

**Filing of the Aggregate Revenue Requirement (ARR),
Business Plan & Multi-Year Tariff Framework (MYT)
for the First Control Period (FY 07-08 to FY 10-11)**

Submitted to

Delhi Electricity Regulatory Commission

By



COMMERCIAL DEPARTMENT

(IP Estate, New Delhi-110002)

DELHI TRANSCO LIMITED

(A Govt. of NCT of Delhi Undertaking)

Regd. Office: Shakti Sadan, Kotla Marg

New Delhi – 110 002

**BEFORE THE HON'BLE DELHI ELECTRICITY REGULATORY
COMMISSION**

FILING NO. _____/2007

CASE NO. _____/2007

In the matter of:

Filing of the Aggregate Revenue Requirement (ARR) and Multi-Year Tariff Framework (MYT) for the First Control Period (FY 07-08, FY 08-09, FY 09-10 & FY 10-11) for its Transmission Business under Section 61, 62 & 86 of the Electricity Act, 2003 (36 of 2003) read with the relevant DERC Guidelines and Regulations till date, by the Delhi Transco Limited as the Transmission Licensee for wheeling the power to the following distributions licensees.

- 1. BSES –Yamuna Power Limited**
- 2. BSES- Rajdhani Power Limited**
- 3. North Delhi Power Limited**
- 4. NDMC & MES**

In the matter of:

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

...Petitioner



The Applicant respectfully submits as under: -

1. Pursuant to the applicable provisions of the Delhi Electricity Reform Act, 2000, the Government of Delhi undertook the reform and restructuring of the erstwhile Delhi Vidyut Board (DVB). DTL was formed as a successor entity of the erstwhile Delhi Vidyut Board through the transfer scheme notified in the official gazette on 20.11.2001 to manage the Transmission and Bulk supply business of erstwhile DVB.

Subsequently on 28.06.2006, the GNCTD issued policy directions to DERC directing therein that the Bulk Supply business of Transco is vested to the DISCOMs with effect from April 1, 2007. PPAs/ BPTAs of the existing and upcoming projects were assigned to the Discoms vide commission order dt. 31.03.2007. As a result, TRANSCO is presently carrying out the Transmission business as the State Transmission Utility (STU) in the State of NCT of Delhi. This filing for ARR and MYT is in accordance with the provisions of the Electricity Act 2003.

2. Transco had filed the petition for provisional wheeling charges for FY 2007-08 before the commission and commission passed the order on the same on 09.05.2007.
3. Transco has filed herein the Business Plan, ARR and MYT for the control period FY 07-08, FY 08-09, FY 09-10 and FY 10-11 and truing up for the FY 06-07.
4. While filing the present ARR and MYT petition, Transco has endeavored to comply with the various applicable legal and regulatory directions and stipulations including the directions of the Hon'ble Commission in the conduct of Business Rules of the Commission, the Guidelines, prior ARR and Tariff Orders



and the recent Regulations on Terms and Conditions for Determination of Tariff for Transmission of Electricity.

5. Based on the information available, the Applicant has made bonafide efforts to comply with the directions of the Hon'ble Commission and discharge its obligations to the best of its abilities. However, should any further material become available in the near future, the Applicant reserves the right to file such additional information and consequently amend/revise the application..
6. In the aforesaid facts and circumstances, the Applicant requests that the Hon'ble Commission:
 - a. Take the accompanying ARR, MYT Petition and Business Plan for the control period 2007-11 of Transco on record;
 - b. Grant suitable opportunity to Transco within a reasonable time frame to file additional material information if any;
 - c. Treat the filing as complete in view of substantial compliance as also the specific requests for waivers with justification placed on record;
 - d. Consider and approve Transco's ARR & MYT including all requested regulatory treatments in the filing;
 - e. Pass such order as the Hon'ble Commission may deem fit and proper in the facts and circumstances of the case.

