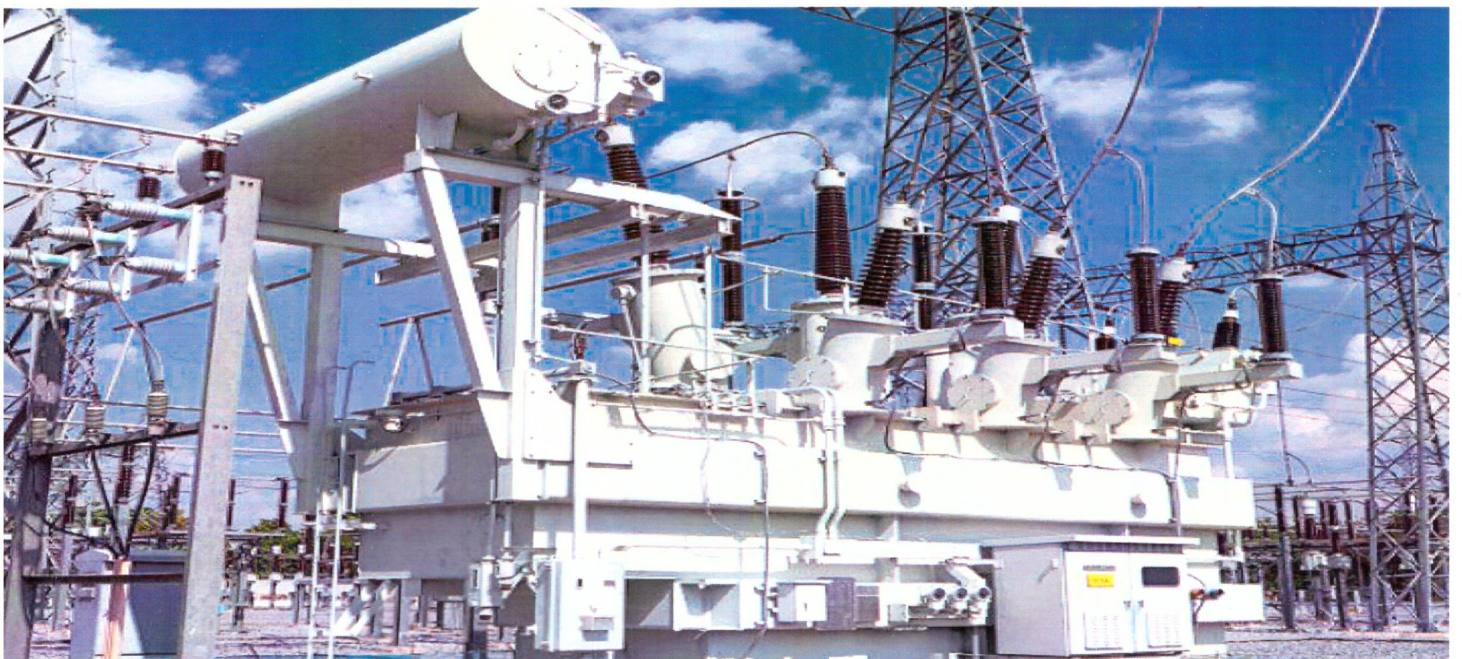




DELHI TRANSCO LIMITED



**PETITION FOR
TRUE UP OF
AGGREGATE REVENUE REQUIREMENT
FOR
FY 2018-19**





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

CORPORATE IDENTIFICATION NUMBER (CIN) - U40103DL2001SGC111529

No. F/DTL/203/F-01/2019-20/Oprn.GM(C&RA)/192

Date : 10/01/2020

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

Subject : Petition for True up of Aggregate Revenue Requirement for FY 2018-19.

Sir

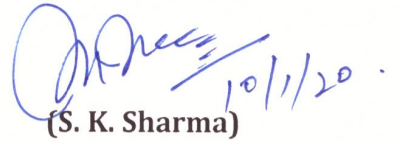
Kindly find enclosed herewith the Petition for True up of FY 2018-19. The Petition is accompanied with following documents :

1. Text of petition – (Original and five copies)
2. Affidavit of the authorized signatory verifying the petition duly notarized.
3. The Pay Order No. 011897 dated 07.01.2020 drawn on State Bank of India, Chandni Chowk, Delhi of Rs. 1,00,000/- (Rs. One Lakh only) towards processing fee.
4. A soft copy of Petition.

