.77	2708.09	3238.46
B	ADDITION IN REGULATED RATE BASE	196.73	126.44	652.67	355.58
C	INVESTMENTS DURING THE YEAR (ADDITION IN FIXED ASSETS)	333.51	279.40	835.06	612.75
D	DEPRECIATION	136.78	152.96	182.39	219.62
E	GOVERNMENT GRANT				37.56
F	CHANGE IN WORKING CAPITAL	64.83	5.91	23.76	26.25
G	EQUITY(CLOSING)	1,049.14	1,132.96	1,383.48	1,556.04
H	DEBT(CLOSING)	1,577.15	1,772.73	2,357.27	2,759.90
I	RATE OF RETURN ON EQUITY	14.00%	14.00%	14.00%	14.00%
J	RATE OF RETURN ON DEBT	11.24%	11.04%	10.86%	10.86%
K	WEIGHTED AVG COST OF CAPITAL (WACC)	12.07%	11.93%	11.80%	11.80%
L	RETURN ON CAPITAL EMPLOYED (ROCE)	256.72	273.72	319.61	382.20

COMMISSION'S ANALYSIS

3.52 The Commission has considered the Petitioner's submission regarding change in working capital for FY 2007-08 and it is observed that Rs. 29.77 Cr. out of total working capital requirement of 38.35 Cr. for FY 2006-07 had been funded through depreciation. Accordingly the working capital funded through depreciation of Rs. 29.77 Cr. upto 2006-07 has been adjusted in working capital requirement for FY 2007-08. Therefore, balance amount of Rs. 8.58 Cr. has been added into the working capital requirement for FY 2007-08 and has revised the RoCE for the Petitioner from FY 2007-08 to FY 2013-14 and approved RoCE for FY 2014-15 and FY 2015-16 based on the discussion above regarding capital addition, depreciation and change in working capital for the respective years as follows:

Table 36: Revised RoCE for FY 2007-08 to FY 2013-14 (Rs. Crore)

Sr.No.	Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	Remarks
A	Original Costs of Fixed Assets	923.54	962.89	1082.03	1200.68	1822.21	2374.16	2682.6	
B	Accumulated Depreciation	299.25	333.21	370.01	411.10	465.52	541.05	673.54	
C	RRB Opening	624.29	638.52	714.38	799.11	1371.10	1849.77	2095.56	
D	Additional Capitalisation	39.35	119.14	118.65	621.53	551.95	308.44	408.47	
E	Depreciation	33.96	36.81	41.09	54.41	75.53	132.49	151.27	
F	Change in Working Capital	8.84	2.36	9.53	14.41	16.66	86.50	-15.85	
G	RRB Closing	638.52	714.38	799.11	1371.10	1849.77	2095.56	2250.41	A-B+D-E+F
H	RRB Average	635.83	682.05	762.69	1097.08	1625.97	2024.25	2208.31	C+(D-E)/2+F
I	Equity (Opening)	180.00	194.46	230.20	265.79	452.25	617.84	710.37	
J	Equity (Addition)	14.46	35.74	35.60	186.46	165.59	92.53	122.54	
K	Equity (Closing)	194.46	230.20	265.79	452.25	617.84	710.37	832.91	
L	Equity (Average)	187.23	212.33	248.00	359.02	535.05	664.10	771.64	
M	Debt(Opening)	532.48	566.21	649.61	732.67	1167.74	1554.10	1856.51	
N	Debt addition	33.73	83.40	83.06	435.07	386.37	302.41	270.08	
O	Debt (Closing)	566.21	649.61	732.67	1167.74	1554.10	1856.51	2126.59	
P	Debt (Average)	549.35	607.91	691.14	950.20	1360.92	1705.31	1991.55	

Sr.No.	Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	Remarks
Q	Rate of Return on Equity	14%	14%	14%	14%	14%	14%	14%	MYT Regulations
R	Rate of Return on Debt	11.50%	11.50%	9.92%	10.50%	11.50%	11.24%	11.04%	
S	Weighted Avg Cost of Capital (WACC)	12.14%	12.15%	11.00%	11.46%	12.21%	12.01%	11.87%	
T	Return on Capital Employed	77.16	82.85	83.88	125.72	198.46	243.18	262.05	S*H

Table 37: RoCE approved for FY 2014-15 and FY 2015-16 (Rs. Crore)

Sr. No.	Particulars	FY 2014-15	FY 2015-16	Remarks
A	Original Costs of Fixed Assets	3091.07	3876.92	Table 32
B	Accumulated Depreciation	824.81	1007.02	
C	RRB Opening	2250.41	2881.42	
D	Additional Capitalisation	785.85	458.80	Table 32
E	Depreciation	182.21	213.53	Table 32
F	Change in Working Capital	11.52	1.75	Table 34
G	RRB Closing	2881.42	3116.92	A-B+D-E+F
H	RRB Average	2563.75	3005.80	$C+(D-E)/2+F$
I	Equity (Opening)	832.91	1068.67	
J	Equity (Addition)	235.76	137.64	
K	Equity (Closing)	1068.67	1206.31	
L	Equity (Average)	950.79	1137.49	
M	Debt(Opening)	2126.59	2688.20	
N	Debt addition	561.61	322.91	
O	Debt (Closing)	2688.20	3011.11	
P	Debt (Average)	2407.39	2849.65	
Q	Rate of Return on Equity	14%	14%	MYT Regulations
R	Rate of Return on Debt	11.04%	10.86%	
S	Weighted Avg Cost of Capital (WACC)	11.88%	11.76%	
T	Return on Capital Employed	304.52	353.36	S*H

NON TARIFF INCOME**PETITIONER'S SUBMISSION**

- 3.53 The Petitioner has submitted the income or receipts derived from regular sources like sale of scrap, sale of tender documents, interest on investments etc have been reduced from the ARR for the period FY 2012-13 to FY 2015-16. However, the charges relating to O&M fees recoverable from PGCIL, LD recovered from contractor, amount received against deposit works etc have been suitably adjusted with the value of capital works or the R&M charges as the case may be. Further, the amount of excess provision written back pertaining to the last year adjustment amounting to Rs. 5.39 Crore has been considered in non-tariff income.
- 3.54 Further the treatment of foreign currency fluctuation has been modified in this revised ARR by showing/claiming the same under the head income from other sources instead of adding or subtracting the same in the formats relating to A&G expenses.
- 3.55 The Non-tariff income for FY 2012-13 to FY 2015-16 has been taken as per details given below:

Table 38: Non Tariff Income for FY 2012-13 to FY 2015-16 (Rs. Crore)

PARTICULARS	2012-13	2013-14	2014-15	2015-16
NON TARIFF INCOME	7.16	-17.75	-6.20	-8.88

COMMISSION'S ANALYSIS

- 3.56 The Petitioner has submitted non tariff income in the period for FY 2012-13 and 2015-16, in which income has been shown negative for the period FY 2013-14 to 2015-16. It is observed that the Petitioner has adjusted fluctuation in foreign currency under non tariff income whereas the impact of fluctuation in foreign currency may be adjusted in GFA of the relevant year for the fluctuation upto the date of commercial operation of the relevant asset capitalized and any fluctuation after COD shall be accounted for in the current year expenses separately based on the hedging policy of the licensee. Therefore, the Commission has not considered the impact of fluctuation in foreign currency under Non Tariff Income of the Petitioner. The Petitioner is directed to submit the detail impact of fluctuation in foreign currency including the date of commercial operation for which the loan has been availed in foreign currency for treatment of fluctuation in foreign currency to be included in capitalization of asset and balance to be allowed in ARR of the relevant year.

- 3.57 Further it is also observed that Non Tariff Income should not result into additional burden in the ARR of the Licensee because this is not primary function of the licensee as per Regulation 5.24 and 5.25 of the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011 (hereinafter referred to as the 'Transmission Tariff Regulations, 2011)

"5.24 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 and miscellaneous receipts from the Beneficiaries shall constitute Non-Tariff Income of the Licensee.

5.25 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."

- 3.58 It is observed from the audited accounts that the Petitioner has not offered the Short Term Open Access, Open Access, Gain on Sale Scrap and Other miscellaneous receipts in its Petition. However, as per Regulation 5.24 of Transmission Tariff Regulations, 2011, all incomes being incidental to electricity business and derived by the Licensee from sources, including miscellaneous receipts shall constitute Non-Tariff Income of the Licensee. Therefore, the Commission has considered Short Term Open Access, Open Access, Gain on Sale Scrap and Other miscellaneous receipts indicated in the audited financial statement as part of Non Tariff Income for FY 2014-15 and FY 2015-16 as follows:

Table 39: Non Tariff income approved by the Commission for FY 2014-15 and FY 2015-16 (Rs. Crore)

Sr. No.	Particulars	2014-15	2015-16
A	Short Term Open Access	38.44	44
B	Open Access	1.33	0.9
C	Gain on Sale Scrap	7.92	4.27
D	Income from Past Power Purchase	11.27	30.09
E	Other Misc. Receipt	8.7	2.98
	Total	67.66	82.24

INCOME TAX EXPENSES

PETITIONER'S SUBMISSION

- 3.59 As per the ATE judgement in Appeal No. 255/2013, the income tax actually paid by Petitioner

and claimed in its tariff petition previously filed with DERC has been allowed to Petitioner. Therefore, considering the same, the income tax has been added in the revised ARR. Since the amount of actual income tax now has been claimed by Petitioner for the financial year 2012-13, 2013-14 and 2014-15 (provisional basis), the adjustment/claim made in the previously filed ARR for these control periods in respect of income tax relatability to the amount of DVB arrears amounting to Rs.113.15 crores has been taken back.

