

## **Executive Summary based on TPDDL's Petition for True up for FY 2013-14, APR for FY 2014-15 and ARR for FY 2015-16**

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### **Introduction**

- 1.1 The Tata Power Delhi Distribution Limited (TPDDL), the distribution licensee, has filed its Petition for Approval of True up for FY 2013-14, Final true up of earlier period FY 2007-08 to FY 2012-13, Review of FY 2014-15 and determination of Aggregate Revenue Requirement (ARR) and Tariff for FY 2015-16.
- 1.2 This Executive Summary contains the summary of the Petition filed by TPDDL for True up for FY 2013-14 (based on audited accounts), ARR and determination of Tariff for FY-2015-16 (based on projections).
- 1.3 For the purpose of comparison, the Executive Summary includes figures approved in the Tariff Order dated 31<sup>st</sup> July, 2013.
- 1.4 As per the MYT Regulations, 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 including transmission charges
  - b) Operation and Maintenance (O&M) expenses
    - Employee Expenses
    - Administrative & General Expenses
    - Repair & Maintenance Expenses
  - c) Return on Capital Employed
  - d) Depreciation
  - e) Income Tax.
  - f) Non-tariff Income, etc.
- 1.5 The Commission shall true-up the ARR for FY 2013-14 as per MYT regulations, 2011, after prudence check.
- 1.6 Depreciation and RoCE shall be trued up every year based on the actual capital expenditure and actual capitalization vis-à-vis capital investment plan(capital expenditure and capitalization) approved by the Commission - Controllable parameters
- 1.7 Variation in revenue / expenditure on account of uncontrollable sales / power purchase respectively – Uncontrollable parameters

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**Truing Up for FY 2013-14**

**Energy Sales and Revenue**

- 1.8 In its Petition, TPDDL has submitted that its actual energy sales in FY 2013-14 were 7187MU compared to energy sales of 7439 MU and actual revenue billed is Rs. 5364 crore (net of E-Tax) compared to revenue billed of Rs. 5015 (excluding E. Tax and 8% surcharge) crore approved by the Commission for FY 2013-14 in the Tariff order 31<sup>st</sup> July, 2013. Since energy sales are treated as an uncontrollable factor, TPDDL has requested the Commission to approve true up for FY 2013-14 based on its audited accounts, as shown below:

**Table 1: Sales and Revenue for FY 2013-14**

Sl. No.	Category	31 <sup>st</sup> July, 2013 Order		Actuals		
		Sales (MU)	Revenue (Rs. Cr)*	Sales (MU)	Revenue billed (Rs. Cr)#	Revenue collected (Rs. Cr)#
1	Domestic	3202	1572	3109	1740	
2	Non Domestic	1389	1266	1329	1333	
3	Industrial	2231	1763	2193	1879	
4	Public Lighting	120	87	124	100	
5	Irrigation & Agriculture	13	4	13	5	
6	Railway Traction	57	41	46	33	
7	DMRC	173	95	134	86	
8	Others +	254	186	239	188	
a	DIAL					
b	Worship/Hospitals					
c	DJB	203		204		
d	DVB Staff					
e	Enforcement					
f	Own Consumption					
g	Temporary					
h	advertisement and Hoardings					
	<b>Total</b>	<b>7439</b>	<b>5015</b>	<b>7187</b>	<b>5364</b>	<b>5379</b>

\* Excluding 8% Surcharge & E Tax

# including 8% Surcharge excluding E.Tax

+ Including DJB

Figures are rounded off

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- 1.9 The Petitioner has requested the Commission to approve the actual sales at 7187MU and Revenue billed of Rs. 5364.29 Crore (including 8% surcharge of Rs. 391.36 crore) and revenue collected at Rs. 5379.20 Crore (including 8% surcharge of Rs. 390.70 crore).

### AT&C Loss for FY 2013-14

- 1.10 The Petitioner, has submitted that the actual AT&C loss and Distribution loss figures for FY 2013-14, which are less than the loss level target set for FY 2013-14 in the Tariff Order dated 31<sup>st</sup> July, 2013.
- 1.11 The following Table shows the actual AT&C loss along with Distribution loss and collection efficiency for FY 2013-14 vis-à-vis that approved in the July, 2013 Order.