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

Thanking you

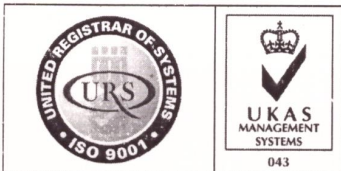
Yours Sincerely


(S. K. Sharma)

General Manager(C&RA)

Enclosure : As above

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



कार्यालय: महाप्रबंधक (वाणिज्यिक और विनियामक कार्य), 33 के वी ग्रिड सब स्टेशन बिल्डिंग, आई पी एस्टेट, नई दिल्ली - 110002

Office: General Manager (Commercial & Reg. Affairs) 33 KV Grid S/Station Building, IP Estate, New Delhi-110002

पंजीकृत कार्यालय: शक्ति सदन, कोटला मार्ग, नई दिल्ली - 110 002

Registered Office : Shakti Sadan, Kotla Road, New Delhi - 110 002

Visit us at www.dtl.gov.in

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

FILING NO. : _____ / 2020

CASE NO. : _____ / 2020

IN THE MATTER OF

Petition for True up of Aggregate Revenue Requirement for FY 2018-19.

IN THE MATTER OF

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

INDEX

1.	Text of Petition	1 - 19
2.	Annexures (I - VII)	20 - 231
3.	ARR Formats (Annexure - VIII)	232 - 339
4.	Affidavit in support of application.	340-341


10/1/20

APPLICANT
DELHI TRANSCO LIMITED

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

**PETITION FOR TRUE UP OF
AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2018-19**

BEFORE THE HON'BLE DELHI ELECTRICITY REGULATORY COMMISSION

FILING NO. : _____ / 2020

CASE NO. : _____ / 2020

IN THE MATTER OF :

Filing of Petition / Application for Truing up of Expenses for FY 2018-19 for Wheeling Business under the Annual Tariff Framework. The Petition / Application for Truing up of Expenses for FY 2018-19 for Wheeling Business is filed under Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017 dated 31.01.2017 (hereinafter referred to as "Tariff Regulations 2017"), Delhi Electricity Regulatory Commission Business Plan Regulations, 2017 dated 31.08.2017 (hereinafter referred to as "Business Plan Regulations, 2017") and DERC letter no. F.3(588)/Tariff-Fin./DERC/2019-20/6596/2029 dated 21.11.2019, by the Delhi Transco Limited as the Transmission Licensee for wheeling the power to the following Distribution Licensees:-

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

**PETITION FOR TRUE UP OF
AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2018-19**

IN THE MATTER OF :

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

The Petitioner named above most respectfully sheweth :

1. Pursuant to the applicable provisions of the Delhi Electricity Reform Act, 2000, the Government of Delhi undertook the reform and restructuring of the erstwhile Delhi Vidyut Board (DVB). DTL was formed as one of the successor entity of the erstwhile Delhi Vidyut Board through the transfer scheme notified in the official gazette on 20.11.2001 to manage the Transmission and Bulk supply business of erstwhile DVB.
2. Subsequently on 28.06.2006, the GNCTD issued policy directions to DERC directing therein that the Bulk Supply business of TRANSCO is vested to the DISCOMs with effect from April 1, 2007. PPAs/BPTAs of the existing and upcoming projects were assigned to the DISCOMs vide Commission Order dated 31.03.2007. As a result, TRANSCO is presently carrying out the Transmission Business as the State Transmission Utility (STU) in the State of NCT of Delhi.
3. Hon'ble Commission had earlier issued Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011 (**hereinafter called MYT Regulations, 2011**) on 02.12.2011 wherein Hon'ble Commission without giving Statement of Reasons on the issues raised by DTL specifically on Return on Equity (RoE) in which Hon'ble Commission deviated even from its Draft Regulation and non-consideration of actual income tax, etc. DTL being aggrieved had filed a Civil Writ Petition No. 1380/2013 before Hon'ble High Court of Delhi.
4. DTL had filed a petition for Truing Up of the year FY 2012-13 to FY 2014-15 and ARR for FY 2015-16 on 24.02.2015 before Hon'ble DERC. Hon'ble DERC had passed an Order on 29.09.2015 for Truing Up of ARR for FY 2012-13, FY 2013-14 & Transmission Tariff

**PETITION FOR TRUE UP OF
AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2018-19**

for FY 2015-16. DTL being aggrieved by the order passed by Hon'ble DERC on various issues i.e. Non Truing Up of Capitalization for FY 2011-12, Pension Trust Dues, A&G Expenses, etc. filed an Appeal No. 08 of 2016 before the Hon'ble Appellate Tribunal for Electricity. **(Copy of Appeal enclosed as Annexure-I)**