3.60 The summary of Income tax expenses for FY 2012-13 to 2015-16 is tabulated below:

Table 40: Income Tax Expenses for FY 2012-13 to FY 2015-16 (Rs. Crore)

PARTICULARS	2012-13	2013-14	2014-15	2015-16
INCOME TAX ON ACTUAL BASIS	65.85	0	54.22	133.41
TOTAL INCOME TAX	65.85	0	54.22	133.41

COMMISSION'S ANALYSIS

3.61 The Petitioner has claimed Income Tax for FY 2012-13 to FY 2015-16 based on advance tax paid during relevant year. Hon'ble Tribunal in its direction in Appeal No. 255/13 dated 01.12.2016 has directed as follows:

"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 that through its licensed business shall not be passed through, and it shall be payable by the Transmission Licensee itself. According, 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."

3.62 The Commission has already dealt with income tax for FY 2012-13 and FY 2013-14 in its tariff order dated 29/09/2015 during true up of ARR for the relevant year. It is observed from the income tax return filed by the Petitioner that it has paid excess advanced tax and claim has been made towards refund of excess tax paid during FY 2012-13 to FY 2015-16. Income tax liability, if any, for FY 2012-13 and FY 2013-14 shall be allowed to the petitioner on the basis of final assesment order of the Income Tax Department for the relevant year. Therefore Income Tax has been allowed based on actual tax assessed for FY 14-15 and FY 15-16, advanced tax paid and tax on return on equity of the Petitioner during FY 14-15 and FY 15-16

on provisional basis subject to any refund granted by Income Tax department as follows:

Table 41: Income Tax Approved by the Commission for FY 2012 -13 to FY 2015-16 (Rs. Crore)

Sr. No.	Particulars	2012-13	2013-14	2014-15	2015-16
A	Income Tax on Actual Basis	65.85	0	54.22	133.41
B	Return on Equity	92.97	108.03	133.11	159.25
C	Grossed up Return on Equity	140.85	163.66	201.65	241.25
D	Income Tax on Return on Equity	47.87	55.63	68.54	82.00
E	Income Tax Allowed	47.87	0	54.22	82.00

IMPACT OF TRUE UP OF ARR UPTO FY 2013-14

PETITIONER'S SUBMISSION

3.63 The Petitioner has submitted the impact of ATE judgement in Appeal No. 255/2013 tabulated as below:

Table 42: Impact of ATE Judgement in Appeal No. 255/2013 (Rs. Crore)

Sr. No.	PARTICULARS	2007-08	2008-09	2009-10	2010-11	2011-12
A	OPENING GAP	0.00	4.88	11.47	21.60	61.04
B	ADDITION DURING THE YEAR	4.62	5.70	8.57	35.32	32.97
C		11.50%	11.50%	9.92%	10.50%	11.50%
D	CARRYING COST	0.27	0.89	1.56	4.12	8.92
E	CLOSING GAP	4.88	11.47	21.60	61.04	102.93

Table 43: True up of ARR from FY 2012-13 to FY 2015-16 (Rs. Crore)

Sr. No.	PARTICULARS	2012-13	2013-14	2014-15	2015-16
A	OPENING GAP	102.93	251.81	385.98	301.84
B	ADDITION DURING THE YEAR	129.59	100.35	-121.54	200.52
C		11.50%	11.20%	11.50%	11.50%
D	CARRYING COST	19.29	33.82	37.40	46.24
E	CLOSING GAP	251.81	385.98	301.84	548.61

COMMISSION'S ANALYSIS

3.64 The Commission has implemented the direction of Hon'ble Tribunal in Appeal No. 255/2013 which has been discussed in the relevant section and the impact is as follows:

Table 44: Impact of Hon'ble APTEL Judgement with carrying cost (Rs. Crore)

Sr. No.	Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
A	Opening Balance		1.10	2.34	3.85	6.36	20.74	98.12
B	Return on Capital Employed now Approved	77.16	82.84	83.87	125.72	198.45	243.18	262.05
C	Trued up in Tariff Order Dated 29/09/2015	76.12	81.8	83.87	125.72	194.36	237.04	250.41

Sr. No.	Particulars	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
D	Additional O&M Expenses Allowed	0	0	1.28	1.98	7.5	2.13	1.47
E	Impact of Depreciation					1.22	1.92	4.52
F	Additional Power Purchase Liability						12.33	
G	Income Tax						47.87	
H	Addition During the Year	1.04	1.04	1.28	1.98	12.82	70.40	17.64
I	Carrying Cost Rate	11.50%	11.50%	9.92%	10.50%	11.50%	11.50%	11.20%
J	Carrying Cost	0.06	0.20	0.31	0.54	1.56	6.84	14.93
K	Closing Balance	1.10	2.34	3.92	6.45	20.83	98.21	128.44

TRUE UP OF ANNUAL REVENUE REQUIREMENT (ARR) FOR FY 2014-15 AND FY 2015-16

PETITIONER'S SUBMISSION

3.65 Petitioner has submitted ARR for FY 2012-13 to FY 2015-16 as follows:

Table 45: ARR FOR FY 2012-13 TO FY 2015-16 (Rs. Crore)

Sr. No.	Particulars	FY 2014-15		FY 2015-16	
		Approved in MYT 2nd Control Period Order 13.07.2012	True-up Petition	Approved Order 29.09.2015	True-up Petition now
A	Total O&M expenses	211.17	228.03	227.77	242.56
B	Depreciation	183.32	182.39	196.72	219.62
C	Income Tax Provisions	27.23	54.22	29.73	133.41
D	ROCE	325.92	319.61	314.04	382.20
E	Less: A&G and Employee Expenses Capitalized	10.38	177.23	40.48	59.47
F	Less: Non Tariff Income	2.5	(6.20)	1.1	(8.88)
G	Less: Income from Other Business	-	-	-	-
H	REVENUE REQUIREMENT	734.76	613.22	726.68	927.20

COMMISSION'S ANALYSIS

3.66 The Commission, based on the detailed analysis of the cost parameters of the ARR, has considered the ARR in true up for FY 2014-15 and FY 2015-16 as follows:

Table 46: Approved ARR in True up for FY 2014-15 and FY 2015-16 (Rs. Crore)

Sr. No.	Particulars	FY 2014-15		Approved	FY 2015-16		Approved
		Approved in MYT 2nd Control Period Order 13.07.2012	True-up Petition		Approved Order 29.09.2015	True-up Petition now	
A	Total O&M expenses	211.17	228.03	176.90	227.77	242.56	190.17
B	Depreciation	183.32	182.39	182.21	196.72	219.62	213.53
C	Income Tax Provisions	27.23	54.22	54.22	29.73	133.41	82.00
D	ROCE	325.92	319.61	304.52	314.04	382.2	353.35
E	Less: A&G and Employee Expenses Capitalized	10.38	177.23	0	40.48	59.47	0
F	Less: Non Tariff Income	2.5	-6.2	67.66	1.1	(8.88)	82.44
G	REVENUE REQUIREMENT	734.76	613.22	650.19	726.68	927.2	756.81

A4: ANALYSIS OF AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2017-18 (PETITIONER)

BACKGROUND

4.1 The Commission has analysed the Tariff Petitioner submitted by the Petitioner for approver of ARR and determination of transmission charges for FY 2017-18 as per the provisions specified in DERC Terms & Conditions (Regulations 2017), as follows:

"110. The tariff for transmission of electricity shall comprise Capacity charge for recovery of annual fixed cost consisting of the components specified in these Regulations.