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

Sl. No.	Particulars	Approved in Tariff Order 31 <sup>st</sup> July, 2013	Actuals as per Petition
1	AT&C Loss	12.00%	10.35%
2	Collection Efficiency	99.50%	100.31%
3	Distribution Loss	11.56%	10.63%

### Additional Return on account of AT&C over achievement.

- 1.12 The Petitioner has sought the revised AT&C Loss target /trajectory of 14.325% for FY 2013-14 and claimed additional RoE on account of AT&C over achievement as given in the table below:

**Table 3: Additional RoE on account of AT&C Loss over achievement**

Sl.No.	Particulars	AT&C Loss (%)
1	AT&C Losses- Revised Target for current year	14.325
2	AT&C Losses – Revised Target for Previous year	14.825
3	AT&C Losses Actual for FY 2013-14	10.35
4	Additional Return on Equity (%) - $(x_i - y_i) / (x_{i-1} - y_i)$	7.95%

(\* as the Petitioner has challenged the methodology of computation of AT&C loss level before the Hon'ble ATE, the above computation is subject to the outcome of decision of the Hon'ble ATE)

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### Power Purchase Requirement

- 1.13 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.
- 1.14 The energy sales for the year is grossed up by the loss levels of the that year, to arrive at the required quantum of power purchase for that year in the following manner:

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

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

**Table 4: Power Purchase Requirement for FY 2013-14**

Sl. No.	Particulars	Approved in Tariff Order dated 31 <sup>st</sup> July, 2013	Actuals as per Petition
1	Sales (MU)	7439	7187
2	Distribution Loss (%)	11.56%	10.63%
3	Energy required at DISCOM Periphery (MU)	8411	8040

### Power Purchase Cost

- 1.16 As per MYT Regulations, 2011, the licensee shall be allowed to recover the net cost of power it procures from sources approved by the Commission, viz. Intra-state and Inter-state Trading Licensees, Bilateral Purchases, Bulk Suppliers, State generators, Independent Power Producers, Central generating stations, non-conventional energy generators, generation business of the Distribution Licensee and others, assuming maximum normative rebate available from each source for payment of bills through letter of credit on presentation of bills for supply to consumers of Retail Supply Business.

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Provided that the Distribution Licensee shall propose the cost of power procurement taking into account the fuel adjustment formula specified for the generating stations and net revenues through bilateral exchanges and Unscheduled Interchange (UI) transactions;

Provided further that where the Licensee utilise a part of the power purchase approved or bulk supply allocated or contracted for the Retail Supply Business for its Trading Business, the Distribution Licensee shall provide an Allocation Statement clearly specifying the cost of additional power purchase / sale that is attributable to such trading activity.

- 1.17 The price at which the power is to be purchased are determined by independent Commission like CERC/DERC. As stated above, the Petitioner has already submitted the monthly invoices raised to the Commission. The Petitioner has considered the total cost on account of long term sources, Short term sources during FY 2013-14 which includes the following.
- 1.18 The following Table shows the actual Power Purchase 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 31<sup>st</sup> July, 2013.

**Table 5: Power Purchase Cost during FY 2013-14 (approved by the Commission vis-à-vis Actual Cost Incurred) (Rs. Crore)**

Generating Stations	Estimated in Tariff order dated July, 2013			Actual Cost incurred		
	Energy (MU)	Amount (Rs. crore)	Average Rate (Rs/Unit)	Energy (MU)	Amount (Rs. crore)	Average Rate (Rs/Unit)
Power Purchase CSGS*	8620.00	3140.15	3.64	8823.88	3549.11	4.02
Interstate Bilateral purchase				603.83	227.65	3.77
Power Purchase- Delhi Gencos #	2481.00	1213.71	4.89	1808.87	1120.10	6.19
Intra state purchase				3.53	0.89	2.54
Cost towards RPO	2.50	63.97		1.95	3.48	17.88
<b>Gross power purchase</b>	<b>11103.50</b>	<b>4417.83</b>	<b>4.09</b>	<b>11242.05</b>	<b>4901.23</b>	<b>4.50</b>
Less: Surplus power sold/banked /UI sales	(2280.00)	(912.00)	4.00	(2719.43)	(782.99)	2.88
<b>Net Power Purchase</b>	<b>8823.50</b>	<b>3505.83</b>	<b>4.17</b>	<b>8522.62</b>	<b>4118.24</b>	<b>5.12</b>
<b>Transmission charges</b>						

