

Executive Summary of NDMC's Petition for True up of FY 2013-14, APR of FY 2014-15 and ARR of FY 2015-16

Introduction

- 1.1. New Delhi Municipal Council (NDMC), the deemed Distribution Licensee has filed the Petition for approval of True up for FY 2013-14, Review for FY 2014-15 and Aggregate Revenue Requirement (ARR) & Tariff determination for FY 2015-16.
- 1.2. This Executive Summary contains the summary of the Petition filed by NDMC for True up of FY 2013-14, and ARR & Tariff of FY 2015-16 (based on projections).
- 1.3. For the purpose of comparison, this Executive Summary includes the figures approved in the Tariff Order dated July 31, 2013 for FY 2013-14.
- 1.4. As per the MYT Regulations 2011, the Tariff for FY 2015-16 shall be based on the ARR approved by the Commission, which broadly has the following components:
 - a. Power Purchase cost
 - b. Operation and Maintenance (O&M) expenses
 - Employee expenses
 - Administrative & General (A&G) expenses
 - Repair & Maintenance (R&M) expenses
 - c. Return on Capital Employed (ROCE)
 - d. Depreciation
 - e. Income tax
 - f. Non-tariff income
- 1.5. The Commission shall True up the ARR FY 2013-14 as per MYT Regulations 2011 after prudence check.
- 1.6. Depreciation and RoCE shall be trued up every year based on actual capital expenditure and actual capitalization vis-a-vis capital investment plan approved by the Commission.

Executive Summary of NDMC's Petition for True up of FY 2013-14, APR of FY 2014-15 and ARR of FY 2015-16

Truing Up for FY 2013-14

Energy Sales and Revenue

- 1.7 In its Petition, NDMC has submitted that its actual energy sales in FY 2013-14 were 1307.23 MU compared to energy sales of 1346.88 MU approved by the Commission for FY 2013-14 in Order dated 31st July, 2013. Since energy sales are treated as an uncontrollable factor, NDMC has requested the Commission to approve true up for FY 2013-14 as follows:

Table 1: Sales & Revenue for FY 2013-14 (MU)

Sl. No.	Category	31 st July, 2013 Order		Actuals		
		Sales (MU)	Revenue (Rs. Cr)	Sales (MU)	Revenue billed (Rs. Cr)	Revenue collected (Rs. Cr)
A	Domestic	273.28	130.34	251.62		
B	Non Domestic	1019.47	760.07	1001.11		
i	Non Domestic Low Tension (NDLT)	260.44	359.63	249.16		
ii	Non Domestic High Tension (NDHT)	759.03	400.44	751.95		
C	Industrial	0.25	0.15	0.21		
D	Public Lighting	8.33	6.04	8.32		
E	DMRC	35.00	19.80	36.23		
F	Others	10.55	4.50	9.74		
	Total	1346.88	920.91	1307.23	931.87	918.92

The Petitioner has requested the Commission to approve the actual sales at 1307.23 MU and Revenue billed of Rs. 931.87 Crore (excluding Electricity Duty of and surcharge of Rs. 3.63 Crore and Other adjustments of Rs. 0.015 Crore) and Revenue collected at Rs. 918.92 Crore (excluding Electricity Duty of Rs. 42.82 Crore and LPSC of Rs. 1.18 Crore).

AT&C Loss for FY 2013-14

- 1.8 The Petitioner has submitted that the actual AT&C loss and Distribution loss figures for FY 2013-14 are as against the approved loss level for FY 2013-14 in the Tariff Order dated 31st July, 2013.
- 1.9 The following Table shows the actual AT&C loss as given in the petition, along with Distribution loss and collection efficiency for FY 2013-14 vis-à-vis that was approved in the July, 2013 Order.

Executive Summary of NDMC's Petition for True up of FY 2013-14, APR of FY 2014-15 and ARR of FY 2015-16

Table 2: Approved and Actual AT&C Loss for FY 2013-14

Sl. No.	Particulars	Approved in Tariff Order 31 st July, 2013	Actuals as per Petition
1	AT&C Loss	10.10%	9.58%
2	Collection Efficiency	100.00%	98.61%
3	Distribution Loss	10.10%	8.31%

Power Purchase Quantum and Cost

1.10 The quantum of Power Purchase is decided by the expected sales of energy by the Licensee, as well as the loss levels projected/approved. Higher expected sales require a greater quantum of power to be purchased. Similarly, higher loss levels also require a proportionately greater amount of power purchase by the Licensee because it needs to meet the expected sales (in MU) after accounting for various losses in the process of supplying electricity.