111. The annual fixed cost (AFC) of a transmission system (including communication system) shall consist of the following components as specified in these Regulations:

- (a) Return on Capital Employed;*
- (b) Depreciation; and*
- (c) Operation and Maintenance expenses."*

OPERATION & MAINTENANCE EXPENSES**EMPLOYEE EXPENSES****PETITIONER'S SUBMISSION**

- 4.2 Petitioner has considered Employee Expenses for FY 2015-16 as base year expenses for computation of Employee Expenses FY 2017-18.
- 4.3 Petitioner has considered the impact of the revision of pay scales as per the 7th Pay Commission likely to be finalized in the financial year 2016-17 for the period FY 2016-17 to 2020-21. The arrear of the same has also been considered keeping in view that the regular payment of the revised salary shall take place from the financial year 2017-18 and therefore a sum of Rs.37.01 crore has been worked out as arrears for the financial year 2016-17 and Rs.8.34 crores for the period of January 2016 to March 2016.
- 4.4 An amount of Rs. 4.50 crore on account of salary in respect of IPGCL staff diverted to Petitioner has also been taken as a separate item in Employee expenses during FY 2016-17 and the same included in the base cost after escalation factor from FY 2017-18 onwards. The likely cost of arrears of 7th Pay Commission revision of salaries has been worked out based on the information of 7th pay commission report of the Central Government which is provisional.
- 4.5 The Details of Employee Expenses for FY 2017-18 as tabulated below:

Table 47: Employee Expenses for FY 2017-18 (Rs. Crore)

Sr. No.	PARTICULARS	2017-18
A	ESCALATION FACTOR	1.11
B	EMPLOYEE EXPENSES	241.73
C	IMPACT OF 7 TH PAY COMMISSION @ 21% ON ADHOC BASIS	
D	IPGCL STAFF EXPENSES (PROVISIONAL)	
E	IMPACT OF 7 TH PAY REVISION ON AD-HOC BASIS FOR FY 2015-16	
	TOTAL EMPLOYEE EXPENSES	241.73

A&G EXPENSES

- 4.6 Petitioner has considered A&G Expenses for FY 2015-16 as base year expenses for computation of Employee Expenses FY 2017-18. In addition, Rs. 8.00 Crore for Property Tax and Rs. 50 lakh for Transmission License Fee per annum & Water Charges each for FY 2016-17 to FY 2020-21 has also been considered. The Details of A&G Expenses for FY 2017-18 is

tabulated as below:

Table 48: A&G Expenses for FY 2017-18 (Rs. Crore)

Sr. No.	PARTICULARS	2017-18
A	ESCALATION FACTOR	1.11
B	A&G EXPENSES	37.25
C	WATER CHARGES	0.50
D	PROPERTY TAX	8.00
E	TRANSMISSION LICENSE FEE	0.50
F	TOTAL A&G EXPENSES	46.25

REPAIR & MAINTENANCE EXPENSES

- 4.7 As per the MYT Regulation for Transmission, the Repairs and Maintenance (R&M) expenses for the petitioner has to be determined based on the following formulae:

$$R\&M_n = K * GFA_{n-1}$$

Where, 'K' is a constant (expressed in %) governing the relationship between R&M costs and Gross Fixed Assets (GFA) for the n^{th} year.

- 4.8 R&M Expenses has been computed by considering the opening GFA for FY 2015-16 (as already explained in Part-I) and considering the "K" factor as approved by the Commission in MYT Order for FY 2012-13 to FY 2014-15 and ARR Order for FY 2015-16 as given below:

Table 49: R&M Expenses for FY 2017-18 (Rs. Crore)

Sr. No.	PARTICULARS	2017-18
A	GFA OPENING	5,382.56
B	'K' FACTOR (%)	1.424%
	TOTAL R&M EXPENSES	76.65

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

Table 50: O&M Expenses for FY 2017-18 (Rs. Crore)

Sr. No.	PARTICULARS	2017-18
A	EMPLOYEE EXPENSES	241.73
B	A&G EXPENSES	46.25
C	R&M EXPENSES	76.65
D	O&M EXPENSES	364.62

COMMISSION'S ANALYSIS

- 4.10 The Commission has specified in DERC Terms & Condition for Tariff Regulation, 2017 that the Commission shall notify Business Plan Regulation for each control period based on the

Business Plan submitted by the utility and Business Plan shall contain the operational parameters.

- 4.11 Further the Commission has notified Business Plan Regulation 2017 wherein O&M Expenses has been approved by the Commission based on Network details (No. of bays and Line Lengths in circuit kilometres) of the Petitioner as follows:

“14. OPERATION AND MAINTENANCE EXPENSES

- (1) *The Normative, Bay wise and Circuit kilometres wise, Operation and Maintenance expenses of a Transmission Licensee, including Own consumption of energy for Transmission Licensee’s installations and offices, shall be as follows:*

Table 7: Bay wise Norms for HVAC (Rs. Lakh/bay)

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

Table 8: Circuit km wise Norms for HVAC lines (Rs. Lakh/ckm.)

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

- (2) *Impact of any statutory Pay revision on employee’s cost as may be applicable on case to case basis shall be considered separately, based on actual payment made by the Transmission Licensees and prudence check at the time of true up of ARR for the relevant financial year.”*

- 4.12 Accordingly, the Commission has projected the O&M Expenses for the Petitioner for FY 2017-18 as follows:

Table 51: O&M Expenses projected by the Commission for FY 2017-18

Sr. No.	Voltage	No. of Bays	Ckt.km	Rs. Lakh/bay	Rs. Lakh/ckm	Bay (Rs. Cr.)	Ckm (Rs. Cr.)	Total (Rs. Cr.)
		A	B	C	D	$E=A*C/100$	$F=B*D/100$	$G=E+F$
1	400kV	63	249.06	45.23	8.13	28.49	20.25	48.74
2	220kV & below	1144	770.72	15.30	2.03	175.03	15.67	190.69
3	Total	1207	1019.78			203.52	35.92	239.44

- 4.13 Impact of any statutory pay revision on employees cost as may be applicable on case to case basis shall be considered separately, based on actual payment made by the Petitioner and prudene check at the time of true up of ARR as specified in the Business Plan Regulations, 2017.

WORKING CAPITAL

PETITIONER'S SUBMISSION

- 4.14 The Petitioner has calculated the Working Capital For FY 2017-18 as tabulated below:

Table 52: Interest on Working Capital for FY 2017-18 (Rs. Crore)

Sr. No.	PARTICULARS	FY 2017-18
A	RECEIVABLES FOR TWO MONTHS CALCULATED ON NATAF	189.16
B	MAINTENANCE SPARES @ 15% OF O&M EXPENSES	54.69
C	O&M EXPENSES FOR 1 MONTH	30.39
D	TOTAL WORKING CAPITAL	274.24

COMMISSION'S ANALYSIS

- 4.15 The working capital requirement computation has been specified in tariff regulations 2017 as follows:

"84. The Commission shall calculate the Working Capital requirement for:

(3) Transmission Licensee as follows:

(a) Receivables for two months towards transmission tariffs calculated on NATAF;

(b) Maintenance spares @ 15% of operation and maintenance expenses; and

(c) Operation and maintenance expenses for one month."

- 4.16 Accordingly requirement of working capital has been computed for FY 2017-18 as follows:

Table 53: Working capital requirement for FY 2017-18 (Rs. Crore)

Sr. No.	Particulars	Petitioner's Submission	Projected Amount
A	Receivables for two months calculated on NATAF	189.16	130.91
B	Maintenance spares @ 15% of O&M	54.69	35.92
C	O&M Expenses for 1 month	30.39	19.95
D	Working Capital requirement	274.24	186.78
E	Opening balance (considered as per working capital for FY 2015-16)		165.49
F	change in working capital		21.29

ASSETS CAPITALIZATION**PETITIONER'S SUBMISSION**

4.17 The petitioner has proposed Assets Capitalization for FY 2017-18 as follows:

Table 54: Proposed Assets Capitalization for FY 2017-18 (Rs. Crore)

PARTICULARS	2017-18
CAPITALIZATION	988.00

COMMISSION'S ANALYSIS

4.18 The Commission has considered projection of asset capitalisation based on additional information in the form of revised Business Plan submitted by the Petitioner vide its letter dated 21.08.2017 of Rs.204.00 Crore for FY 2017-18.

DEPRECIATION**PETITIONER'S SUBMISSION**

4.19 The Petitioner has calculated Depreciation for FY 2017-18 by considering the rates of Depreciation as specified in Draft DERC Regulation 2015, the existing GFA (as explained in Part-I) and assets proposed to be capitalized for FY 2017-18.