5. Hon'ble Commission has notified DERC Tariff Regulations 2017 on 31.01.2017, which are deemed to have come into force from 1st February, 2017. Later, Hon'ble Commission in terms of Tariff Regulations 2017, has notified Delhi Electricity Regulatory Commission Business Plan Regulations, 2017 (hereinafter referred to as "Business Plan 2017"), in which the value of various parameters has been defined, which was issued on 31.08.2017 and will remain in force for a period of 3 years i.e. for FY 2017-18, FY 2018-19 and FY 2019-20. DTL being aggrieved had filed a Civil Writ Petition No. 4425/2019 before Hon'ble High Court of Delhi.
6. Hon'ble DERC had passed a Tariff Order on 31.08.2017 for True Up of ARR for FY 2014-15, FY 2015-16 & Transmission Tariff for FY 2017-18. DTL being aggrieved by the Order passed by Hon'ble DERC on various issues i.e. error in calculation of ROCE, A&G Expenses, Income Tax, etc. filed an Appeal No. 15 of 2018 before the Hon'ble Appellate Tribunal for Electricity (ATE). **(Copy of Appeal enclosed as Annexure-II)**
7. Hon'ble DERC had also passed a Tariff Order on 28.03.2018 for True Up of ARR for FY 2016-17 & Transmission Tariff for FY 2018-19. DTL being aggrieved by the Order passed by Hon'ble DERC on issues such as Employee Expenses, A&G Expenses, working capital requirement, error in calculation of ROCE, Income Tax, Non Tariff Income, etc. filed an Appeal No. 224 of 2018 before the Hon'ble Appellate Tribunal for Electricity (ATE). **(Copy of Appeal enclosed as Annexure-III)**
8. Hon'ble DERC had also passed a Tariff Order on 31.07.2019 for True Up of ARR for FY 2017-18 & Transmission Tariff for FY 2019-20. DTL being aggrieved by the Order passed by Hon'ble DERC on issues such as O&M Expenses, error in considering Equity and Debt on Net GFA instead of Gross GFA, Income Tax, Non Tariff Income, etc. filed an Appeal being DFR No. 2375 of 2019 before the Hon'ble Appellate Tribunal for Electricity (ATE). **(Copy of Appeal enclosed as Annexure-IV)**

**PETITION FOR TRUE UP OF
AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2018-19**

9. Without prejudice to the rights of DTL in the above Appeals / Writ Petitions which are pending before various superior courts, as per provisions in Tariff Regulations 2017, DTL is filing the present Petition for Truing up of Expenses for FY 2018-19 on the basis of Tariff Regulations 2017 & Business Plan Regulations 2017.
10. DERC had filed a Civil Appeal No. 5863-64 of 2009 before Hon'ble Supreme Court against the ATE's judgment in Appeal No. 133 of 2007 regarding the DVB Arrears. Hon'ble Supreme Court vide its Order dated 16.02.2016 has dismissed the said appeals and also the said appeals are delinked from the Civil Appeal Nos. 5093 and 4837 of 2013. Hon'ble DERC has also considered the partial impact of the same in earlier tariff orders and balance (if any) is to be considered by Hon'ble Commission in the present proceedings.
11. As per direction of Hon'ble CERC, DTL had filed Petition No. 175/TT/2017 before CERC for DTL owned inter-state transmission lines i.e. 400kV Mandola-Bawana Double Ckt. and 400kV Ballabhgarh-Bamnauli Double Ckt. transmission lines for period 2014-19 respectively. Subsequently, Hon'ble CERC has passed an Orders dated 29.06.2018 for the above mentioned inter-state transmission lines for period 2014-19 (**Copy of the Hon'ble CERC Order dated 29.06.2018 enclosed as Annexure-V**). DTL being aggrieved by the Order dated 29.06.2018, has filed a Review Petition No. 40/RP/2018 before Hon'ble CERC, and Hon'ble CERC vide its Order dated 29.11.2019 has passed Order in Petition No. 40/RP/2018 and is under analysis (**Copy of the Hon'ble CERC Order dated 29.11.2019 enclosed as Annexure-VI**). Further, as per the Hon'ble CERC directions, the transmission tariff allowed in Order dated 29.06.2018 for FY 2018-19 are to be adjusted against the ARR approved by State Commission and the same has been considered by DTL in the Non-Tariff Section.
12. That the Petitioner in the present Tariff Petition has stated the assumptions at respective places, and has endeavored to comply with the various applicable legal, regulatory directions and stipulations including the directions of the Hon'ble Commission in the Conduct of Business Rules of the Commission, the Guidelines, prior Tariff Orders, Tariff Regulations 2017 and Business Plan Regulations 2017.