1.11 The energy sales for the year is grossed up by the loss levels of that year, to arrive at the required quantum of power purchase for that year in the following manner:

$$\text{Quantum of Power Purchase (MU)} = \frac{\text{Energy Sales (MU)}}{1 - (\text{Distribution loss}(\%)/100)}$$

1.12 The Table below shows the actual sales, loss level, and power purchase for FY 2013-14, as submitted by licensee.

Table 3: Power Purchase Requirement for FY 2013-14

Sl. No.	Particulars	Approved in Tariff Order dated 31 st July, 2013	Actuals as per Petition
1	Sales (MU)	1346.88	1307.23
2	Distribution Loss (%)	10.10%	8.31%
3	Energy required at DISCOM Periphery (MU)	1498.19	1425.69

1.13 NDMC has allocations of power from Dadri TPS, BTPS, IPGCL and Pragati Station. The Hon'ble Commission is requested to allow the actual gross power purchase of 2080.242 MU. The rate of power procurement from NTPC is Rs.5.09/kWh, for IPGCL the rate of procurement is Rs. 5.57/kWh and Rs 4.27/kWh for Pragati Stations.

Executive Summary of NDMC's Petition for True up of FY 2013-14, APR of FY 2014-15 and ARR of FY 2015-16

- 1.14 The Net Power Available after Transmission Loss as approved in Tariff Order dated July 31, 2013 is 2117.48 MUs and the actual Net Power Available after Transmission Loss and surplus power sale is 1425.69 MUs as the Actual Power available through Dadri (CGS) was 724.37 MUs as compared to the approved 798.45 MUs and Actual Power available through PPS-III Bawana was 47.12 MUs as compared to the approved 722.97 MUs.
- 1.15 NDMC purchased power from Dadri (CGS), BTPS, Pragati Station, Bawana TPP and other sources. The total power purchase cost of NDMC for FY 2013-14 consists of power purchase cost from various sources and transmission charges payable to PGCIL/DTL/SLDC, etc.
- 1.16 The variation in the approved and the actual power purchase expenses is on account of various reasons including, change in cost of power, change in quantum of power purchased, consequent changes in the transmission charges payable and the difference in the transmission charges considered by the Commission and the actual paid by NDMC.
- 1.17 The following Table shows the actual Power Purchase Quantum and Cost submitted by the Petitioner for FY 2013-14 along with the cost approved by the Commission for FY 2013-14 in Tariff Order dated 31st July, 2013.

Table 4: Power Purchase Quantum and Cost for FY 2013-14

Sl. No.	Particulars	Quantum (MU)		Cost (Rs. Crore)	
		Approved in Tariff Order dated July 31, 2013	Submission in the Petition	Approved in Tariff Order dated July 31, 2013	Submission in the Petition
A	Power Purchase				
i	Gross Power Purchase	2824.17	2122.69	940.57	1008.91
ii	Power sold to other sources	657.63	655.78	257.79	155.67
	Net power purchase	2166.54	1466.90	682.79	853.24
B	Transmission Loss/Charges				
	Inter-state Transmission Loss	30.71	24.34	30.10	24.35
	Intra-state Transmission Loss	18.35	16.87	17.98	49.37
	Other Transmission charges				
	Total Transmission Loss	49.06	41.21	48.08	73.72
C	Rebate				

Executive Summary of NDMC's Petition for True up of FY 2013-14, APR of FY 2014-15 and ARR of FY 2015-16

Sl. No.	Particulars	Quantum (MU)		Cost (Rs. Crore)	
		Approved in Tariff Order dated July 31, 2013	Submission in the Petition	Approved in Tariff Order dated July 31, 2013	Submission in the Petition
	Power Purchase Rebate			13.93	17.41
	Rebate on Transmission charges			0.98	1.50
	Total Rebate			14.92	18.92
	Net power available after Transmission Loss	2117.48	1425.69	730.86	926.96

O&M Expenses

- 1.18 The Petitioner has submitted that the Gross O&M expenses approved by the Commission in Tariff Order dated 31st July, 2013 and now claimed in the petition are as given in the following Table:

Table 5: O&M Expenses for FY 2013-14

Sl. No.	Particulars	FY 2013-14	
		Approved in Tariff Order dated July 31, 2013	Submission in the Petition
1	Gross O&M Expenses	151.14	151.14
2	Efficiency factor %	2%	2%
3	Less: Efficiency improvement	3.02	3.02
4	Add: SVRS Pension		
5	Net O&M Expenses	148.12	148.12

Other Expenses

- 1.19 The Petitioner has discussed the other expenses regarding the allocation of Civil Department Expenses to electricity supply business on account of miscellaneous expenses.
- 1.20 Accordingly, NDMC has considered an allocation of 19% of the Administrative department expenses towards its electricity distribution business for FY 2013-14. The allocation of expenses against this head comes out to be Rs. 143.54 Crores. The Hon'ble Commission is requested to approve the actual Administrative Expenses and Civil Engineering Department Expenses of Rs.143.54 Crores for FY 2013-14 for the electricity business of NDMC.

Executive Summary of NDMC's Petition for True up of FY 2013-14, APR of FY 2014-15 and ARR of FY 2015-16

Table 6: Other Uncontrollable Costs / Expenses claimed during FY 2013-14 (Rs. Crore)

Particulars	Amount
Allocation of Administrative and Civil Engineering Expenses	143.54

- 1.21 The Petitioner has requested the Commission to allow the aforesaid expenses incurred during FY 2013-14 in the ARR for FY 2013-14.

Non Tariff Income

- 1.22 NDMC has considered the non-tariff income from the sale of electivity as per actuals of FY 2013-14. NDMC request the Hon'ble Commission to approve Non-Tariff Income of Rs. 6.89 Crores for FY 2013-14. The Non Tariff Income claimed by the Petitioner in the True up for FY 2013-14 is as detailed in the following table:

Table 7: Non-Tariff Income during FY 2013-14 (Rs. Crore)

S. No.	Particulars	Claimed in the Petition
A	Late Payment Surcharge	1.18
B	Other Penalties & Fines	
C	MDI	0.61
D	Misuse	4.21
E	New connection/re-connection fees	0.00
F	Meter Testing Charges	0.00
G	Meter Rent	0.00
H	Service Administrative Charges	
I	Sale & Hire charges	
J	Burnt Meter	0.05
K	Recovery on deposit work	
L	Other income from lapsed deposit and other receipts*	0.34
M	other receipts (petty items commercial)	0.50
N	Total	6.89

*Other receipts includes bank charges and sundry

Executive Summary of NDMC's Petition for True up of FY 2013-14, APR of FY 2014-15 and ARR of FY 2015-16

Depreciation

1.23 The Depreciation taking into account the Average GFA, Average Consumer Contributions, Average Assets net of consumer contribution and Average Depreciation Rate, comes out to be Rs.39.10 Crore for FY 2013-14.

Table 8: Amount of Depreciation for FY 2013-14 (Rs. Crore)

Particulars	FY 2013-14
Average GFA	1091.72
Average consumer contribution	5.49
Average assets net of consumer contribution	1086.24
Average depreciation as above	3.60%
Depreciation	39.10

Return on Capital Employed

1.24 The Petitioner has submitted the details of Regulated Rate Base (RRB), Weighted Average Cost of Capital (WACC) and the Return on Capital Employed (RoCE) during FY 2013-14 in the Table as follows:

Table 9: Regulated Rate Base (RRB) (Rs. Crore)

Sl. No.	Particulars	FY 2013-14
A	Opening Balance of Original Cost of Fixed Assets	1086.94
B	Opening Balance of Working Capital	101.59
C	Accumulated Depreciation	399.77
D	Accumulated Consumers contributions	2.63
E	RRB Opening	786.13
F	Investments capitalised	9.56
G	Depreciation	39.10
H	Consumers Contribution	8.34
I	Change in Working Capital	-22.92
J	Closing RRB	725.33
K	ΔAB (Change in Regulated Base)	-41.86
L	RRB considered for RoCE of FY 2013-14	744.27

Table 10: Weighted Average Cost of Capital (WACC) (Rs. Crore)

Sl. No.	Particulars	FY 2013-14
A	Average Debt	520.99
B	Average Equity	223.28
C	Total	744.27
D	Cost of Debt	11.50%
E	Return on Equity	16%
F	Weighted average cost of capital (WACC)	12.85%

Executive Summary of NDMC's Petition for True up of FY 2013-14, APR of FY 2014-15 and ARR of FY 2015-16

Table 11: Return on Capital Employed (RoCE) for FY 2013-14 (Rs. Crore)

Sl. No.	Particulars	FY 2013-14
A	Weighted Average Cost of Capital (WACC)	12.85%
B	RRB (i)	744.27
C	RoCE	95.64
D	Additional RoE if applicable	2.07%
E	AT&C Loss reduction incentive on equity	4.61
F	Total Return (RoCE + Incentive)	100.25

Income Tax

- 1.25 NDMC submits before the Hon'ble Commission that the Income Tax liable for FY 2013-14 through the Income Tax rate applicable.