4.20 The Petitioner has projected the Depreciation for FY 2017-18 as follows:

Table 55: Depreciation for FY 2017-18 (Rs. Crore)

Sr. No.	PARTICULARS	2017-18
A	OPENING GFA	5,382.56
B	ADDITION	989.00
C	CLOSING GFA	6,371.56
D	GOVERNMENT GRANT	
E	AVERAGE GFA	5,777.06
F	DEPRECIATION RATE	5.83%
G	DEPRECIATION	336.80

COMMISSION'S ANALYSIS

4.21 The Commission has approved GFA upto FY 2015-16 in true up of FY 2015-16 in Chapter 3 of this Order. GFA addition for FY 2016-17 has been considered based on the Petitioner submission in Business Plan of Rs. 898 Crore. The rate of depreciation has been considered at the rate approved by the Commission for true up of FY 2015-16 on provisional basis

subject to true up of capitalization for the purpose of computation of depreciation for FY 2017-18. Accordingly, depreciation projected for FY 2017-18 is as follows:

Table 56: Depreciation Projected by the Commission for FY 2017-18

Sr. No.	Particulars	UOM	Petitioner submission	Projected by the Commission
A	Original Costs of Fixed Assets	Rs. Cr.	5382.56	4620.72
B	Additional Capitalisation	Rs. Cr.	989	204.00
C	Closing GFA	Rs. Cr.	6371.56	4824.72
D	Avg GFA	Rs. Cr.	5777.06	5.20
E	Rate of Depreciation	%	5.83%	5.20%
F	Depreciation	Rs. Cr.	336.80	245.58

RETURN ON EQUITY & INTEREST ON LOAN

PETITIONER'S SUBMISSION

- 4.22 The Petitioner has submitted equity and Debt has been considered after considering the closing value equity/debt for 2015-16. Further, for each new project, 30% equity infusion is there each year and 70% loan is taken.
- 4.23 The Petitioner has submitted that the return on equity has been taken as per latest CERC Regulations @16% and the same has been grossed up with the Income tax rate as per Draft Regulations and the Rate of return on equity (pre-tax) works out to 20.25%.

Table 57: Return On Equity for FY 2017-18 (Rs. Crore)

PARTICULARS	2017-18
EQUITY (CLOSING)	2073.41
RATE OF RETURN ON EQUITY (PRE TAX)	20.25%
RETURN ON EQUITY	419.87

- 4.24 The Petitioner has projected the Interest on Loan Capital for FY 2017-18, @11.15% and is tabulated as below:

Table 58: Interest on Loan Capital for FY 2017-18 (Rs. Crore)

PARTICULARS	2017-18
LOAN CAPITAL (CLOSING)	3534.07
RATE OF INTEREST ON LOAN CAPITAL	11.15%
INTEREST ON LOAN CAPITAL	394.05

COMMISSION'S ANALYSIS

- 4.25 The Commission has specified the provisions for return on equity and interest on loan in

Tariff Regulations, 2017 as follows:

“RETURN ON CAPITAL EMPLOYED (RoCE)

Return on Capital Employed shall be used to provide a return to the Utility, and shall cover all financing costs except expenses for availing the loans, without providing separate allowances for interest on loans and interest on working capital.

The Regulated Rate Base (RRB) shall be used to calculate the total capital employed which shall include the Original Cost of Fixed Assets (OCFA) and Working Capital. Capital work in progress (CWIP) shall not form part of the RRB. Accumulated Depreciation, Consumer Contribution, Capital Subsidies / Grants shall be deducted in arriving at the RRB.

The RRB shall be determined for each year of the Control Period at the beginning of the Control Period based on the approved capital investment plan with corresponding capitalisation schedule and normative working capital.

The Regulated Rate Base for the ith year of the Control Period shall be computed in the following manner:

$$RRBi = RRB_{i-1} + \Delta ABi / 2 + \Delta WCi;$$

Where,

“i” is the ith year of the Control Period;

RRBi: Average Regulated Rate Base for the ith year of the Control Period;

ΔWCi : Change in working capital requirement in the ith year of the Control Period from (i-1)th year;

ΔABi : Change in the Capital Investment in the ith year of the Control Period;

This component shall be arrived as follows:

$$\Delta ABi = Invi - Di - CCI - Reti;$$

Where,

Invi: Investments projected to be capitalised during the *ith* year of the Control Period and approved;

Di: Amount set aside or written off on account of Depreciation of fixed assets for the *ith* year of the Control Period;

CCi: Consumer Contributions, capital subsidy / grant pertaining to the ΔABi and capital grants/subsidies received during *ith* year of the Control Period for construction of service lines or creation of fixed assets;

Reti: Amount of fixed asset on account of Retirement/ Decapitalisation during *ith* Year;

RRB i-1: Closing Regulated Rate Base for the Financial Year preceding the *ith* year of the Control period. For the first year of the Control Period, Closing *RRB i-1* shall be the Opening Regulated Rate Base for the Base Year i.e. *RRBO*;

$$RRBO = OCFAO - ADO - CCO + WCO;$$

Where;

OCFAO: Original Cost of Fixed Assets at the end of the Base Year;

ADO: Amounts written off or set aside on account of depreciation of fixed assets pertaining to the regulated business at the end of the Base Year;

CCO: Total contributions pertaining to the *OCFAo*, made by the consumers, capital subsidy / grants towards the cost of construction of distribution/service lines by the Distribution Licensee and also includes the capital grants/subsidies received for this purpose;

WCO: working capital requirement in the (i-1)th year of the Control Period.

Return on Capital Employed (RoCE) for the year “i” shall be computed in the following manner:

$$RoCE = WACC_i * RRB_i$$

Where,

WACC_i is the Weighted Average Cost of Capital for each year of the Control Period;

RRB_i – Average Regulated Rate Base for the ith year of the Control Period.

The WACC for each year of the Control Period shall be computed at the start of the Control Period in the following manner:

$$WACC = [D/(D+E)] * r_d + [E/(D+E)] * r_e$$

Where,

D is the amount of Debt derived as per these Regulations;

E is the amount of Equity derived as per these Regulations;

Where equity employed is in excess of 30% of the capital employed, the amount of equity for the purpose of tariff shall be limited to 30% and the balance amount shall be considered as notional loan. The amount of equity in excess of 30% treated as notional loan. The interest rate on excess equity shall be the weighted average rate of interest on the actual loans of the Licensee for the respective years. Where actual equity employed is less than 30%, the actual equity and debt shall be considered; Provided that the Working capital shall be considered 100% debt financed for the calculation of WACC;

rd is the Cost of Debt;

re is the Return on Equity.”

- 4.26 Further the rate of return on equity and interest on loan has been dealt in Business plan regulations 2017 as follows:

“10. RATE OF RETURN ON EQUITY

Return on Equity in terms of Regulation 4(1) of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 for Transmission Licensee shall be computed at the Base Rate of 14.00% on post tax basis.

11. TAX ON RETURN ON EQUITY

The base rate of Return on Equity as allowed by the Commission under Regulation 10 of these Regulations shall be grossed up with the Minimum Alternate Tax or Effective Tax Rate of the respective financial year in terms of Regulation 72 and 73 of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017, as per the following formula:

$$\text{Rate of Return on Equity} = 14 / [(100 - \text{Tax Rate}) / 100]$$

where, Tax Rate is Minimum Alternate Tax (MAT) or Effective Tax Rate, as the case may be.

Illustration-

In case of the Transmission Licensee paying Minimum Alternate Tax (MAT), say @ 20.96% including surcharge and cess, then,

$$\text{Rate of Return on Equity shall be} = 14 / [(100 - 20.96) / 100] = 17.71\%$$

In case of Transmission Licensee paying normal Corporate Tax including surcharge and cess:

(a) Estimated Gross Income from Transmission Business for FY 2017-18 is, say Rs. 1000 Cr. and,

(b) If estimated Advance Tax for the year on above is Rs. 240 Cr., then,

$$\text{Effective Tax Rate for the year 2017-18} = 240 / 1000 = 0.24 \text{ or } 24\% \text{ and}$$

Rate of Return on Equity shall be = $14/[(100-24)/100] = 18.42\%$

12. MARGIN FOR RATE OF INTEREST ON LOAN :

The following Margin shall be allowed over and above 1 (one) year Marginal Cost of Fund based Lending Rate (MCLR) of SBI for computation of rate of interest on loan:

Table 6: Margin for Rate of Interest on Loan

Sr. No.	Particulars	2017-18	2018-19	2019-20
1	Margin for Rate of Interest on Loan	1.69%	1.69%	1.69%

The rate of interest on loan (MCLR plus Margin) shall not exceed approved base rate of return on equity i.e., 14.00%."