**PETITION FOR TRUE UP OF
AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2018-19**

13. That based on the information available, the Petitioner has made bonafide efforts to comply with the directions of the Hon'ble Commission and in diligent discharge of its obligations to the best of its abilities. However, the petitioner craves leave to file such additional information and consequently amend / revise the Application / Petition if so desired or as directed by this Hon'ble Commission. The Petitioner is ready and willing to provide any other and further information in respect of the filing of this petition that the Hon'ble Commission may require or need arises to determine its entitlement in the tariff fixation process.

Prayer

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

- i) **Accept & Approve the Petition** for Truing up of Expenses for FY 2018-19 based on the information provided therein.
- ii) In the event, any of the issues raised by DTL in Review / Appeal / SLP are adjudicated prior to issuance of the Tariff Order of True up for FY 2018-19, take into account the impact of the same while Truing up the ARR for the FY 2018-19. In the event, Supreme Court / High Court / ATE / Review, Order being issued after the issuance of the Tariff Order, the impact of the same be allowed forthwith.
- iii) Allow additions / alterations / changes / modifications to the application at a future date if so required, in the interest of justice.
- iv) To pass such and any other orders as the Hon'ble Commission may deem fit and proper in the facts and circumstances of the case.



DEPONENT

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

**PETITION FOR TRUE UP OF
AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2018-19**

INDEX

	PARTICULARS	PAGE NO.
	TRUE UP OF AGGREGATE REVENUE REQUIREMENT FOR FY 2018-19	
1	OPERATION AND MAINTENANCE EXPENSES	8
2	ASSETS CAPITALIZATION	12
3	DEPRECIATION	13
4	WORKING CAPITAL REQUIREMENT	14
5	RETURN ON CAPITAL EMPLOYED	14
6	NON TARIFF INCOME	16
7	INCOME TAX EXPENSES	17
8	TRUE UP OF AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2018-19	18

ANNEXURES TO THE PETITION

	PARTICULARS	PAGE NO.
Annexure-I	COPY OF APPEAL NO. 08 OF 2016 AGAINST TARIFF ORDER DATED 29.09.2015 FILED BEFORE HON'BLE APPELLATE TRIBUNAL FOR ELECTRICITY	20 - 53
Annexure-II	COPY OF APPEAL NO. 15 OF 2018 AGAINST TARIFF ORDER DATED 31.08.2017 FILED BEFORE HON'BLE APPELLATE TRIBUNAL FOR ELECTRICITY	54 - 78
Annexure-III	COPY OF APPEAL NO. 224 OF 2018 AGAINST TARIFF ORDER DATED 28.03.2018 FILED BEFORE HON'BLE APPELLATE TRIBUNAL FOR ELECTRICITY	79 - 111
Annexure-IV	COPY OF APPEAL AGAINST TARIFF ORDER DATED 31.07.2019 FILED BEFORE HON'BLE APPELLATE TRIBUNAL FOR ELECTRICITY	112 - 161
Annexure-V	COPY OF THE HON'BLE CERC ORDER DATED 29.06.2018 IN PETITION NO. 175/TT/2017	162 - 172
Annexure-VI	COPY OF THE HON'BLE CERC ORDER DATED 29.11.2019 IN REVIEW PETITION NO. 40/RP/2018 (IN TARIFF ORDER DATED 29.06.2018 FILED BEFORE HON'BLE CERC)	173 - 186
Annexure-VII	COPY OF AUDITED FINANCIAL STATEMENT OF DTL FOR FY 2018-19	187 - 231
Annexure-VIII	ARR FORMATS FOR TRUE UP OF FY 2018-19	232 - 339

**PETITION FOR TRUE UP OF
AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2018-19**

LIST OF TABLES

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

**PETITION FOR TRUE UP OF
AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2018-19**

**TRUING UP OF AGGREGATE REVENUE REQUIREMENT
FOR FY 2018-19**

A. TRUING UP OF AGGREGATE REVENUE REQUIREMENT FOR FY 2018-19

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

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

1. OPERATION & MAINTENANCE EXPENSES :

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

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

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

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

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

PETITION FOR TRUE UP OF AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2018-19