DELHI TRANSCO LIMITED
(APPLICANT)

Through

Dy.G.M. (COMMERCIAL)

Place:

Dated:



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1 Introduction

Pursuant to the applicable provisions of the DERA, 2000 the Government of DELHI undertook the reform and restructuring of the erstwhile DVB. Transco was formed as a successor entity of the erstwhile DVB through the transfer scheme notified in the official gazette on 20.11.2001 to manage the Transmission and Bulk Supply business of erstwhile DVB.

Subsequently on 28.06.2006, the GNCTD issued policy directions to DERC wherein Transmission business of the state was retained with Transco, while transferring the Bulk supply business of the state to the Distribution Companies formed in the state viz.

- 1. BSES –Yamuna Power Limited**
- 2. BSES- Rajdhani Power Limited**
- 3. North Delhi Power Limited**
- 4. NDMC & MES**

Collectively referred to as 'Discoms.

As a result, TRANSCO is presently carrying out only the Transmission business as the State Transmission Utility (STU) in the State. This filing for ARR and MYT is in accordance with the provisions of the Electricity Act 2003, and the Guidelines and Regulations issued by the Honorable Commission till date.

As per DERC Regulations on Terms and Conditions for Determination of Transmission Tariff dated MAY 30, 2007, Transco has to file Multi-Year ARR & Tariff Framework for the First Control Period of four Financial years (FY07-08 to FY 10-11) with FY06-07 as its Base year and also truing up for FY 2006-07.



In compliance with the DERC Regulations and Guidelines, Transco, the State Transmission Utility & Transmission licensee managing the Transmission business herein submits the following in this Petition:

- (1) Business Plan for the First Control Period (2007-11)
- (2) Multi Year ARR & Tariff Framework for the First Control Period (2007-11)
- (3) Truing up for previous Year (FY06-07)



Business Plan for First Control Period:

Delhi Electricity Regulatory Commission have made the regulations specifying the terms and conditions for determination of Transmission Tariff for DTL for the First Control Period of MYT (2007-11) which was notified in Delhi Gazette: extraordinary published on 30th May, 07. As per provisions of the regulations, the transmission licensee i.e. DTL is required to file for the Commission's approval, a **BUSINESS PLAN** approved by the Board of Directors for DTL. Accordingly the present business plan has been prepared for the First Control Period of MYT 2007-11 which inter-alia contains:

- (a) **Capital Investment Plan:** The Investment Plan is commensurate with load growth as projected by DTL also taking into consideration the projections made in 17th EPS and quality improvement proposed in the business plan. The investment plan also includes corresponding capitalization schedule and financing plan;
- (b) The appropriate capital structure and cost of financing (interest on that) and return on equity, terms of the existing loan agreements, etc. has been furnished;
- (c) **Operation and Maintenance (O&M) expenses:** This includes the cost estimated for the Base Year, the actual expenses incurred in the previous two years and the projected values for each year of the Control Period based up on the norms for O &M cost, including indexation and other appropriate mechanism as provided in the MYT Regulations;



- (d) **Depreciation:** based on the fair life of the asset and capitalization schedules for each year of the Control Period depreciation has been provided;
- (e) **Performance Target:** A set of targets proposed for controllable items such as Availability of transmission system, transformer failure rate, and parameters for quality of supply consistent with the Capital Investment Plan have been annexed;
- (f) Proposals for Non-Tariff Income with item-wise description and details;
- (g) Proposals in respect of income from Other Business.

The detailed write up for each component of the business plan is given in the subsequent chapters. The business plan has been prepared based upon the MYT regulations, Provisions of Electricity Act 2003 and other related regulations/provisions of the Law, Standard Accounting Practices and prevailing operation and maintenance norms etc.