- 4.27 It is observed from the extract of Tariff Regulations 2017 that the petitioner is entitled for return on capital employed which shall be inclusive of return on equity, interest on loan and interest on working capital. The rate of return on equity and interest on loan has been considered as per the provisions of Business plan regulations 2017 for the purpose of computation of return on capital employed. Rate of return on equity at 14% has been grossed up with Minimum Alternate Tax (MAT) rate of 20.96% . Therefore effective rate of return including income tax has been considered at 17.71% for the purpose of computation of Weighted Average Cost of Capital (WACC) rate.
- 4.28 Further, as per Tariff Regulations, 2017 the petitioner is allowed return on equity upto maximum of 30% of the net capital employed excluding working capital requirement which should be funded through 100% debt only. Therefore the Commission has restricted the return on equity upto 30% of the net capital employed for FY 2017-18.
- 4.29 Rate of interest on loan has been considered at 9.69% which has been computed on the prevailing SBI MCLR of 8% on 01/04/2017 plus margin of 1.69% as approved in the business plan regulations for Fy 2017-18.
- 4.30 Accordingly, return on capital employed projected for FY 2017-18 is as follows:

Table 59: Return on Capital Employed Projected for FY 2017-18 (Rs. Crore)

Sr.No.	Particulars	Approved FY 2017-18	Remarks
A	Original Costs of Fixed Assets	4620.72	
B	Accumulated Depreciation	1453.42	
C	RRB Opening	3167.30	
D	Additional Capitalisation	204.00	Table 56
E	Depreciation	245.58	Table 56
F	Change in Working Capital	21.29	Table 53
G	RRB Closing	3147.02	A-B+D-E+F
H	RRB Average	3167.81	C+(D-E)/2+F
I	Net GFA	3125.73	
J	Equity @ 30% of net GFA	937.72	
K	Balance debt for capex funding including normative loan	2188.01	
L	Rate of Return on Equity	17.71%	
M	Rate of Return on Debt	9.69%	
N	Weighted Avg Cost of Capital (WACC)	12.08%	
O	Return on Capital Employed	382.69	N*H

NON TARIFF INCOME**PETITIONER'S SUBMISSION**

4.31 Petitioner has submitted the details of Non-Tariff Income (Projected) for FY 2017-18 as below:

Table 60: Non Tariff Income for FY 2017-18 (Rs. Crore)

PARTICULARS	2017-18 (Provisional)
INTEREST ON INVESTMENT	0.02
MISCELLANEOUS RECEIPTS	1.50
NON TARIFF INCOME	1.52

COMMISSION'S ANALYSIS

4.32 The Commission has projected Non-Tariff Income as per the true up of ARR for FY 2015-16 of Rs.82.24 Crore for FY 2017-18.

ANNUAL REVENUE REQUIREMENT (ARR) FOR FY 2017-18

PETITIONER'S SUBMISSION

4.33 Petitioner has projected the ARR FY 2017-18 tabulated as below:

Table 61: ARR Projected by Petitioner for FY 2017-18 (Rs. Crore)

Sr.No.	PARTICULARS	2017-18
1.	O&M EXPENSES	364.62
a.	R&M EXPENSES	76.65
b.	EMPLOYEE EXPENSES	241.73
c.	A&G EXPENSES	46.25
2.	DEPRECIATION	336.80
3.	INTEREST ON LOAN	394.05
4.	RETURN ON EQUITY	419.87
5.	INTEREST ON WORKING CAPITAL	30.58
6.	LESS: NON TARIFF INCOME	1.52
7.	LESS: A&G AND EMPLOYEE EXPENSES CAPITALIZED	128.57
TOTAL REVENUE REQUIREMENT		1415.82

COMMISSION'S ANALYSIS

4.34 Summary of ARR for FY 2017-18 projected by the Commission is as follows:

Table 62: Projected ARR for FY 2017-18 (Rs. Crore)

Sr. No.	Particulars	Petitioner submission	Approved
A	Total O&M expenses	364.62	239.44
B	Depreciation	336.80	245.58
C	ROCE	844.50	382.69
D	Less: A&G and Employee Expenses Capitalized	128.57	
E	Less: Non Tariff Income	1.52	82.24
F	Less: Income from Other Business		-
REVENUE REQUIREMENT		1415.82	785.47

TREATMENT OF DVB ARREARS**PETITIONER'S SUBMISSION**

4.35 The Petitioner has submitted that the Commission has approved the balance impact of DVB arrears as Rs. 961.23 crore upto FY 2013-14 in the ARR order dated 29.09.2015 and allowed 20% the aforesaid amount as Rs. 192.24 crore and carrying cost of Rs. 99.49 crore. Commission has also observed in the ARR order that same will be recovered through amortization of revenue gap in subsequent years. Petitioner has considered the balance impact approved by DERC as Rs. 961.23 crore and the remaining impact of the same after adjusting the amount allowed by DERC comes out to be Rs. 886.10 crore as tabulated below:

Table 63: Balance Impact due to DVB Arrears (Rs.Crore)

PARTICULARS	2014-15	2015-16
OPENING GAP	961.23	1071.77
ADDITION DURING THE YEAR	0	-292.13
CARRYING COST RATE	11.50%	11.50%
CARRYING COST	110.54	106.46
CLOSING GAP	1071.77	886.10

COMMISSION'S ANALYSIS

4.36 The Commission had decided to recover revenue gap equivalent to 20% of the closing revenue gap of FY 2013-14 due to DVB arrears in ARR of FY 2015-16. Accordingly, the Commission is allowing to recover 20% of the remaining balance after true up upto FY 2015-16 in ARR of FY 2017-18. Accordingly, the revised balance of DVB arrear of Rs.961.23 Crore and impact of true up of ARR upto FY 2013-14 of Rs.128.44 Crore has been considered as opening balance of revenue gap for FY 2014-15 and carrying cost upto FY 2017-18 has been computed as follows:

Table 64: Impact of true up and DVB arrear upto FY 2016-17

Sr. No.	Particulars	FY 14-15	FY 15-16	FY 16-17
A	Opening Balance	1089.67	1125.56	1076.26
B	Addition	-84.57	30.13	
C	Amortisation		192.24	
D	Carrying Cost Rate	11.50%	10.80%	10.80%
E	Carrying Cost	120.45	112.81	116.24
F	Closing Balance	1125.56	1076.26	1192.49

A5 TRANSMISSION TARIFF DESIGN

5.1 The Commission has specified the principles for computation of transmission tariff in Tariff Regulations, 2017 as follows:

“112. Annual Transmission Charges to be billed by the Transmission Licensee shall be computed in the Annual Tariff Order, in accordance with norms contained in these Regulations, aggregated as appropriate, and recovered on monthly basis as transmission charge from the users, who shall share these charges in the manner specified in these Regulations.

113. Normative Annual Transmission System Availability Factor (NATAF): The Target Availability for recovery of full annual transmission charges for a Control Period shall be approved by the Commission before commencement of the Control Period;

Provided that recovery of annual transmission charges below the target availability shall be on a pro rata basis.

114. *The Transmission charge (inclusive of incentive) to be billed for a calendar month for transmission system or part shall be:*

$$ARR \times (NDM / NDY) \times (TAFM / NATAF)$$

Where,

ARR = Aggregate Revenue Requirement specified for the year, in Rupees;

NATAF = Normative annual transmission availability factor, in per cent as approved by the Commission for a Control Period;

NDM = Number of days in the month;

NDY = Number of days in the year; and

TAFM = Transmission system availability factor for the month, in Percent,

115. *The Transmission Licensee shall raise the bill for the transmission charge (inclusive of incentive) for a month based on its estimate of TAFM.*

Provided that the adjustments, if any, shall be made on the basis of the TAFM to be certified by the SLDC within 30 days from the last day of the relevant month."

- 5.2 In view of the above the petitioner may raise the bills for annual transmission charges for FY 2017-18 on the basis of ARR projected of Rs.785.47 Crore. Further there is accumulated revenue gap including past DVB arrear of Rs.1192.49 Crore as opening balance in FY 2017-18. Therefore the Commission has decided that the past arrears may be liquidated in next four years in equal instalments subject to true up of the relevant years in subsequent tariff orders. Accordingly the ARR to be recovered by the Petitioner in FY 2017-18 has been

projected as follows:

Table 65 : ARR to be Recovered

Sr. No.	Particulars	Amount (Rs. Crore)
A	ARR for 2017-18	785.47
B	Liquidation	298.12
C	Total	1083.59

- 5.3 The Transmission charges shall be recovered every month on prorata basis and shall be shared by all the Distribution Licensees (long term transmission users) including deemed licensees in proportion to the allotted transmission capacity or contracted capacity, as the case may be.
- 5.4 The Transmission Service Charge (net of ARR for transmission business) shall be recovered fully during the financial year only if the transmission system availability is 98% or above, as specified in the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017. The charges shall be recovered on a pro-rate basis in case the availability is lower than the target level.

A6: DIRECTIVES

- 6.1 The Commission directs the Petitioner to submit the quarterly progress reports for the capital expenditure schemes being implemented within 15 days of the end of each quarter.
- 6.2 The Commission directs the Petitioner to submit the actual details of capitalization for each quarter for the year within one month of the end of the quarter for consideration of the Commission. All information regarding capitalization of assets shall be furnished in the formats prescribed by the Commission, along with the requisite statutory clearances/certificates of the appropriate authority/ Electrical Inspector, etc. as applicable
- 6.3 The Commission directs the Petitioner to adhere to the Normative Annual Transmission System Availability Factor (NATAF) as specified in the DERC Business Plan Regulations, 2017 and submit quarterly reports of voltage wise availability to the Commission.