- 1.3 The normative O&M Expenses for FY 2018-19 has been computed on the basis of Average No. of Bays and Ckt-Kms in 2018-19 and considering the norms as above, and the same are as below:

Table 3 : NORMATIVE O&M EXPENSES FOR FY 2018-19
(Rs. Crore)

Sr. No.	Voltage levels	Average No. of Bays	Average Ckt. km	Rs. Lakh/Bay	Rs. Lakh/Ckm	Bay (Rs. Cr.)	Ckm (Rs. Cr.)	Total (Rs. Cr.)
1	400 kV	62	249.19	47.76	8.59	29.61	21.41	51.02
2	220 kV & below	1301.5	824.02	16.16	2.15	210.32	17.72	228.04
	Total					239.93	39.12	279.06

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

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

Govt. of NCTD has constituted the Wage Revision Committee to review the structure of pay scales and allowances/benefits of various categories of Power Sector Enterprises and suggest changes. As per Committee's Order No. WRC/2016/157 dated 14.06.2017, DTL has disbursed an amount of Rs. 30.71 Crore as Interim Relief on account of implementation of 7th Pay Commission for period 01.04.2018 to 31.03.2019, and the same has been considered by DTL in its Petition. Further, any additional amount, if any, will be considered separately as per the final recommendations of Wage Revision Committee.

1.4.2 Salary of IPGCL Staff deployed in Delhi Transco Limited : As per directions of Ministry of Power, Govt. of NCTD, staff of Indraprastha Power Generation Co. Ltd. (IPGCL) have been deployed in DTL on diverted capacity. The salary of the IPGCL staff is being paid by DTL since 2016-17, over and

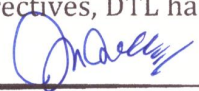
**PETITION FOR TRUE UP OF
AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2018-19**

above the Employee Expenses allowed by Hon'ble Commission to DTL. In this regard, Hon'ble Commission in its previous Tariff Orders dated 28.03.2018 and 31.07.2019 while Truing up the Employee Expenses of DTL for FY 2016-17 and FY 2017-18, respectively, has observed the following :

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

However, the same has not been allowed by Hon'ble Commission to DTL even after the Commission has acknowledged the fact that the same were part of employee expenses of IPGCL of the base year, and not that of DTL. IPGCL and DTL being separate entities, therefore DTL in its Tariff Petition has considered Rs. 10.26 Crore for FY 2018-19 which has been incurred by DTL which also include Interim Relief on account of 7th pay Commission. Hon'ble Commission may kindly allow this expenses after suitable adjustment in the ARR of IPGCL or direct IPGCL to remit the same to DTL.

- 1.4.3 Additional Security Expenses :** DTL have been striving it's all efforts in order to ensure the safety of the personals as well as the grids. DTL had deployed security personnel through Private Security Agencies (PSA) since its formation and the experience has not been very satisfactory and encouraging on account of various labour law violations, non-compliance to the terms and conditions of the contract, malpractices & litigations; and had failed to improve despite several reminders, advisories, show cause notices etc. This has forced DTL to invoke the clause of termination of the contract before the expiry of its tenure. In line with Govt. of India directives, DTL had



**PETITION FOR TRUE UP OF
AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2018-19**

deployed security personnel through DGR sponsored agency. The Director General of Resettlement, Govt. of India issues notices of minimum wages for the workmen deployed through its sponsored agencies. The minimum wages decided by DGR are higher than the minimum wages determined for Delhi Government. Therefore, the financial expenses had increased as well as number of personnel increased due to deployment of security in various offices/sub-stations/installations of DTL as well as due to commissioning of new Sub-Stations.

- 1.4.4 **License Fee for Land** : As per directions of Govt. of NCTD, DTL has been paying license fee for use of land to Govt. of NCTD. Earlier, such cost was added in the Gross Block of the Asset, but after the implementation of the IND-AS, Accounting Policy is modified whereby such cost is now charged as expenses. In FY 2018-19, DTL has paid Rs. 11.59 Crore of annual premium for land at Dev Nagar (Karol Bagh), R. K. Puram, Dwarka and Tikri Khurd, to GNCTD and the same has been claimed in the petition. As this expense is being paid by DTL since FY 2016-17 onwards and the norms for FY 2017-18 to FY 2019-20 were created using Annual Accounts of FY 2015-16, so they are not considered in normative O&M Expenses allowed, and shall be allowed separately in O&M Expenses.