2.1 Transmission Load Forecast

Transco's Load Forecast/Investment requirement depends upon growth in Demand of Electricity during the First Control Period requires expansion of Transmission system in the NCT of Delhi. The load growth has been worked out based upon the increment growth considering the past trend and the projections made in 17th EPS.. The demand and energy projections for the control period 2007-11 are tabulated below: -

Anticipated Power Demand of Delhi Upto 2007-11 as per 17th EPS: -

S.No.	Name of Source	2007-08	2008-09	2009-10	2010-11
1	Demand in MW	4529	4877	5253	5657
2	Demand in MUs	26662	28799	31107	33600



2.2 Capital Investment Plan

Table 4 summarizes the Capital Investments planned by Transco during the 4 years of the First Control period. Detail scheme wise Capital Investment Plan during the First Control Period and the respective justifications for each scheme is enclosed in the Annexure to this petition.

As can be seen in the table 4, the Physical Capital Investments during the Base year (FY06-07) is estimated to be Rs 60.31 Crores, while the Capital investments proposed for FY07-08, FY08-09, FY09-10 and FY10-11 are Rs 192.32 Crores, Rs 1309.82 Crores Rs 767.83 Crores and Rs 475.83 Crores respectively.

Table 1: Capital Investments during the Control Period: -

S.NO.	Name of the Scheme	2006-07	2007-08	2008-09	2009-10	2010-11
A	400KV Works	6.93	74.67	94.7	160.55	73.02
B	220KV Works	36.12	89.85	1145.38	540.93	345.56
C	Miscellaneous O & M capital works of 400KV & 220KV S/stns.	17.26	6.12	27.83	30.40	33.82
D	Up gradation of infrastructure & Construction of Corporate building	0.00	21.68	41.91	35.95	23.43
	TOTAL *	60.31	192.32	1309.82	767.83	475.83

* As per form 16-A

In order to meet the load growth in different areas of the NCT of Delhi, Transco has proposed to add the Transmission Lines and sub-stations at different voltages as enumerated in Table 2 and Table 3 based on recommendations of CEA/load flow studies conducted by Transco. Since Discoms had not given their capital investment



plan for control period hence Transco reserve the right to modify his capital investment plan in commensurate with the investment plan of Discoms

Table 2: 220kV & above Sub-Stations:

Sr. No.	Name of project	Category	Cost (Rs. in crore)
1.	Mundka S/Stn. (2x315MVA)	400KV	162.25
2.	South –East Delhi (Near Mandi Village) 400KV S/Stn (2x315MVA)	400KV	145
3.	East of Loni Road 400KV S/Stn (2x315MVA)	400KV	145
4.	Bawana DSIDC-I (2x100MVA)	220KV	26.75
5.	Masjid Moth(2x100 MVA)	220KV	24.29
6.	Pappankalan-III (2x160MVA)	220KV	24.76
7.	Ridge Valley (GIS) (2x160MVA)	220KV	75.53
8.	Jhatikara More (2x160 MVA)	220KV	30.0
9.	Pappankalan-II (2x100MVA)	220KV	20.89
10.	Wazirpur Ind. Area (GIS) (2x160MVA)	220KV	49.61
11.	Electric Lane (GIS) (2x160MVA)	220KV	72.26
12.	AIIMS (GIS) (2x160MVA)	220KV	73.54
13.	Punjabi Bagh (GIS) (2x160MVA)	220KV	102.01
14.	Chandrawal (GIS) (2x160MVA)	220KV	53.39
15.	Peeragarhi (GIS) (2x160MVA)	220KV	102.01
16.	Rohini New Phase-IV & V (2x160 MVA)	220KV	24.76
17.	Bawana DSIDC-II (2 X 160MVA)	220KV	33
18.	220 KV GIS S/Stn. at IGI Airport	220KV	105.45
19.	220 KV S/stn at Bakhtawarpur (2*160 MVA)	220 KV	29.5



Table 3: Transmission Lines (220 KV & Above) :