ANNEXURE - I

Admission Order Dated 26.05.2017

**DELHI ELECTRICITY REGULATORY COMMISSION**

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

F.11(1386)/DERC/2016-17/

Petition No. 18/2017

In the matter of: Petition for True up of ARR for FY 2012-13 to FY 2015-16 (Provisional) and Aggregate Revenue Requirement for FY 2016-17 to FY 2020-21.

Delhi Transco Limited
Through its: **General Manager (C&RA)**
Shakti Sadan, Kotla Marg,
New Delhi – 110 002.

...Petitioner

Coram:

Sh. B. P. Singh, Member.

ORDER

(Date of Order 26.05.2017)

1. M/s. Delhi Transco Limited (DTL) has filed an instant Petition for True up of ARR for FY 2012-13 to FY 2015-16 (Provisional) and Aggregate Revenue Requirement for FY 2016-17 to FY 2020-2. The said Petition has been scrutinized and found generally in order as per the DERC Comprehensive (Conduct of Business) Regulations, 2001. Clarifications/additional information, if and when required would be sought from the Petitioner.
2. The Petition is admitted.

Sd/-
(B. P. Singh)
Member

ANNEXURE - II

LIST OF RESPONSES RECEIVED FROM STAKEHOLDERS ON THE TRUE UP OF EXPENSES UP TO FY 2014-15 & FY 2015-16, AND ANNUAL REVENUE REQUIREMENT (ARR) AND TARIFF FOR FY 2017-18

S. No.	R. No.	Name	Address	Date of Receipt
1.	1 1A 1B	Sh. B.S. Vohra	East Delhi RWAs Joint FrontF-19/10, Krishna Nagar, Delhi 110 051 rwabhagidari@yahoo.in	09.06.2017 12.06.2017 18.07.2017
2.	2	Sh. O.P. Gupta	Advopgupta95@rediffmail.com	14.06.2017
3.	3 3A	Sh. B.S. Sachdev President	45, North Avenue, New Delhi 110 001 grahakevraja@rediffmail.com , grahakevraja@gmail.com	12.06.2017 29.06.2017
4.	4 4A 4B 4C	Sh. A.K. Dutta	222, Pocket E, Mayur Vihar II Delhi 110 091 Mmathur2001@yahoo.com	15.06.2017 20.06.2017 20.06.2017 17.07.2017
5.	5	Sh. S.K. Juneja	sudershankumarjuneja@gmail.com	20.06.2017
6.	6	Sh. Gulshan Desh	gulshanadesh@gmail.com	20.06.2017
7.	7	Sh. Jagjeet Singh	coolmanjagga@gmail.com	20.06.2017
8.	8	Smartjain.vikas	Smartjain.vikas@gmail.com	18.06.2017
9.	9	Sh. Sumit Jaswanil	Sumitjava2008@gmail.com	20.06.2017
10.	10 10A	Sh. Sat Goel Sh. Sat Goel	satgoel1947@gmail.com satgoel1947@gmail.com	20.06.2017 27.06.2017
11.	11 11A 11B	Sh. Saurabh Gandhi General Secretary	urdrwas@gmail.com	20.06.2017 18.07.2017 18.07.2017
12.	12 12A	Sh. B.B. Tiwari	sarwasharpan@gmail.com	21.06.2016 22.06.2017
13.	13 13A	Sh. Pankaj Sharma	pankaj.sharma@iitb.ac.in	27.06.2017 27.06.2017
14.	14 14A	Sh. Manmohan Verma	Rohini EWS Flats Residents Welfare Association, C-1/128, Sec.-5, Rohini, Delhi 110 085 mmverma.rwc@gmail.com	27.06.2017 18.07.2017
15.	15 15A 15B	Sh. Ashok Bhasin	North Delhi Resident Welfare Federation 1618, Main Chandrawal Road, Delhi 110 017 Ashok.bhasin2015@gmail.com	27.06.2017 28.06.2017 29.06.2017

S. No.	R. No.	Name	Address	Date of Receipt
16.	16	Sh. Anil Kumar Jha	Jan Chetna Sangam (Regd.) A-4, Gali No. 13, Mandawali Unchepar, Delhi 110 092	27.06.2017
17.	17	Sh. Rajiv Kakria	E-230, Greater kailash, New Delhi 110 048	27.06.2017
18.	18 18A	Sh. Sudhir Aggarwal	C-3/2, Model Town III, Delhi 110 009	22.06.2017 18.07.2017
19.	19 19A 19B 19C	Sh. V.K. Malhotra General Secretary	DVB Engineers' Association D-3, Vikas Puri, New Delhi 110 018	27.06.2017 27.06.2017 27.06.2017 19.07.2017
20.	20	Sh. Anil Grover President	Resident's Welfare Society (Regd.) Pocket-C, Mayur Vihar Phase II, Delhi 110 091	27.06.2017
21.	21	Sh. P.S. Tomar Secretary	Resident's Welfare Association C-7/89, Yamuna Vihar, Delhi	27.06.2017
22.	22	Sh. Kailash Katyal Patron President	Senior Citizens Welfare Association 49-B Pocket-1, Mayur Vihar, Phase- 1, Delhi 110 091	27.06.2017
23.	23	Sh. Kulwant Singh President	Dilshad Colony Residents Welfare Association (Regd.) G-87, List Floor, Dilshad Colony, Delhi 110 095	27.06.2017
24.	24	Sh. Sarvesh Kumar Verma	Resident Welfare Association A-2/219, New Kondli, Delhi 110 096	27.06.2017
25.	25	Rohit Arora President	Resident's Welfare Association 12A, Gyan Park Chander Nagar, Near Krishna Nagar, Delhi 110051 gyanparkwelfaresociety@gmail.com	27.06.2017
26.	26	Sh. S. Hassan Retired Officer Ministry of Defence	F-172, Dilshad Colony, Delhi 110095 shassanrwa@gmail.com	29.06.2017
27.	27	Ms. Ritu Bhatia	Mahila Pragatisheel Association (Regd.) B-186, Vivek Vihar Phase-I, Delhi 110095	28.06.2017

S. No.	R. No.	Name	Address	Date of Receipt
28.	28	Sh. D.M. Narang President	Joint RWAs, R-Block & Double Storey New Rajinder Nagar, New Delhi	28.06.2017
29.	29	Sh. Kunwar Pratap Singh General Secretary	Bhajan Pura Jan Sahyog Sabha D-10, Dispensary Chowk, Bhajan Pura, Delhi 110053	29.06.2017
30.	30	Sh. Umardin Gen. Secretary	The Consortium An Alliance of the Registered RWA's of the Walled City 1570, Ground Floor, Pataudi House, Darya Ganj, New Delhi 110002	28.06.2017
31.	31	Sh. Haji Mohd. Rais President	Resident's Welfare Association 3199, Kucha Tara Chand, Darya Ganj, New Delhi 110002	28.06.2017
32.	32	Sh. Farooq Engineer	Rehayeshi Welfare Anjuman Shivaji Road, Azad Market, Delhi 110006	28.06.2017
33.	33	Sh. Sudhir Kalra Addl. Secretary	E-93, Greater Kailash-I New Delhi 110048 kalrasudhir@gmail.com	28.06.2017
34.	34	Sh. Rajan Gupta	355, Udhyan, Narela, Delhi 110040	27.06.2017
35.	35	Sh. Rajesh Agarwal	Shahdara Resident Welfare Association , 356, Farsh Bazar, Shahdara, Delhi 110032 shahdararwa@gmail.com	29.06.2017
36.	36	Sh. Sanjeev Bhatnagar	Resident's Welfare Association New MIG Flats, Prasad Nagar, New Delhi 110005	28.06.2017
37.	37	Sh. Naeem Bhartee Vice President	Nai Subah Welfare Society 3731, Chowk Shah Ganj, Ajmeri Gate, Delhi 110006	28.06.2017
38.	38	Sh. Mohammad Shadab Qureshi President	Resident's Welfare Association 7642, Al-quresh Library, Near Badi Masjid, Qasab Pura, Delhi 110006	28.06.2017