Table 12: Income Tax during FY 2013-14 (Rs. Crore)

Sl. No.	Particulars	FY 2013-14
1	Average RRB	755.73
2	Average Equity	223.28
3	Average Debt	520.99
4	% of Equity	29.55%
5	RRB (i)	744.27
6	Equity considered for Income Tax	219.90
7	Rate of Return on Equity	18.1%
8	Return on Equity	39.73
9	Income Tax Rate	33.99%
10	Income Tax	20.46

Revised Annual Revenue Requirement for FY 2013-14

- 1.26 Based on the above discussion the Petitioner has submitted that the Annual Revenue Requirement during FY 2013-14 vis-à-vis that approved in the Tariff Order dated July 31, 2013 is as given in the Table as follows:

Table 13: Annual Revenue Requirement during FY 2013-14 (Rs. Crore)

Sl. No.	Particulars	MYT Order July 2012	Submission
A	Purchase of power including transmission and SLDC Charges	730.69	926.96
B	O&M	151.14	148.12
C	Other Expenses/ Statutory Levies	45.37	143.54
D	Depreciation	39.70	39.10
E	Return on Capital Employed (RoCE)	102.82	100.25
F	Income Tax		20.46

Executive Summary of NDMC's Petition for True up of FY 2013-14, APR of FY 2014-15 and ARR of FY 2015-16

Sl. No.	Particulars	MYT Order July 2012	Submission
G	Sub-total	1069.72	1378.43
H	Less: Non-tariff income	21.41	6.89
I	Less: Interest on CSD		0.00
J	Aggregate Revenue Requirement	1048.31	1371.54
K	Add: Impact of DERC/ APTEL/ High/ Supreme Court Judgements		
L	Net Aggregate Revenue Requirement	1048.31	1371.54

Revenue (Gap) / Surplus

1.27 The Petitioner has submitted that the Revenue gap during FY 2013-14 in the Tabs as follows:

Table 14: Revenue (Gap) / Surplus for FY 2013-14 (Rs. Crore)

Sl. No.	Particulars	FY 2013-14	
		Tariff Order dated July 31, 2013	Submission
A	ARR for FY 2013-14	1048.31	1371.54
B	Revenue available towards ARR	920.91	918.92
C	Revenue (Gap) / Surplus	(127.40)	(452.62)

ARR of FY 2015-16

Energy Sales and Revenue

1.28 The Petitioner has projected the energy sales at 1375.19 MU for FY 2015-16 and Revenue at Rs. 977.96 Crore for FY 2015-16.

Table 15: Energy Sales and revenue for FY 2015-16

Sl. No.	Category	FY 2015-16	
		Sales as per Petition (MU)	Expected Revenue (Rs. Crore)
1	Domestic	269.97	128.21
2	Non Domestic	1045.80	816.91
3	Industrial	0.18	0.11
4	Public Lighting	8.30	6.17
5	DMRC	41.10	23.66
6	Others	9.83	2.91
7	Total	1375.19	977.96

Executive Summary of NDMC's Petition for True up of FY 2013-14, APR of FY 2014-15 and ARR of FY 2015-16

AT&C Losses

- 1.29 The Petitioner has projected that AT&C loss for FY 2015-16 as shown in the Table as follows:

Table 16: AT&C Loss during FY 2015-16

Sl. No.	Particulars	As per Petition
1	T&D Loss	8.31%
2	Collection efficiency	100.00%
3	AT&C Loss	8.31%

Power Purchase Requirement

- 1.30 The quantum of Power Purchase is arrived at by the estimated sales of energy and Distribution losses as projected / approved. Higher sales require greater quantum of power. Similarly higher losses result in higher quantum of power purchase to meet the expected sales.
- 1.31 The energy sales for the year are grossed up by the loss levels for the year, to arrive at the required quantum of power purchase for that year in the following manner.

$$\text{Quantum of Power Purchase (MU)} = \frac{\text{Energy Sales (MU)}}{1 - (\text{Distribution loss}(\%)/100)}$$