Sr. No.	Name of project	Category	Cost of Project (Rs. in crore)
1.	LILO D/C O/H Bawana- Bamnauli at Mundka	400KV	6.23
2.	LILO S/C O/H Bamnauli-Ballabgarh at Mandi Village	400KV	75
3.	LILO D/C O/H Mandola – Dadri at East of Loni Road	400KV	50
4.	D/C O/H Pappankalan-I – Pappankalan-II	220KV	2.50
5.	LILO D/C O/H Bawana – Najaf Garh at Kanjhawala	220KV	1.63
6.	D/C O/H Bawana – Narela at DSIDC-I	220KV	5.13
7.	LI-LO D/C O/H Bamnauli – Najafgarh at Jhatikara More	220KV	5
8.	D/C U/G Maharani Bagh to Masjid Moth (Siri Fort)	220KV	79.06
9.	S/C U/G Okhla to Masjid Moth(Sirifort)	220KV	46.10
10.	D/C O/H Bamnauli – Pappankalan-III	220KV	3.71
11.	Contingency arrangement for evacuation of power from 400/220KV Maharani Bagh i.e. 220KV D/C U/G cum O/H transmission link between 400KV Maharani Bagh and Lodhi Road S/Stn.	220KV	5.87
12.	D/C U/G cum O/H Maharani Bagh – Gazipur	220KV	20.74
13.	Maharani Bagh (8No of 220KV Bays)	400KV	55.20
14.	S/C U/G Ridge valley to Naraina	220KV	29.17
15.	S/C U/G from Lodhi Road to Park Street	220KV	43.40
16.	1 No.220 KV GIS Feeder bays at Kashmere Gate	220KV	6.34
17.	D/C U/G Maharani Bagh to Trauma Centre (AIIMS)	220KV	93.13
18.	D/C U/G Maharani Bagh to Electric Lane	220KV	78.83
19.	D/C U/G Maharani Bagh to Okhla	220KV	155.78
20.	D/C U/G Ridge Valley to Trauma Centre (AIIMS)	220KV	65.86



21.	S/C U/G Kashmere Gate to Subzi Mandi	220KV	22.89
22.	D/C U/G Shalimar Bagh to Wazirpur Ind. Area	220KV	44.62
23.	LILO D/C U/G Gopalpur – Subzi Mandi Line at Chandrawal	220KV	32.29
24.	D/C U/G Mundka – Sultanpuri(Peeragarhi	220KV	70
25.	D/C U/G Sultanpuri Peeragarhi) – Punjabi Bagh	220KV	70
26.	D/C U/G Punjabi Bagh – Wazirpur	220KV	42
27.	LILO D/C O/H Bawana- Rohini -I at Rohini New	220KV	2
28.	LILO D/C O/H Mandola-Narela at Bakhtawarpur	220KV	10.50
29.	LILO D/C O/H Bawana – DSIDC-I at DSIDC-II	220KV	2
30.	D/C U/G transmission link for LILO of 220 KV D/C O/H between Bamnauli & Mehrauli at IGI	220KV	172.29
31.	3 Nos. 220 KV Feeder Bays with automation at Shalimar Bagh	220KV	5.11
32.	Four nos. 220KV feeder bays with automation in 220KV yard at 220KV Okhla S/Stn.	220KV	5.61

Table 4: List of Augmentations Scheme during First Control Period:

Sr. No.	Name of project	Category/	Capacity (MVA)
1.	Gazipur	220 kV	1x160
2.	Gopalpur	220 kV	1x160
3.	I.P. Extn.	220 kV	2x160-2x100=120
4.	Sarita Vihar	220 kV	1x160
5.	Shalimar Bagh	220 kV	1x160
6.	South of Wazirabad	220 kV	1x160
7.	Vasant Kunj	220 kV	1x100

220KV Grid Sub-Station No.1&II at DSIDC Industrial Complex, Bawana.