S. No.	R. No.	Name	Address	Date of Receipt
39.	39	Haveli Azam Khan Welfare Society	849, Gali Godowali, Haweli Azam Khan, Chitli Qubar, Jama Masjid, Delhi 110006	28.06.2017
40.	40	Sh. Dayaram Dwivedi Vice President	Nidhi Fabrics, 262, Katra Pyarelal, Chandni Chowk New Delhi 110006	29.06.2017
41.	41	Sh. Arvind Mehta	Joint RWAs, R-Block & Double Storey, New Rajinder Nagar, New Delhi	30.06.2017
42.	42	Sh. Balkishan	Sudhar Smiti Durgapuri (Regd.) 1449/22, Gali No. 9, Durgapuri, Shahdra, Delhi 110093	30.06.2017
43.	43	Sh. M.P. Singh President	Jan-Hit Residents Welfare Association, Pocket-I, 47a, Dilshad Garden, Delhi 110095	30.06.2017
44.	44.	Sh. Kamal Kiran Seth Addl. Secretary General	Apex Chamber of Commerce & Industry of NCT of Delhi A-8, Naraina Industrial Area, Phase-II New Delhi 110028 delhichamber@airtelmail.in	30.06.2017
45.	45	Sh Samson Frederick General Secretary	All India Minorities Fundamental Rights Protection Committee 2109/18, Turkman Gate, New Delhi 110092	28.06.2017
46.	46	Sh. Shashi Goyal Sr. Manager- Regulatory Affairs	BSES Rajdhani Power Ltd. NSES BHawan, Nehru Place New Delhi 110019	29.06.2017
47.	47	Sh. Satya Narain Rohtagi Sr. Citizen	618F-2/2/1, Shankar Gali Vishwas Nagar, Delhi – 110032	29.06.2017
48.	48	Sh. Shiv Kumar Sharma	Brijpuri Resident Welfare Association (Regd.) D-8/154, Brij Puri, Delhi 110094	03.07.2017
49.	49	Sh. Chaman Singh Gen. Secretary	DDA Janta Flats Residents Welfare Association (Regd.) Pocket D-2, Mayur Vihar Phase III, Delhi 110096	05.07.2017

S. No.	R. No.	Name	Address	Date of Receipt
50.	50	Sh. Sanjay Dhingra	Jama Masjid Citizen Welfare Society dr.sanjay.dhingra007@gmail.com	11.07.2017
51.	51	Dr. Faheem Benoj Gen. Secretary	Jafrabad Resident Welfare Association (RWA) 1202, Street No. 39/4, Jafrabad, Delhi 110053 Jafrabadrwa2006@gmail.com	14.07.2017
52.	52	Sh. Jagadish Prasad	A-129, Pul Prahalad New Delhi 110044	17.07.2017
53.	53	Sh. V.S. Mahindra	H3/45, Vikaspuri, New Delhi 110018	17.07.2017
54.	54	Sh. Rajeshwar Kapoor	A-35, Nizamuddin East, New Delhi	17.07.2017
55.	55	Sh. J.N. Bagehi	F-1152, C.R. Park, New Delhi 110019	17.07.2017
56.	56	Sh. J.B. Sahdev Area Representative	Qutab Enclave MIG Residents Welfare Association, Qutab Enclave, Phase-I New Delhi 110016	17.07.2017
57.	57	Sh. Sushil	Sofia Education and Welfare Society 73, Street No. 9, Main Brijpur Road, Old Mustafabad, Delhi ngosofia@gmail.com	17.07.2017
58.	58	Sh. A.K. Jain	DDA Flats, Kalkaji, New Delhi 110019	17.07.2017
59.	59	Sh. V.P. Garg	B-2/48/A, Keshav Puram New Delhi 110035	17.07.2017
60.	60	Sh. P.S. Gupta	C-5A/209, Janakpuri, New Delhi	17.07.2017
61.	61	Sh. S.K. Bhatia	3/102, Subhash Nagar, New Delhi 110027	17.07.2017
62.	62	Sh. Anil Sharma	V.T. Enterprises, 1124-E-1/46, Molarband, Extn. Badarpur, Delhi	17.07.2017
63.	63 63A	Sh. B.P. Agarwal	Delhi Bar Association Through its Secretary Sh. Jaiveer Singh Chauhan, Tis Hazari Courts Delhi 110054	17.07.2017 19.07.2017
64.	64	Ms. Asha Uniyal	B-20, Street Nagar, New Delhi 110092	18.07.2017

S. No.	R. No.	Name	Address	Date of Receipt
65.	65	Sh. Manmohan Verma Chairman	Rohini EWS Flats Residents Welfare Association, C-1/128, Sector-5, Rohini, Delhi 110085 Udrwas@gmail.com	18.07.2017
66.	66	Sh. Ashok Sharma	House No. A-87, Gali #, Brahmpuri, New Delhi 110 053	18.07.2017
67.	67	Sh. Sanjeev Tyagi	House No. A-96 Ashok Nagar, Gali # 4 Shahdara, New Delhi 110093	18.07.2017
68.	68	Sh. Ishwar Dutt	V-1150, Vijay Park, Maujpur, New Delhi -53	18.07.2017
69.	69	Sh. Deepak Kumar,	A Block, 387 Gokal Puri, Delhi 110094	18.07.2017
70.	70	Sh. Ram Udgar	House No. 27/103, Bajar Gali, Vishwas Nagar, Delhi 110003	18.07.2017
71.	71	Sh. Sanjay Sharma	House No. 298,Gali No. 1, Chanderlok, Durgapuri, Delhi 110032	18.07.2017
72.	72	Sh. Umesh	House No. WS 33, Sudamapuri, Babarpur, Delhi 110032	18.07.2017
73.	73	Sh. Karan	House No. 8/242 Khichdipur, Delhi 110091	18.07.2017
74.	74	Sh. Vimal	House No. 495, Jwala Nagar, Badi Ramleela Ground Shahdara, Delhi 110032	18.07.2017
75.	75	Sh. Dushyant Kumar	RWA Nagar Market, Harsh Vihar Hari Nagar, Part III, Welfare Society Badarpur, New Delhi 110044	18.07.2017
76.	76	Sh. K.K. Singh President	Shakti Vihar , A Block Rahaysi Welfare Association (Regd.) Office No. 15, Street No. 5/2 A Block, Shakti Vihar, Badarpur, New Delhi 110044	18.07.2017
77.	77	Sh. S.P. Rana President	Woman Exploit Grievance Federation I-Block, H.O. 456/12B, Harnagar, Jaitpur, New Delhi 110044	18.07.2017

S. No.	R. No.	Name	Address	Date of Receipt
78.	78	Nilothi Extention Kalyan Sangthan	C-2/2 Himgiri Enclave, Gali No. 6, Nilothi Extension, Delhi 110041	18.07.2017
79.	79	Sh. Anil Chandi Gen. Secretary	Maharana Pratap Bagh, RWA, C-Block, C-8/1 Rana Pratap Bagh, Delhi 110007	18.07.2017
80.	80	Sh. Tej. B. Khattar Vice President	Mother.decghs@gmail.com	18.07.2017
81.	81	Sh. Vivek Aggarwal General Manager	Delhi Metro Rail Corporation Ltd. Metro Bhawan, Fire Brigade Lane, Barakhamba Road, New Delhi 110001	18.07.2017
82.	82	Sh. G. S. Kohli	C-6/6468, Vasant Kunj New Delhi 110 070	18.07.2017
83.	83	Sh. Ram Babu Gupta	Jan Nyaya Bhomi 227, Nilgiri Apartment Alaknanda New Delhi -110019	18.07.2017
84.	84	Sh. Gulshan Bawa	E-14/8 Vasant Vihar, New Delhi	18.07.2017
85.	85	Sh. Vivek Goel	C-2/66 Janak Puri, Delhi	18.07.2017
86.	86	Sh. D.N Gopal	C-2/167 Janakpuri, New Delhi	18.07.2017
87.	87	Sh. S.C. Dua	R/o 21, Kailash Hills New Delhi 110065	18.07.2017
88.	88	Sh. N.G. Dagar President	RWA Gopal Nagar, D-Block Najafgarh, New Delhi	18.07.2017
89.	89	Sh. S.D Bhatt	Mahavir Enclave Residents Welfare Society, H-2/109, Mahavir Enclave-I New Delhi 110045	18.07.2017
90.	90	Sh. Yugul Kishore Dwivedi Chairman	RZ-935, St. No. 14/3 Sadh Nagar, Palam Colony New Delhi 110045	18.07.2017
91.	91	Sh. Satvir Singh	Shri Ganga Vihar Resident's Welfare Association, Village Dindar Pur, Najafgarh, New Delhi 110043	18.07.2017
92.	92	Sh. Manoj Mautiyal	Shri Ganga Vihar Resident's Welfare Association, Village Dindar Pur, Najafgarh, New Delhi 110043	18.07.2017