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Generating Stations	Estimated in Tariff order dated July, 2013			Actual Cost incurred		
	Energy (MU)	Amount (Rs. crore)	Average Rate (Rs/Unit)	Energy (MU)	Amount (Rs. crore)	Average Rate (Rs/Unit)
PGCIL Losses	(310.00)			(350.85)		
DTL Losses	(103.00)			(131.53)		
PGCIL Charges		321.35			280.90	
DTL Charges		152.85			138.16	
Other Transmission charges					18.44	
<b>Power required for TPDDL consumers</b>	<b>8410.50</b>	<b>3980.03</b>	<b>4.73</b>	<b>8040.23</b>	<b>4555.74</b>	<b>5.67</b>
Less: Net Normative rebate on power purchase		87.08			85.83	
Less: Rebate on account of transmission charges		9.48			10.38	
<b>Net power purchase cost including Transmission charges and rebate</b>		<b>3883.47</b>			<b>4459.53</b>	

\* Includes Dadri Stage I and II plant

# excludes Dadri Stage I and II plant

### O&M Expenses

- 1.19 The Petitioner has submitted the O&M expenses approved by the Commission in Tariff Order dated 31<sup>st</sup> July, 2013 and now claimed in the petition as given in Table below:

**Table 6: O&M Expenses for FY 2013-14 (Rs. crore)**

Sl. No.	Particulars	FY 2013-14	
		To dated July 31, 2013	Petition
A	Employee Expenses	272.36	368.29
B	A&G Expenses	49.05	62.28
C	R&M Expenses	100.77	124.30
D	Total O&M Expenses	422.17	554.87
E	Efficiency factor %	3%	3%
F	Less: Efficiency improvement	12.67	16.65
G	Add: SVRS Pension	4.01	3.53
H	<b>Net O&amp;M Expenses</b>	<b>413.51</b>	<b>541.75</b>

### Other Expenses

- 1.20 The Petitioner has requested to consider the following other expenses incurred while truing up of ARR for FY 2012-13.

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**(A) Statutory Levis**

**License Fees:** It is submitted that as per Clause 12.1 of the Distribution and Retail Supply License, the Petitioner is required to pay annually 0.05% of amount billed of previous year as license fees to the Commission. Since the same is linked to sales which is uncontrollable, the license fee too needs to be trued up. Differential amount now sought by the Petitioner is as given in the Table below:

**Table 7.1: Computation of Licensee fees to be allowed on actual basis (Rs. Crore)**

Sl.No.	Particulars	Amount
A	Based Year Exp of Licensee fee FY 2010-11	1.35
B	Y-O-Y Incremental (%)	8%
C	Licensee fee allowed as a part of total A&G exp for FY 2013-14	1.70
D	Efficiency Factor (%)	3%
E	Less: amount adjusted towards Efficiency	0.05
F	Licensee fee (net of efficiency) approved as a part of A&G	1.64
G	Billed sale for previous year – as per P&L accounts	4935.99
H	Licensee (0.05%) based on billed sale of previous year	2.47
I	Amount of license fee paid	2.47
J	<b>Differential amount now sought</b>	<b>0.82</b>

**(B) Taxes (other than corporate income tax):**

**(i) Amendments in the service tax as notified in the Financial Act, 2012:-**

The Petitioner has submitted that the service tax rate has been increased to 12.36% from 10.30% w.e.f 01.04.2012. and the service tax which was applicable on few services has been extended to all services except specifically covered in negative list. It is submitted that the aforesaid amendments have impacted, the Petitioner in two way i.e. due to changes in service tax rate and introduction of Reverse Charge Mechanism and Negative List.