**TABLE 4 : LICENSE FEE FOR LAND FOR FY 2018-19
(Rs. Crore)**

PARTICULARS	2018-19
DEN NAGAR (KAROL BAGH)	0.04
R. K. PURAM	0.05
DWARKA	2.10
TIKRI KHURD	9.40
LICENSE FEE FOR LAND	11.59

**PETITION FOR TRUE UP OF
AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2018-19**

- 1.5 The summary of Operation & Maintenance Expenses for the FY 2018-19 is as tabulated below:-

**TABLE 5 : OPERATION AND MAINTENANCE EXPENSES FOR FY 2018-19
(Rs. Crore)**

PARTICULARS	2018-19
NORMATIVE O&M EXPENSES	279.06
IMPACT OF INTERIM RELIEF ON ACCOUNT OF 7 TH PAY COMMISSION	30.71
IPGCL STAFF SALARY (INCLUDING INTERIM RELIEF FOR 7 TH PAY COMMISSION)	10.26
ADDITIONAL SECURITY EXPENSES	13.66
LICENSE FEE FOR LAND	11.59
TOTAL O&M EXPENSES	345.27

(Copy of Audited Financial Statement of DTL for FY 2018-19 is enclosed as Annexure-VII)

2 ASSETS CAPITALIZATION :

- 2.1 The Review of Assets Capitalization of DTL for FY 2011-12 to FY 2016-17 is being done by the Consultant i.e. M/s ABPS Infrastructure Pvt. Ltd. appointed by the Hon'ble Commission.
- 2.2 For FY 2017-18, DTL has submitted the Assets Capitalization details vide letter no. F/DTL/203/F.1/2019-20/Oprn.GM(C&RA)/46 dated 14.06.2019. Further for FY 2018-19, the actual Assets Capitalization details is under preparation and the same is likely to be submitted shortly. In this petition, a tentative amount of Rs. 457.94 Crore have been provisionally considered as Assets Capitalization for FY 2018-19 based on the Audited Financial Statement. The actual details of the assets capitalized during the period FY 2011-12 to FY 2017-18 as submitted by DTL before Hon'ble Commission

PETITION FOR TRUE UP OF AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2018-19

and Tentative Assets Capitalization for FY 2018-19 considered in this petition are as given below :

TABLE 6 : ASSETS CAPITALIZATION FOR FY 2011-12 TO FY 2018-19 (Rs. Crore)

PARTICULARS	2011-12	2012-13	2013-14	2014-15	2015-16
CAPITALIZATION	601.63	333.51	279.40	835.06*	541.88

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

PARTICULARS	2016-17	2017-18	2018-19
CAPITALIZATION	324.97	173.50	457.94

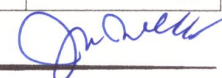
3 DEPRECIATION :

- 3.1 The depreciation for FY 2018-19 is computed by considering the rates of Depreciation as specified in the Tariff Regulations 2017 and actual assets capitalized for FY 2011-12 to FY 2017-18 as submitted to Hon'ble Commission and a tentative amount of Rs. 457.94 Crore have been considered as assets capitalization for FY 2018-19.
- 3.2 DTL while computing the depreciation for FY 2018-19 has taken into account the adjustment in depreciation as per the provisions in Tariff Regulations 2017 separately, for the assets which have completed 12 years of their useful life.
- 3.3 The details of depreciation for FY 2018-19 are given below:

TABLE 7 : DEPRECIATION FOR FY 2018-19

(Rs. Crore)

PARTICULARS	RATE OF DEPRECIATION	2018-19
LAND	0.00%	0.00
LAND UNDER LEASE		0.00
BUILDING	1.80%	0.68
METERS	6.00%	0.11
LINES NETWORK	5.83%	100.33
OTHER CIVIL WORKS	3.00%	7.02



**PETITION FOR TRUE UP OF
AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2018-19**

PLANT AND MACHINERY	5.83%	158.87
OFFICE EQUIPMENT	9.00%	0.69
COMPUTER	16.67%	9.13
FURNITURE	9.00%	0.50
MISC. ASSETS	6.33%	0.08
VEHICLES	9.00%	0.51
SCADA	6.33%	3.38
DEPRECIATION		281.29
ADJUSTMENT ON ACCOUNT OF ASSETS COMPLETING 12 YEARS OF THEIR USEFUL LIFE		(40.04)
DEPRECIATION RATE (CONSIDERING THE ADJUSTMENT ON ACCOUNT OF ASSETS COMPLETING 12 YEARS OF THEIR USEFUL LIFE)	4.69%	
NET DEPRECIATION		241.26