- 1.32 The Energy requirement for NDMC for FY 2015-16 based on the energy balance for 2015-16 after computing the inter and intra state transmission loss is as follows:

Table 17: Energy Requirement for and FY 2015-16

Sl. No	Particulars	UoM	As per the Petition
1	Energy Sales	MU	1375.19
2	Distribution loss	%	8.31%
3	Energy Requirement	MU	1499.80
4	Distribution Loss	MU	124.62

Table: 18: Energy Balance during FY 2015-16

S. No.	Particulars	UoM	FY 2015-16 (Projected)
A	Energy Availability		
i	Total Energy Available (excluding BTPS, SGS, TOWMCL & Solar)	MU	664.89
ii	Inter-State Transmission Losses	%	3.36%
		MU	22.34
iii	Energy available from BTPS, SGS TOWMCL	MU	1272.69

Executive Summary of NDMC's Petition for True up of FY 2013-14, APR of FY 2014-15 and ARR of FY 2015-16

Iv	Short Term Purchase	MU	0.00
V	Surplus Power Sold	MU	426.12
Vi	Energy available at State Transmission Periphery	MU	1489.13
Vii	UI Purchase	MU	0.00
Viii	Net Energy Available at State	MU	1489.13
B	Energy Requirement		
I	Energy Sales	MU	1375.19
li	Distribution Loss	%	8.31%
		MU	124.62
lii	Energy injected from RE source at DTL	MU	24.83
Iv	Energy requirement at distribution periphery	MU	1499.80
V	Intra-State Transmission Loss	%	0.95%
		MU	14.15
Vi	Energy requirement at Transmission periphery	MU	1489.13
C	Surplus Energy	MU	426.12

Power Purchase Cost

- 1.33 NDMC has allocations of power from thermal power plants Dadri TPS, Rajghat Power House, IPGCL Gas Turbine and Pragati Stations. The rate of power purchase for 2014-15 and 2015-16 has been kept same as actual rate of power purchase for 2013-14 determine the annual power purchase cost for the year 2014-15 and 2015-16.
- 1.34 NDMC has entered into PPA with Ministry of Environment for 930kWp solar power project at roof top of Indira Paryavaran Bhavan at Aliganj, Jorbagh for a period of 25 years and procurement of 6.5 MW greenpower from Timarpur Okhla Waste Management Company Pvt Limited through Mittal Processor Private Limited. The total power purchase cost of NDMC for FY 2014-15 and FY 2015-16 consists of power purchase cost from various sources and the transmission charges payable to PGCIL/DTL and other charges payable to SLDC/RLDC.

The estimated quantum of power purchase and cost of purchase for FY 2015-16 as

Executive Summary of NDMC's Petition for True up of FY 2013-14, APR of FY 2014-15 and ARR of FY 2015-16

submitted by the Petitioner is shown in Table as follows:

Table 19: Power Purchase Cost from various sources (calculated as net of rebate)

S.No.	Stations	FY 2015-16		
		Energy (MU)	Cost (Rs. Cr)	Avg Rate (Rs./kWh)
I	BTPS	598.84	650.03	5.14
ii	Dadri*	664.89		
iii	Rajghat	0.496	0.92	5.63
iv	Gas Turbine	1.14		
V	Pragati-I	545.03	290.18	4.32
Vi	PPS –III Bawana	127.186		
A	Gross Power Purchase	1937.58	941.13	4.86
I	Power from Solar	1.58	1.22	7.72
ii	Power from Waste to Energy	23.25	9.88	4.25
B	Power from RE	24.83	11.10	4.47
C	Grand Total	1962.41	952.23	4.85

Renewable Power Purchase Obligation

1.35 NDMC have entered into PPA between Ministry of Environment and NDMC for 930 kWp solar power project at roof top of Indira Paryavaran Bhavan at Aligung, Jorbagh for a period of 25 years. Plant has generated 1.26 MU of energy in the FY 2014-15 (on pro-rated basis).

1.36 NDMC has an overall Solar RPO target of 4.13 MU for 2015-16 has been generated till date. Thus to meet the required target of Solar RPO NDMC would require Solar REC equivalent to 2.87 MU. This would require Rs 1.33 Cr assuming an average rate of Rs 4.65 per Solar REC.