Erstwhile DVB had envisaged establishment of 2 nos. 220/66/11KV grid sub-stations under the up-coming electrification scheme of DSIDC Industrial Complex in Bawana for which an amount of Rs.34 crore was deposited by DSIDC with the erstwhile DVB. The said amount of Rs.34 crore was made available by DPCL to DTL for completing the 220KV works. While deliberating on the petition filed by NDPL with the Commission regarding funding of construction of 2 nos. 66/11KV Grid Sub-stations, being established by BHEL on turnkey basis. As per the contract awarded by erstwhile DVB, prior to unbundling, the **Hon'ble Commission** in its order dated 5.11.04 in para-9 observed as under:-

“ While deliberating its order dated 12.8.04, the Commission had made an assessment of the likely expenditure to be incurred in the Industrial Estate in so far as completion of construction works of the 66KV sub-stations was concerned and also for the construction of 220KV sub-station, if so required. The amount of Rs.34 crore along with the interest which has been withheld by DTL for the past couple of years, should suffice in so far as the construction of 220KV grid sub-station is concerned and also for balance work required for the 66KV sub-stations including the committed payments to be award to some contractors like BHEL. The liability of the consumers of Bawana are limited to this extent and if additional funds are required for meeting the load growth thereafter a fresh view can be taken for providing the balance funding in ARR of DTL or the Discoms, as the case may be”.

For processing the case for award of contract for establishment of 220KV grid sub-station No.1 at Bawana, a petition was filed by DTL with the DERC for sub-station works with an aggregate cost of Rs.26.75 crore. In addition, the cost of loop-in and loop-out of existing Bawana – Narela 220KV ring at DSIDC grid sub-station No.1 comes to Rs.6.13 crore. DTL is having a short fall of Rs.7.94 crore for



commissioning of this grid sub-station. This balance amount has been claimed as expenditure in FY 2007-08 in line with the observations made by DERC in its order dated 5.11.04 which states that **“A fresh view could be taken by the Commission for providing the balance funding in the Aggregate Revenue Requirement (ARR) of DTL or the Discoms, as the case may be”**.

As regards funding of cost towards establishment of second 220/66/11KV sub-station at Bawana DSIDC Industrial Complex provisionally to the tune of Rs.15 crore the capital expenditure to be incurred in the year 2010-11 has been provisionally taken as Capital Investment of DTL in the Capital Investment Plan. However, final view shall be taken after Commission’s decides the method of funding of the cost of additional 220/66KV grid sub-station to be established for meeting the load growth and the requirement of 66 and 220KV grid sub-stations for Bawana DSIDC Industrial Complex made by NDPL and DTL. The joint assessment report has been prepared as directed by the Commission and may be filed with the Hon’ble Commission, shortly for its approval.



3. Aggregate Revenue Requirement for First Control Period

As summarized in Table 5, ARR for the First Control Period is estimated as Rs 293.55 Crores (FY07-08), Rs 316.69 Crores (FY08-09), Rs 382.72 Crores (FY09-10) and Rs 668.12 Crores (FY10-11) by applying the principles and methodology laid down in the Commission's Regulations on Terms and Conditions for Determination of Transmission Tariff (Regulation No. 94 of 2007) dated May 30, 2007.

Depreciation during the First Control period is claimed at the depreciation rates prescribed in the DERC (Terms & Conditions of Tariff) Regulations, 2007 dated May 30, 2007 (Appendix I).

O&M Costs during Control period is determined as specified in the Regulation 94 of 2007.

In terms of provision of 5.23 of MYT Regulations 2007 the corporate income tax and FBT paid by DTL shall be claimed from the beneficiaries separately in addition to the ARR herein submitted.