4 WORKING CAPITAL REQUIREMENT :

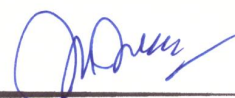
- 4.1 The working capital requirement of the DTL for the FY 2018-19 has been calculated as per Tariff Regulations 2017 and is tabulated below:-

TABLE 8 : WORKING CAPITAL FOR FY 2018-19

(Rs. Crore)	
PARTICULARS	2018-19
RECEIVABLES FOR TWO MONTHS CALCULATED ON NATAF	181.93
MAINTENANCE SPARES @ 15% OF O&M	51.79
O&M EXPENSES FOR 1 MONTH	28.77
TOTAL WORKING CAPITAL	262.49

5 RETURN ON CAPITAL EMPLOYED :

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



PETITION FOR TRUE UP OF AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2018-19

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

- 5.2 The Opening Cost of Fixed Assets for FY 2018-19 has been considered based on the value of Closing GFA of FY 2010-11 as approved by Hon'ble Commission and Actual Assets Capitalization values for FY 2011-12 to FY 2017-18 as submitted by DTL before Hon'ble Commission and the Tentative Assets Capitalization for FY 2018-19, as discussed above.
- 5.3 The Rate of Return on Equity (r_e) has been taken @ 14% as specified in the Business Plan Regulations 2017, however, the Return on Equity has not been grossed with income tax rate and has been claimed separately as explained in Paragraph No. 7 (below), Further, the rate of Return on Debt (r_d) for FY 2018-19 has been taken @ 9.29% as per weighted average interest on actual loan portfolio in line with the provisions of Tariff Regulations 2017.
- 5.4 For FY 2018-19, the ROCE is computed as per the Tariff Regulations 2017 and by considering the Debt : Equity ratio of 70:30 on the Actual Assets Capitalization values for FY 2011-12 to FY 2017-18 as submitted before Hon'ble Commission and Tentative Assets Capitalization for FY 2018-19.

TABLE 9 : ROCE CALCULATION FOR FY 2018-19
(Rs. Crore)

PARTICULARS	2018-19
ORIGINAL COSTS OF FIXED ASSETS	4912.24
ACCUMULATED DEPRECIATION	1650.92
RRB OPENING	3055.76
ADDITIONAL CAPITALISATION	457.94
DEPRECIATION	241.26
WORKING CAPITAL	262.49
GOVT. GRANT/PSDF (OPENING)	205.56
GOVT. GRANT/PSDF (ADDITION)	32.28
GOVT. GRANT/PSDF (CLOSING)	237.84
RRB CLOSING	3502.65
RRB AVERAGE	3410.45
EQUITY (OPENING)	1412.00
EQUITY (ADDITION)	127.70

**PETITION FOR TRUE UP OF
AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2018-19**

EQUITY(CLOSING)	1539.70
EQUITY (AVERAGE)	1475.85
DEBT(OPENING)	3294.67
DEBT(ADDITION)	297.96
DEBT(CLOSING)	3592.64
DEBT (AVERAGE)	3443.66
RATE OF RETURN ON EQUITY	14.00 %
RATE OF RETURN ON DEBT	9.29 %
WEIGHTED AVERAGE COST OF CAPITAL (WACC)	10.70 %
RETURN ON CAPITAL EMPLOYED (ROCE)	365.02

6 NON TARIFF INCOME :

- 6.1 DTL has considered Non Tariff Income based on the factors as per Tariff Regulations 2017, and the same have been reduced from the ARR for FY 2018-19.
- 6.2 The tariff from the Inter-State Transmission Lines owned by DTL i.e. 400 kV D/Ckt. Ballabgarh - Bamnauli Transmission Lines and 400 kV D/Ckt. Mandaula - Bawana Transmission Lines for FY 2018-19, as approved by Hon'ble CERC vide Orders dated 29.06.2018, have also been considered as Non Tariff Income for FY 2018-19 as per directions of Hon'ble CERC in Order dated 29.06.2018.