The Petitioner has submitted the cost of REC purchase for meeting Solar RPO during FY 2015-16 is tabulated as follows:

Table 20: Cost of REC purchase for meeting solar RPO during FY 2015-16

Sl. No	Particulars	UoM	FY 2015-16
1	Energy Sales	MU	1375.19
2	RPO Target-Solar	%	0.30%
3	RPO Target-Solar	MU	4.13
4	Availability from Solar	MU	1.58
5	Required to be met through RECs	MU	2.55
6	REC Rates:	Rs./kWh	4.65
7	Cost for REC Purchase	Rs. Crore	1.19

Executive Summary of NDMC's Petition for True up of FY 2013-14, APR of FY 2014-15 and ARR of FY 2015-16

1.37 NDMC has been procuring 6.5 MW greenpower from Timarpur Okhla Waste Management Company Pvt. Limited through Mittal Processor Private Limited. The following Table shows that the cost of REC purchase to meet the non-solar RPO target through REC will be Rs. 8.45 Crores for 2014-15 and Rs 11.57 Crores for 2015-16.

The Petitioner has submitted the cost of REC purchase for meeting Non-Solar RPO during FY 2015-16 is tabulated as follows:

Table 21: Cost of REC purchase for meeting non solar RPO during FY 2015-16

Sl. No	Particulars	UoM	FY 2015-16
1	Energy Sales	MU	1375.19
2	RPO Target-non-Solar	%	7.30%
3	RPO Target-non-Solar	MU	100.39
4	Availability from TOWMCL	MU	23.25
5	Required to be met through RECs	MU	77.14
6	REC Rates	Rs./kWh	1.50
7	Cost for REC Purchase	Rs. Crore	11.57

1.38 NDMC requests the Hon'ble Commission to approve the additional cost of Rs. 9.42 crores for 2014-15 and Rs 12.76 crores for 2015-16 towards procurement of Solar and Non-Solar RECs in order to meet the total RPO target.

Transmission Charges

1.39 The Petitioner has projected the Intra State & Inter State Transmission charges for FY 2015-16 is as follows:

Table 22: Transmission charges during FY 2015-16

Sl. No	Particulars	FY 2015-16
A	Transmission Losses (MU)	
1	Inter-State Transmission	22.34
2	Intra-State Transmission	14.15
	Total Transmission Losses (MU)	36.49
B	Transmission charges (Rs. Crore)	
1	Inter-State Transmission*	26.09
2	Intra-State Transmission#	63.35
	Total Transmission charges (Rs. Crore)	89.44

*Includes Open access charges

includes SLDC charges

Executive Summary of NDMC's Petition for True up of FY 2013-14, APR of FY 2014-15 and ARR of FY 2015-16

Total Power Purchase Cost

1.40 The total power purchase cost during FY 2015-16 is as follows:

Table 23: Total Power Purchase cost for FY 2015-16

S.No.	Source	Quantity (MU)	Amount (Rs. Crore)	Average Cost (Rs./kWh)
A	*Power Purchase from NTPC (including Dadri and BTPS)	1263.73	650.03	5.14
B	*Inter-State Loss	22.34	26.09	
C	Power Available at Delhi Periphery	1241.39		
D	*Power Purchase from SGS (including Renewable)	698.36	302.20	4.33
E	*Intra-State Loss and Charges including SLDC Charges	14.15	63.35	
F	Short Term Power Purchase			
G	Power Available to DISCOM	1925.61		
H	Sales	1375.19		
I	Distribution Loss	8.31%		
J	Required Power for the DISCOM	1499.80		
K	Surplus Power Available at DISCOM boundary	426.12	178.97	4.20
L	Additional Cost on RPO		12.76	
M	Less: Power Purchase Rebate		19.43	
N	Less: Rebate on Transmission Charges		1.83	
O	Net Power Purchase Expense including Transmission Charges and RPO		875.45	

Other Components of ARR

1.41 The other components of ARR are:

- O&M Expenses
- Depreciation
- Return on Capital Employed
- Income Tax
- Non-Tariff Income

Executive Summary of NDMC's Petition for True up of FY 2013-14, APR of FY 2014-15 and ARR of FY 2015-16

O&M Expenses

- 1.42 NDMC has considered the gross O & M expenses for FY 2014-15 and FY 2015-16 as per the actual gross Operation and Maintenance expenses for FY 2013-14. NDMC requests the Hon'ble Commission to approve the O&M expenses of the NDMC as per actuals at the time of true up of these expenses.