The Petitioner submitted that based on the above amendments, TPDDL has to bear additional amount of Rs. 2.67 crore on account of increase in service tax and has to pay additional service tax of Rs. 1.50 crore due to introduction of concept of Reverse Charge Mechanism

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**(ii) Registration Fees for creating charge due to change in the Registration Act 1908 of Delhi:**

The Petitioner has submitted that as per the above notification, the registration fee which was earlier payable at the 1% of the consideration amount or as per circle rate whichever is higher subject to maximum of Rs. 50000/- has been changed subject to minimum of Rupees one thousand or one percent of the consideration amount set forth or the value as per the circle rate, whichever is higher

The Petitioner submitted that due to aforesaid amendments to abide by the law being uncontrollable in nature the Petitioner has paid Rs. 0.58 crore in FY 2013-14 for creation of mortgage fee which was not part of base year expenses and is to be allowed at the time of trueing up.

**(C) Other Miscellaneous Expenses**

**(i) Financing expenses/ charges paid for arranging credit facilities:**

The Petitioner has submitted that Regulation 5.3(b) of DERC MYT Regulation, 2011 specify that expenses related to raising of loans will form part A&G expenses. As the financing charges has not formed part of based year A&G expenses, the Petitioner has now sought the financing charges on actual basis.

The Petitioner requested to allow an amount of Rs. 1.04 crore on account of financing charges on actual basis.

**(ii) Increase in LC charges:**

The Petitioner has submitted that LC charges are a part of A&G expenses which are allowed on normative basis but LC charges are directly linked to power purchase cost which is uncontrollable in nature. Therefore, if the Commission wish to take normative rebate on actual power purchase cost then it is requested to allow actual LC charges. The Petitioner claimed the differential amount required to be allowed as given in the table below:



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**Table 7.2: Computation of LC charges to allowed on actual basis**

Sl.No.	Particulars	Amount
A	Based Year LC charges FY 2010-11	0.83
B	Y-O-Y Incremental (%)	8%
C	LC charges allowed as a part of total A&G exp for FY 2013-14	1.05
D	Efficiency Factor (%)	3%
E	Less: amount adjusted towards Efficiency	0.031428
F	LC charges approved (net of efficiency) approved as a part of A&G	1.02
G	LC charges actual	1.6067
H	<b>Differential amount required to be allowed</b>	<b>0.59</b>

**(iii) Cost of Auditor certificates**

The Petitioner has submitted that they have incurred an amount of Rs. 0.12 crore towards arranging the Auditor Certificate as desired by the Commission. As the said expenses are directly linked with requirement of the Commission, the Petitioner requested to allow the cost of auditors certificate of Rs. 0.09 crore on actual basis which is the differential amount between base year cost and actual cost as given in the table below:

**Table 7.3: Computation of Auditor certificate**

Sl.No.	Particulars	Amount
A	Based Year cost of auditor certificate FY 2010-11	0.03
B	Y-O-Y Incremental (%)	8%
C	Auditor certificate allowed as a part of total A&G exp for FY 2013-14	0.03
D	Efficiency Factor (%)	3%
E	Less: amount adjusted towards Efficiency	0.00
F	Cost of Auditor expenses approved net of efficiency as a part of A&G	0.03
G	Cost of Auditor Certificate	0.12
H	<b>Differential amount required to be allowed</b>	<b>0.09</b>

**(iv) Credit rating fees**

The Petitioner has submitted that Commercial Banks allocate capital in relation to the credit risk and credit risk will be measured by the rating assigned by the rating agencies. It is further submitted that the rate of interest charged by the lenders would have been higher, has the Petitioner not got the credit rating done from credit rating agencies. The Petitioner requested that the differential amount of Rs. 0.22 crore incurred towards surveillance fees approved vis-a-vis actually paid to be allowed as part of ARR for FY 2013-14 as tabulated below:

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**Table 7.4: Credit rating expenses**

Sl.No.	Particulars	Amount
A	Based Year credit rating expenses FY 2010-11	0.21
B	Y-O-Y Incremental (%)	8%
C	Credit rating expenses as a part of total A&G exp for FY 2013-14	0.26
D	Efficiency Factor (%)	3%
E	Less: amount adjusted towards Efficiency	0.01
F	Credit rating expenses net of efficiency as a part of A&G	0.25
G	Credit rating expense – actual	0.4751
H	<b>Differential amount required to be allowed</b>	<b>0.22</b>

**(v) Financing cost of power banking**

The Petitioner has submitted that in relation to the issue of financing cost of power banking, the Commission in its submission to the APTEL mentioned that the banking contracts have to be revenue neutral in nature and hence if power has been bought under banking arrangement then the same power will be sold back utility with 4% extra power. This extra power that is sold at the rate at which it had bought power at the first serves like the financing cost of power banked.