Table 5 : ARR for First Control Period (in crores) :

Aggregate Revenue Requirement	FY 2006-07	FY2007-08	FY2008-09	FY 2009-10	FY 2010-11
Operation & Maintenance Costs	94.5	137.79	151.16	164.68	212.11
Depreciation	32.71	37.69	44.39	76.13	113.20
Return on capital employed (ROCE)	102.28	118.82	137.91	238.98	361.96
Advance against depreciation	0	0	0	0	11.11
Rebate on Sale/Wheeling of Power	40.89	5.28	5.28	5.28	5.28
Expenditure on DSIDC Bawana-I	0	7.94	0	0	0
Interest Expenses Capitalized		26.09	86.68	175.21	75.07
Total Transmission Costs [A]	270.38	333.61	425.42	660.28	778.73
Less:					
Interest & Expenses Capitalized	23.69	30.70	98.28	266.78	98.90
Non-Tariff Income - Transmission	169.57	3.71	4.47	4.94	5.37
Income from Other Business	2.76	5.65	5.98	5.84	6.34
Total for Transmission Business [B]	196.02	40.06	108.73	277.56	110.61
Total Annual Revenue Requirement [C] = [A] – [B]	74.36	293.55	316.69	382.72	668.12



3.1 Operation & Maintenance Costs during First Control Period

As summarized in Table 6 of the total O&M Costs for the Base Year (FY06-07) is Rs. 94.50 Crores and for the Control Period FY07-08, FY08-09, FY09-10 and FY10-11 are Rs 137.79 Crores, Rs 151.16 Crores, Rs 164.68 Crores and Rs 212.11 Crores respectively is estimated to be the O&M cost.

R & M Cost:

The R & M cost have been worked out by applying the formula given by the commission in its regulations. The value of K for the base year FY 2006-07 is calculated by considering actual R & M expenses of FY 2006-07 and opening level of GFA for FY 2006-07 i.e.

$$\begin{aligned} K &= 19.92/887.76 \\ &= 0.0224 \end{aligned}$$

In addition to above, DTL is also paying annual O&M charges to PGCIL towards the cost of equipments installed and being maintained by PGCIL at its Ballabhgarh and Mandola grid S/stns. Provision for same has been made and included in the expenses of R&M. There are some R&M works which are required to be carried out at Kashmere Gate and Park Street 220KV GIS Grid S/stns. By M/s ABB Ltd. the OEM of the equipment as per their recommendations after carrying out the inspection of GIS switchgear at Park Street and Kashmere Gate 220 KV Grid stations.

The R&M cost has been worked out as Rs. 30.96 crore for FY 2007-08, Rs. 38.94 crore for FY 2008-09, Rs. 38.95 crore for FY 2009-10 & Rs. 75.23 crore for FY 2010-11.



Employee's Cost:

Employee's Cost during the control period have been Projected on the basis of previous year figure with escalation @ between 3% to 8% depending upon the likely manpower position during the control period. In addition to above, there may be further increase in employee cost on account of revision of pay scales of DTL employees as per the recommendation of 6th Pay Commission which may be effective retrospectively and the financial implication may come from the financial year 2007-08 onwards. Escalation in employees cost to be extent of 40% over the previous year expenses as the existing scales of pay has been considered in the financial year 2007-08. The actual impact shall be known once the recommendations of the Central Pay Commission are out and implemented. The difference between provision and actuals shall be intimated to the Hon'ble Commission at the time of truing up for the respective years.

Administrative and General Expenses:

The projection for administrative and general expenses during the control period have been made on the basis of previous year figure expenses with the likely annual escalation @ 4 to 5 % based upon the past experience.

Table 6: O&M Costs during First Control period:

O&M Costs	FY 2006-07	FY2007-08	FY2008-09	FY 2009-10	FY 2010-11
Employee Costs	59.28	90.92	95.68	108.53	118.99
R&M Costs	19.92	30.96	38.94	38.95	75.23
A&G Costs	15.30	15.91	16.54	17.20	17.89
Gross O&M Costs	94.5	137.79	151.16	164.68	212.11



3.2 Depreciation

Depreciation rates effective from FY 07-08 have been taken as per the DERC (Terms & Conditions for determination of Transmission Tariff) Regulations, 2007 dated May 30, 2007 (Appendix I).