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

(Rs. Lakh)		
S. NO.	LINE NAME	2018-19
1	400KV D/C MANDLAULA-BAWANA	107.68
2	400KV D/C BAMNAULI-BALLABHGARH	204.17
	TOTAL	311.85

- 6.3 Hon'ble Commission in its earlier Tariff Orders have also considered Reactive Energy Charges as part of Non Tariff Income of DTL. However, in FY 2018-19, DTL has incurred an amount of Rs. 2.06 Crore on account of Reactive Energy Charges.

**PETITION FOR TRUE UP OF
AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2018-19**

Therefore, the same has been considered as an expense in Non Tariff Income for FY 2018-19.

6.4 Further, as per Tariff Order dated 31.07.2019, DERC has not considered the income from Short Term Open Access (STOA) under Non Tariff Income, and directed DTL to disburse the charges to DISCOMs on account of Short Term Open Access as per applicable Rules and Regulations. Therefore, the STOA Charges are not considered in Non Tariff Income.

6.5 The Non Tariff Income for FY 2018-19 has been taken as per details given below:

TABLE 11 : NON TARIFF INCOME FOR FY 2018-19

(Rs. Crore)

PARTICULARS	2018-19
INCOME FROM SALE OF SCRAP	2.12
TARIFF FROM ISTS LINES	3.12
ADJUSTMENT OF PAST POWER PURCHASE (REVISION)	0.24
REACTIVE ENERGY CHARGES* (EXPENSE)	-2.06
NON TARIFF INCOME	3.42

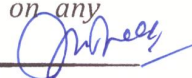
* Net Outflow on account of Reactive Energy Charges

7 INCOME TAX EXPENSES :

7.1 Delhi Transco Limited (DTL) being a company incorporated under the provisions of Companies Act, 1956, has to pay income tax to the Income Tax Department of State Government as well as Central Government on the transmission business, as DTL is not involved in any other business.

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

"45.4 In our opinion, the Commission has to consider the income tax actually paid by the Appellant with due verification and the same has to be included in the Tariff computation and shall be passed on to the beneficiaries. Further, tax on any



**PETITION FOR TRUE UP OF
AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2018-19**

income other than through its licensed business shall not be passed through, and it shall be payable by the Transmission Licensee itself. Accordingly, the issue is decided in favour of the Appellant and the issue is remanded back to consider the Income Tax amount paid with due verification and prudence check"

7.4 Now, as per the Hon'ble Tribunal Judgment in Appeal No. 255 of 2013, the actual income tax for FY 2018-19 has been considered by DTL in the petition.

7.6 The summary of Income Tax Expenses for FY 2018-19 is tabulated below:

TABLE 12 : INCOME TAX EXPENSES FOR FY 2018-19

(Rs. Crore)	
PARTICULARS	2018-19
INCOME TAX ON TRANSMISSION BUSINESS	143.45
INCOME TAX	143.45

8 TRUE UP OF AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2018-19

8.1 The Truing up of ARR for FY 2018-19 is tabulated below :

**TABLE 13 : TRUE UP OF AGGREGATE REVENUE REQUIREMENT FOR FY 2018-19
(Rs. Crore)**

SR. NO.	PARTICULARS	EARLIER APPROVED IN TARIFF ORDER DATED 28.03.2018	PETITION (NOW)
1	O&M EXPENSES	274.29	345.27
2	DEPRECIATION	246.48	241.26
3	RETURN ON CAPITAL EMPLOYED	450.32	365.02
4	INCOME TAX		143.45
5	LESS: NON TARIFF INCOME	70.78	3.42
6	LESS: INCOME FROM OTHER BUSINESS	-	-
	AGGREGATE REVENUE REQUIREMENT	900.32	1091.58

**PETITION FOR TRUE UP OF
AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2018-19**

- 8.2 DTL has been billing from DISCOMs for FY 2018-19 on the basis of Transmission Tariff approved by Hon'ble Commission in ARR Order dated 28.03.2018. The impact of the same is tabulated below:


TABLE 14 : IMPACT OF TRUE UP FOR FY 2018-19

		(Rs. Crore) 2018-19
A	APPROVED ARR FOR FY 2018-19 IN TARIFF ORDER DATED 28.03.2018	900.32
B	TRUE UP OF ARR FOR FY 2018-19	1091.58
A-B	SURPLUS/(DEFICIT)	(191.26)

- 8.3 The impact of deficit of amount of Rs. 191.26 Crore on account of True up of ARR for FY 2018-19 will be dealt separately in the Tariff Petition for ARR of FY 2020-21.

DTL

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S.K. SHARMA
General Manager (C & RA)
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(Govt. of NCT of Delhi Undertaking)
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