S. No.	R. No.	Name	Address	Date of Receipt
93.	93	Sh. Gurpreet Singh President	Residents welfare Association WZ-958, Shop No. 2, Gali No. 10, Guru Nanak Nagar, New delhi 110018	18.07.2017
94.	94	Sh. Muni Raj Chairman	Residents welfare Association WZ-958, Shop No. 2, Gali No. 10, Guru Nanak Nagar, New delhi 110018	18.07.2017
95.	95	Ms. Sushma Sharma	sushmayanv@gmail.com	20.07.2017
96.	96	Sh. Jitender Agarwal	bawanacri@gmail.com	20.07.2017
97.	97	Smt. Huma Vice President	Jan Kalyan Mahila Samiti Community Centre DDA Flats Turkman Gate, Asaf Ali Road, Delhi 110006	20.07.2017
98.	98	Sh. A.K. Singh	Plot No. 669, Near Shahadr Metro, Sahadar, Delhi	20.07.2017
99.	99	Sh. Yog Raj Goswami	Resident Welfare Association GH-1/231, Archana Apartments Paschim Vihar, New Delhi-63	18.07.2017
100.	100	Sh. B.D. Sharma	H. No. 69, Extn. -1 B, Nangloi New Delhi-110041	18.07.2017
101.	101	Sh. Ompal Singh Ahlawat President	Resident Welfare Association Kh. No. 826, VIII Chhattarpur, The.: Mehrauli, New Delhi	18.07.2017
102.	102	Sh. Krishan Kumar	Resident Welfare Society 455, Kakrola Housing Complex, Najafgarh Road, Near Metro Pillar No. 796, New Delhi 110059.	18.07.2017
103.	103	Sh. Veerpal Singh President	F-2 Block Residential Welfare Association, F-2/544A, Sangam Vihar, New Delhi 110062	18.07.2017
104.	104 104A	Jyotish Kumar Sinha, HoD Regulatory	Tata Power Delhi Distribution Ltd. NDPL House, Hudson Lines Kingsway Camp Delhi 110009	18.07.2017 18.07.2017

S. No.	R. No.	Name	Address	Date of Receipt
105.	105	Sh. Rajeev Chowdhury Head Regulatory Affairis	BSES Rajdhani Power Ltd. BSES Bhawan, Nehru Place, New Delhi 110019	18.07.2017
106.	106 106A	Sh. Sunil Kakkar Addl. Vice President	BSES Yamuna Power Ltd. 2 nd Floor, B-Block, Shakti Kiran Building, Karkardooma, New Delhi 110092	18.07.2017 18.07.2017
107.	107	Sh. Ved Kumar Arya	Samaj Sudhar Simiti Islam Colony, 895A/ Ward No. 06, Mahrauli, New Deli 110 030	18.07.2017
108.	108	Sh. Brij Mohan Mehta	Chamber No. 3 Lawyers Chamber Block Rohini Courts Complex Delhi 110086	20.07.2017
109.	109 109A	Flt. Lt. I.D. Sharma General Secretary	Arjun Nagar House Owners Welfare Association, 150, Arjun Nagar, New Delhi 110029	21.07.2017 21.07.2017
110.	110	Sh. Rajeev Goel Coordinator	Confederation of Relocated Industries Bawana G-1, Sector-5 DSIIDC Bawana Industrial Complex, Bawana, Delhi 110039 bawanacri@gmail.com	21.07.2017
111.	111	Sh. Satish Nabardar	H. No. 760, Panna Mojan, Bawan, Delhi 110039	21.07.2017
112.	112	Sh. Dharmendra Kumar	Federation of Vikas Nagar Residents Welfare Association (Regd.), F-126, Shiva Enclave (Shiv Mandir Road), Vikas Nagar, New Delhi – 59	21.07.2017

ANNEXURE-III

**STAKEHOLDERS WHO HAVE ATTENDED THE HEARING FOR THE PETITION FILED BY DISCOMS FOR
TRUE UP OF EXPENSES UP TO FY 2014-15 & FY 2015-16, AND ANNUAL REVENUE REQUIREMENT
(ARR) AND TARIFF FOR FY 2017-18**

S. No.	Name	Organization
1	Sh. Sharad Sharma	DMRC
2	Sh. Subodh Pandey	DMRC
3	Sh. Vivek Aggarwal	DMRC
4	Sh. Ved Parkash Arya	Consumer
5	Ms. Manuj Singhal	DMRC
6	Mr. Pawan Kumar	DMRC
7	Ms. Savita Swami	Consumer
8	Sh. G. S. Kohli	Consumer
9	Sh. Dr. S. P. Rana	Consumer
10	Sh. Shubham Kumar	DMRC
11	Sh. R. S. Jarout	DMRC
12	Sh. Vivek Bhandari	DMRC
13	Flt. Lt. I.D. Sharma	RWA
14	Sh. Om Pal Singh	RWA
15	Sh. S. R. Abrol	Consumer
16	Sh. K. K. Singh	RWA
17	Sh. Iqbal Ahmed	RWA
18	Sh. Farooq Engineer	Consumer
19	Sh. M. Shadab Qureshi	Consumer
20	Sh. Yograj Goswami	RWA
21	Sh. Sat Goel	RWA
22	Sh. Rajeev Kakaria	RWA
23	Sh. B. S. Vohra	RWA
24	Sh. Anil Kumar Khanna	RWA
25	Sh. Vinay Kumar	RWA
26	Sh. V.K. Malhotra	Pension Trust, DVB
27	Sh. R.K. Khurana	RWA
28	Sh. Anil Wadhera	RWA
29	Dr. Faheem BIG	RAW
30	Sh. Sohail Khan	Sophia NGO
31	Sh. Daya Ram Diwedi	Daily Passengers Association
32	Sh. Saurabh Gandhi	RWA
33	Sh. Dilip Chadha	RWA
34	Sh. Atul Gola	RWA
35	Sh. Tej B Khattar	Mother Dairy
36	Dr. M.K. Aggarwal	URD

S. No.	Name	Organization
37	Sh. Bal Krishan Gupta	RWA
38	Sh. Ram Pal Saini	RWA
39	Sh. Balbir Singh	RWA
40	Sh. M.C. Sharma	RWA
41	Sh. Damodar Keshyap	RWA
42	Kusum Sharma	Consumer
43	Sh. Rajeev Sharma	Consumer
44	Naeem Bharti	RWA
45	Satyaveer Singh	RWA
46	Sh. Manoj Nautiyal	RWA
47	Ms. Sushila Bansal	RWA
48	Sh. Manmohan Verma	RWA
49	Sh. P.S. Tomar	RWA
50	Sh. Jitender Aggarwal	CRI
51	Sh. Ashok Bhasin	NDRWF
52	Sh. Sanjay Gupta	CRI
53	Sh. Prem Kumar Sharma	NBCC
54	Sh. Lal Keshwar Shah	NBCC
55	Sh. Anil Kumar Jha	RWA
56	Sh. S.K. Sharma	RWA
57	Sh. Shabhonath Thakur	RWA
58	Sh. Shushil Kumar	RWA
59	Sh. Harish Kumar	RWA
60	Sh. Sanjay Gupta	IWA
61	Ms. Reena Kori	IDAM
62	Sh. P.K. Singhal	RWA
63	Sh. Shiv Kumar Sharma	NBCC
64	Sh. S.L. Gosain	RWA
65	Sh. Jitender Tyagi	URD
66	Sh. Jawed	URD
67	Smt. Sarla Rani	RWA
68	Ms. Arti	RWA
69	Sh. Sunil Kumar	RWA
70	Sh. Pramod Kapoor	RWA
71	Sh. Om Prakash Ahuja	RWA
72	Sh. Sandeep Bhatnagar	RWA
73	Sh. Surender Tomar	URD
74	Ms. Poonam Taneja	MMTC
75	Ms. Anita Guptrishi	MMTC
76	Ms. Radha Bhardwaj	RWA
77	Ms. Geeta Mahour	RWA

S. No.	Name	Organization
78	Sh. D.M. Narang	RWA
79	Sh. Arvind Mehta	RWA
80	Sh. Sukhveer Singh	RWA
81	Sh. Satish Nambardar	RWA
82	Sh. Sukhveer Singh	RWA
83	Sh. Sunny	RWA
84	Sh. Satveer Singh Fauji	RWA
85	Sh. Karanvir Singh	Delhi Pradesh
86	Sh. Rajan Gupta	Consumer
87	Sh. Balram	Consumer
88	Sh. Shiv Kumar Sharma	Consumer
89	Sh. Parvinder	Consumer
90	Dr. Ompal Singh Dhingan	RWA
91	Sh. Balvinder Singh Thappar	RWA
92	Ms. Jyoti Nanda	IERS
93	Ms. Priya Diwedi	IERS
94	Ms. Sushma Sharma	RWA
95	Sh. Vineet Goel	RWA
96	Sh. V. K. Sharma	RWA
97	Sh. Bhudev Sharma	RWA
98	Sh. Krishan Kumar	RWA
99	Sh. R. P. Sharma	RWA
100	Sh. S. C. Dua	Consumer
101	Sh. J. S. Marwah	Consumer
102	Sh. Subash Goel	Consumer
103	Sh. Basant Somani	Consumer
104	Sh. Ashish Garg	Consumer
105	Sh. A.K. Dutta	Consumer
106	Ms. Roshni	Consumer
107	Sh. H.R. Bhardwaj	DVB Pensioner
108	Sh. B. M. Mehta	Advocate