Depreciation cost as summarized in table-7 during the Four years of the First Control period would be Rs 37.69 Crores, Rs 44.39 Crores, Rs 76.13 Crores and Rs 113.20 Crores in FY07-08, FY08-09, FY 09-10 and FY 10-11 respectively.

Table 7: Depreciation during the Year:

Particular	FY 2006-07	FY2007-08	FY2008-09	FY 2009-10	FY 2010-11
Land & Land Rights	0.00	0.00	0.00	0.00	0.00
Buildings	1.06	1.06	1.06	1.06	3.28
Other Civil Works	1.33	1.29	1.30	1.57	2.15
Sub station Equipments and other fixed apparatus	18.49	22.64	26.81	41.51	58.9
Switchgears including line and cable network	7.53	7.95	9.83	26.00	42.30
Meters	0.01	0.01	0.01	0.01	0.01
Vehicles	0.65	0.68	0.76	0.83	0.92
Computers	0.22	0.57	1.06	1.48	1.87
Furniture and Fixtures	0.17	0.19	0.20	0.22	0.25
Office Equipment & Others	0.18	0.21	0.23	0.25	0.27
SCADA & PLCC	3.06	3.08	3.13	3.19	3.26
Depreciation during Year	32.71	37.69	44.39	76.13	113.20

3.3 Advance Against Depreciation

As per Clause 5.21 of Regulation 94 of 2007, the ARR should include the Advance against depreciation computed as the excess of Loan repayments over and above the depreciation for the year. AAD for FY 2010-11 comes to Rs 11.11 crore.



3.4 Return on Capital Employed (ROCE):

The ROCE for the control period has been calculated as per the MYT regulations. The FY 2006-07 has been considered as base year for calculation of RRB₀. The Debt/Equity ratio for the control period has been considered as 70:30.

ROCE during the Four years of the First Control period would be Rs 118.82 Crores, Rs 137.91 Crores, Rs 238.98 Crores and Rs 361.96 Crores in FY07-08 , FY08-09, FY 09-10 and FY 10-11 respectively

3.5 Income from investment and Non-Tariff Income

Income from investment and Non-Tariff Income of DTL has been estimated at Rs 9.42 Crores, Rs 11.18 Crores, Rs 11.76 Crores and Rs 12.65 Crores in FY07-08, FY08-09, FY 09-10 and FY 10-11 respectively, as depicted in Table 8

Table 8: Income from investment and Non-Tariff Income:

Investment and Non-Tariff Income	FY 2006-07	FY2007-08	FY2008-09	FY 2009-10	FY 2010-11
Interest on Staff Loans & Advances	0.01	0.03	0.03	0.03	0.04
Income from Investments	1.42	1.33	1.23	0.61	0.59
Interest on Fixed deposits	1.34	4.32	4.75	5.23	5.75
Income from sale of scrap	0.00	0.15	1.21	1.53	1.48
Miscellaneous Receipts	4.73	3.60	3.96	4.35	4.79
Total	7.5	9.42	11.18	11.76	12.65

4. Transco Performance during First Control Period

Table 9 depicts the Target Transmission loss range and System Availability during each year of the First Control period. As per the Regulation No. 94 of 2007 if the actual Transmission availability go beyond the Target Transmission availability, then Transco will be subjected to incentive appropriately.



Table 9: Transco Performance during First Control Period

System Performance	FY 2006-07	FY2007-08	FY2008-09	FY 2009-10	FY 2010-11
Target Transmission Loss Range %	0.83%	0.8 to 1.2%	0.8 to 1.2%	0.8 to 1.2%	0.8 to 1.2%
Target System Availability %	98.87%	98%	98%	98%	98%

5. Filing for Proposed Tariff for First Control Period

The Transco propose the same analogy for recovery of Transmission charges from the Discoms as ordered by Hon'ble commission in the Provisional Tariff order of Transco for FY 2007-08 issued on 09.05.2007

6. Truing up for FY 05-06

The capitalisation of assets for FY 2005-06 is yet to be decided by the Commission for which required details have been submitted by the Petitioner. The truing up for FY 2006-07 may also be affected on account of change in value of GFA and consequent changes in depreciation etc. Hon'ble Commission may kindly consider the same while allowing the truing up for FY 2006-07.