The O&M expenses for FY 2015-16 are as per the following table:

Table 24: O&M Expenses during FY 2015-16

		(Rs. Crore)
Sl. No.	Particulars	FY 2015-16
1	Gross O&M Expenses	151.14
2	Efficiency Factor	4%
3	Efficiency Improvement	6.05
4	Add: SVRS Pension	
5	Net O&M Expenses	145.09

Administrative Expenses and Civil Engineering Department Expenses

- 1.43 NDMC has considered an allocation of 19% of the salary head of its Administrative department towards its electricity distribution business. For the projection of the Administrative Expenses and Civil Engineering Department Expenses for FY 2014-15 and FY 2015-16 has been considered over the amount as approved by the Hon'ble Commission in the MYT Order for the second control period.

Table 25: Administrative and Civil Engineering Department expenses for FY 2015-16
(Rs. Crore)

Sl. No.	Particulars	Amount
1	Civil Engineering Department expenses	10.00
2	Administrative department expenses	35.37
3	Administrative and Civil Engineering Department	45.37

Depreciation

- 1.44 The Petitioner has projected the Depreciation for FY 2015-16 as per the following table:

Table 26: Depreciation during FY 2015-16

		(Rs. Crore)
Sl. No.	Particulars	Amount
A	Gross Fixed Assets	
i	Opening balance	1111.06
ii	Additions during FY	15.29

Executive Summary of NDMC's Petition for True up of FY 2013-14, APR of FY 2014-15 and ARR of FY 2015-16

Sl. No.	Particulars	Amount
iii	Closing balance	1126.35
B	Consumer contribution	
iv	Opening balance	10.97
v	Additions during FY	0
vi	Closing balance	10.97
C	Grants	
vii	Opening balance	
viii	Additions during FY	
ix	Closing balance	
D	GFA net of consumer contribution	
x	Opening balance	1100.09
xi	Closing balance	1115.38
xii	Average balance	1107.74
E	Average rate of depreciation	3.60%
F	Depreciation	39.88

Return on Capital Employed (RoCE)

1.45 The Petitioner has projected Return on Capital employed for FY 2015-16 is tabulated as follows:

Table 27: Return on Capital Employed during FY 2015-16

(Rs. Crore)

Sl. No.	Particulars	Amount
A	Equity	209.24
B	Debt	488.22
C	Total	697.45
D	Rate of Return on Equity	16%
E	Rate of Return on Debt	11.50%
F	RRB (i)	699.62
G	WACC	12.85%
H	RoCE	89.90
I	Add RoE	
J	Total RoCE	89.90

Non Tariff Income

1.46 Non-Tariff income for the FY 2015-16 has been projected at the rate of 10% increase in the income for the True-up number of FY 2013-14 being submitted to the Hon'ble

Executive Summary of NDMC's Petition for True up of FY 2013-14, APR of FY 2014-15 and ARR of FY 2015-16

Commission for the approval. NDMC request the Hon'ble Commission to approve Non-Tariff Income of Rs. 7.58 Crores for FY 2015-16.

Table 28: Non Tariff Income during FY 2015-16

(Rs. Crore)

Sl. No.	Particulars	FY 2015-16
1	Non Tariff Income	7.58

Carrying Cost

- 1.47 NDMC has taken into consideration the Opening Gap of Rs. -121.46 Crore for FY 2013-14, as per the Tariff Order FY 2013-14, while determining the carrying cost of revenue. Carrying cost rate of 11.50% and surcharge 8% have also been taken into account for calculation. NDMC requests the Hon'ble Commission to approve Carrying Cost of Rs 31.62 Crore for 2014-15 and Rs 64.86 Crore for FY 2015-16.

Table 29: Carrying Cost on Revenue Gap (Rs. Crore)

Sl. No.	Particulars	FY 2015-16
A	Opening Gap for FY (n-2)	-121.46
B	Revenue Requirement for FY (n-2)	1371.54
C	Revenue during FY (n-2)	918.92
D	(Gap)/ Surplus for FY (n-2)	-452.62
E	Surcharge for FY (n-2)	
F	Net (Gap)/ Surplus for FY (n-2)	-452.62
G	Rate of carrying cost for the year	11.50%
H	Carrying Cost	-39.99
I	Closing balance of (Gap)/ Surplus at the end of FY (n-2)	-614.08
J	Revenue Requirement for FY 'n'	1188.12
K	Rate of carrying cost for the year	11.50%
L	Total Revenue Requirement including 8% Surcharge and Carrying Cost for FY 'n'	1252.97
M	Carrying Cost	64.86