7. Truing up for FY 06-07

Table 11 Summarizes the ARR for TRANSCO for FY06-07

As can be seen, since Transco has been handling Bulk Supply business till March 30,2007, Bulk power purchase cost for FY06-07 is part of Transco's ARR.

The audited accounts for FY 2006-07 have been finalized by TRANSCO and the true up for the same has been computed and is presented in the table below



Table 10: Expenses for FY 06-07:

Aggregate Revenue Requirement	FY 06-07 Approved	FY 06-07 Actual
Purchase of energy	4866.65	6131.48
Employees costs	50.60	52.58
Administration and General Expenses	8.82	11.61
Repairs and Maintenance	17.17	19.9
Interest on loans	51.91	51.94
Depreciation	27.94	45.9
Rebate to DISCOMs on sale of power	33.00	40.89
Reasonable Return	34.00	22
Other exp. (contingency reserve)	12.18	5.56
Income Tax and FBT		5.62
Total Expenditure	5102.27	6387.48

Table 11: Truing up for FY 2006-07

(Rs. Crores)

Head	Approved	Actual
Total Expenditure	5102	6388
Revenue from sale of power at existing tariff	4873	5562
Base Revenue Gap	229	826
Non-Tariff Income	103	170
Net Revenue Gap for FY 2006-07	126	656
Truing up FY 05-06	142	
DVB ARREARS		429
TOTAL Revenue Gap	268	1085



7.1 DVB Arrears

The Hon'ble Commission had considered receivables against DVB arrears of Rs.429 Crores as revenue for TRANSCO for FY 2002-03, FY 2003-04 and FY 2004-05. Considering the fact that the amount has not been made available to DTL by DPCL or any other source, Petitioner requests the Hon'ble Commission to consider allowing the said amount of Rs.429 Crore while truing up the expenses for FY 2006-07 more so when the business of supply of power to which the amount belonged is no more being undertaken by DTL beyond FY 2006-07 in terms of Hon'ble commissions order dt. 31.03.2007.

The petitioner respectfully requests to the Honorable Commission to approve the Business Plan, Annual Revenue Requirement & MYT for control period FY 2007-11 stated above and truing up for FY 2006-07 payable by the distribution entities in Delhi so as to meet the revenue requirement of TRANSCO.



ASSUMPTIONS MADE BY PETITIONER:

1. REGULATED RATE BASE (RRB):

The Commission in its Regulations calculates the RRB as under: —

$$RRB_i = RRB_{i-1} + \Delta (AB_i/2) + \Delta WC_i$$

On calculating the RRB as per above formula, half of the assets capitalized during the particular year have been added in the RRB, the remaining half was not considered for the same. Considering the fact the total assets capitalized form a part GFA at the end of the year, the total value of such assets should have been considered for working out the RRB for the next year in the opinion of the petitioner. A reference to this effect was made to the Hon'ble Commission vide letter dated 27th July, 07 against which final view of the Commission is awaited. Pending this, the petitioner considered the remaining half of the assets capitalized in the next financial year for calculating the RRB for the next year. The formula comes as under —

$$RRB_i = RRB_{i-1} + \Delta (AB_i/2) + \Delta WC_i + \Delta (AB_{i-1}/2)$$

2. EMPLOYEES' COST AND A&G EXPENSES:

The petitioner has worked out the employees' cost and A&G expenses by applying escalation factor to the actual employees and A&G cost in the base year FY 2006-07 (as per audited balance sheet) instead of the methodology given by the Hon'ble Commission in the MYT regulations.

3. INTEREST CAPITALIZED:



The petitioner has first considered the interest capitalized as expenditure of TRANSCO and then deducted the same from the expenses for the purpose of accounting only with Nil net effect on tariff.