Annual Revenue Requirement for FY 2015-16

- 1.48 The Petitioner has projected the Annual Revenue Requirement (ARR) for FY 2015-16 as per the following table:

Table 30: Annual Revenue Requirement (ARR) during FY 2015-16

(Rs. Crore)

Sl. No	Particulars	FY 2015-16
1	Net Power Purchase Cost including Transmission charges	875.45
2	O&M Expenses	145.09

Executive Summary of NDMC's Petition for True up of FY 2013-14, APR of FY 2014-15 and ARR of FY 2015-16

Sl.	Particulars	FY 2015-16
3	Other Miscellaneous Expenses	45.37
4	Depreciation	39.88
5	Advance Against Depreciation	
6	RoCE	89.90
7	Income Tax	0.00
8	Sub total	1195.70
9	Less: Non-Tariff Income	7.58
10	Add: PPAC Balance	0
11	Aggregate Revenue Requirement	1188.12
12	Carrying Cost of regulatory Asset	64.86
13	ARR with Carrying cost	1252.97

Revenue Gap during FY 2015-16.

1.49 The Existing Tariff would result in Revenue Gap of Rs.275.01 Crore for FY 2015-16.

Table 31: Revenue Gap for FY 2015-16 (Rs. Crore)

Sl. No	Particulars	FY 2015-16 (Projected)
1	Total ARR	1252.97
2	Revenue from Tariff excl. surcharge and E.Tax	977.96
3	Revenue (Gap)/ Surplus	-275.01

Regulatory Assets

1.50 The Petitioner has projected the closing balance of Regulatory Assets as per the following table:

Table 32: Revenue Gap/Surplus till FY 2013-14 (Rs. Crore)

Sl.No.	Particulars	FY 2013-14
A	Opening level of gap for the year	-121.46
B	Revenue Requirement for the year	1371.54
C	Revenue at existing tariffs for the year	918.92
D	Surplus / (Gap) for the year	-452.62
E	8% surcharge for the year	
F	Net Surplus / (Gap) for the year	-574.08
G	Rate of Carrying Cost	11.50%
H	Carrying Cost for the year	-66.02
	Closing Balance of (Gap)/Surplus for the year	-640.10

Proposed Tariff Hike

1.51 NDMC proposes an average Tariff Hike of 28.12% for FY 2015-16 ranging from 10% to 31.01% across Consumer categories to meet the projected revenue gap at the end of FY 2015-16.

Executive Summary of NDMC's Petition for True up of FY 2013-14, APR of FY 2014-15 and ARR of FY 2015-16

1.52 The Expected Revenue is planned to bridge the Revenue Gap if the proposed average Tariff Hike of 28.12% is implemented.

Table 33: Expected Category wise Total Revenue

Sl. No	Category	Revenue at current tariff	Average Billing rate as per current tariff	Hike in Tariff	Revised Revenue proposed	Average Billing rate as per revised tariff
		Rs. Cr.		%	Rs. Cr.	Rs./ Unit
A	Domestic	128.21	4.75	10.00%	141.03	5.22
B	Non Domestic	816.91	7.81	31.01%	1070.20	10.23
C	Industrial	0.11	6.19	31.01%	0.15	8.11
D	Public Lighting	6.17	7.43	10.00%	6.78	8.17
E	DMRC	23.66	5.76	31.01%	31.00	7.54
F	Others	2.91	2.96	31.01%	3.81	3.87
	Total	977.96		28.12%	1252.97	

Table 34: Expected Revenue Category wise (Rs. Crore)

Sl. No	Category	Revised Revenue		
		Fixed Charges	Energy Charges	Total Revenue
A	Domestic	3.60	137.43	141.03
B	Non Domestic	98.99	971.20	1070.20
C	Industrial	0.004	0.144	0.15
D	Public Lighting	0.00	6.78	6.78
E	DMRC	2.73	28.27	31.00
F	Others	0.11	3.70	3.81
	Total	105.43	1147.54	1252.97

1.53 NDMC has proposed an average tariff hike of 28.12% for FY 2015-16 to meet a revenue gap of Rs. 1252.97 Crores for FY 2015-16. The fixed and energy charges for the Domestic and Public Lighting categories are proposed to increase at 10%, while a hike of 31.01% is proposed in fixed and energy charges for the Non-Domestic, DMRC, Industrial and Others categories for the year 2015-16 is proposed.