It is submitted that the Petitioner has not kept the benefit of extra 4% power, but offered in the ARR by reducing power purchase cost on account of power banking and sought financing cost of power banking as detailed in the table below:

**Table 7.5: Computation of cost of financing of power banking**

Sl.No.	Particulars	FY 2013-14
A	MU banked by TPDDL	569.71
B	Normative Units @4%	22.79
C	Amount to be retained @ Rs. 4/unit "A"	9.12
D	MU banked with TPDDL	226.39
E	Normative Units @4%	9.06
F	Amount to be retained @ Rs. 4/unit "B"	3.62
G	Difference sought / (Offered)	5.49

- 1.21 Based on the discussions above the Miscellaneous Expenses now claimed for FY 2013-14 are as given in the Table below:

**Table 7.6: Miscellaneous Expenses claimed during FY 2013-14**

(Rs. crore)

Sl. No	Particulars	Amount
	Statutory Levis, Taxes etc	
A	Licensee fee	0.82

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B	Change in service tax	2.67
C	Reverse charge mechanism	1.50
D	Registration charges as per GOI notification	0.58
	Additional Expenses now sought	
E	Other financing cost charges	1.04
F	Increase in LC charges	0.59
G	Cost of Auditor certificate	0.09
H	Credit rating Fees	0.22
	Other expense – in line with APTEL judgements	
I	Power banking	5.49
	<b>Total</b>	<b>13.01</b>

**Non Tariff Income**

- 1.22 The Non Tariff Income claimed by the Petitioner in the true up for FY 2013-14 is as given in the Table below:

**Table 8: Non-Tariff Income during FY 2013-14 (Rs. crore)**

Sl. No.	Particulars	Amount
A	Other Operating Income	139.19
B	Other Income	30.27
C	Less: Income from other business	(8.31)
<b>D</b>	<b>Income</b>	<b>161.51</b>
	Less: Income included in above, not passed for tariff determination	
E	Transfer from capital grants	0.59
F	Transfer from consumer contribution for capital works	17.47
G	Interest / Short term capital gain	0.77
H	Interest received due to late payment on account of UI	18.86
I	Service line charges offered	(4.99)
J	Financing cost of LPSC	12.22
K	Rebate on power purchase	46.78
L	Incentive towards street light	1.58
M	Income of generation business	0.16
N	Cash discount / misc emp deduction	0.12
	<b>Sub total</b>	<b>93.56</b>
O	Add income from other sources to be offered to consumers	3.22
<b>S</b>	<b>Net Income considered as NTI</b>	<b>70.81</b>

**Income from Other Business**

- 1.23 The summary of total income received from other business and proposed to be retained by the Petitioner is as tabulated below:

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**Table 9: Break up of sharing other business income for FY 2013-14 (Rs. Crore)**

Sl. No.	Particulars	(Rs. Crore )	Sharing ratio	Consumer's share	Petitioner's share
A	Consultancy				
	Consultancy Income	7.2076			
	Training income	0.3441			
	Sub Total	7.5517			
	Less Income Tax	2.0026			
	Net Revenue (A)	5.5491			
B	Distribution of Assets				
	Distribution of Assets	0.7550			
	Less Income Tax	0.2002			
	Net Revenue (B)	0.5548			
	Sharing of income (A) from above		50:50	2.7746	2.7746
	Sharing of income (B) from above		80:20	0.4438	0.1110
	Income tax to be paid by Petitioner				2.2028
	<b>Total (Rs. Lacs)</b>	<b>8.3067</b>		<b>3.2184</b>	<b>5.0883</b>

### Depreciation

- 1.24 The Petitioner has submitted that first depreciation is computed on Gross Fixed Assets and average Deprecation rate is worked out, which is applied on Fixed Assets(net of Consumer contribution). The Petitioner has furnished the Depreciation during FY 2013-14 as tabulated below:

**Table 10: Depreciation on Net Fixed Assets (Rs. crore)**

Sl. No.	Particulars	FY 2013-14
A	Opening Assets (net of Consumer Contribution)	3761.77
B	Closing Assets (net of Consumer Contribution)	4058.96
C	Average Assets	3910.37
D	Average Depreciation rate	3.89%
E	Depreciation (Net of Consumer Contribution)	152.26

### Return on Capital Employed

- 1.25 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 as given in the Tables below:

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**Table 11: Regulated Rate Base (RRB) (Rs. crore)**

Sl. No.	Particulars	FY 2013-14
A	Opening balance of Original Cost of fixed assets	4199.28
B	Opening Balance of working capital	507.17
C	Opening Balance of Accumulated Depreciation	1401.96
D	Opening Balance of Consumers contributions	437.51
E	<b>Opening RRB [A+B-C-D]</b>	2866.99
F	Investments capitalised	387.22
G	Depreciation	152.26
H	Consumer contribution	90.03
I	Change in working capital	56.69
J	RRB closing	3068.61
K	AB change in Regulated base	129.15
L	RRB (i) considered for RoCE of FY 2013-14	2996.14

**Table 12: Weighted Average Cost of Capital (WACC)(Rs. crore)**

Sl. No.	Particulars	FY 2013-14
A	Average Equity	1200.92
B	Average Debt	1569.92
C	Total	2770.54
D	Return on Debt	11.30%
E	Return on Equity	16.00%
F	<b>Weighted average cost of capital (WACC)</b>	13.34%

**Table 13: RoCE for FY 2013-14 (Rs. crore)**

Sl. No.	Particulars	FY 2013-14
A	Weighted average cost of capital (WACC)	13.34%
B	RRB (i)	2996.14
C	RoCE	399.65

- 1.26 The Petitioner has claimed additional return due to overachievement of AT&C incentive as tabulated below:

**Table 14: Overachievement sought for FY 2013-14 (Rs. crore)**

Sl. No.	Particulars			FY 2013-14
A	RRB (average)			2996.14
B	Equity (Average)	1200.92	19.47	1220.40
C	Debt (Average)	1212.79	337.65	1550.44
D	% of Equity			44.04%
E	Additional Return %			7.95%
F	Additional Return			104.95

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**Income Tax**

- 1.27 The Petitioner has sought income tax of Rs. 55.75 crore as a tax on return on equity component of capital employed against income tax of Rs.31 crore approved by the Commission in its Tariff order dated July 2013

**Table 15: Income Tax during FY 2013-14 (Rs. crore)**

Sl. No.	Particulars	Amount		
A	RRB (Average)			2996.14
B	Equity Average – (Capex)	1200.92		1220.40
	Equity Average – (Working Capital)		19.48	
C	Debt Average – (Capex)	1212.79		1550.45
	Debt Average – (Working Capital)		337.66	
D	% of Equity	49.75%	5.45%	44.04%
E	Rate of return on Equity	16.00%	11.62%	15.93%
F	Return on equity			210.22
G	Income-Tax Rate			20.96%
H	<b>Income-Tax</b>			<b>55.75</b>

**Annual Revenue Requirement**

- 1.28 Based on the above discussion the Petitioner has submitted the Annual Revenue Requirement during FY 2013-14 vis-à-vis the approved in the Tariff Order dated July 31, 2013 as given in the table below:

**Table 16: Annual Revenue Requirement during FY 2013-14 (Rs. crore)**

Sl. No.	Particulars	FY 2013-14	
		Approved in Tariff Order dated July 31, 2013	Submission in the petition
A	Power Purchase Cost	3505.83	4118.24
B	Interstate Transmission charges	321.35	299.33
C	Intra state Transmission charges	152.85	138.16
D	Less: normative rebate	96.56	96.21
E	O&M Expenses	413.51	541.75
F	Other expenses / Statutory levies		13.01
G	Depreciation	128.40	152.26
H	RoCE	310.51	399.65
I	Additional return on capital employed – AT&C over achievement	0	104.95
J	Income Tax	31.01	55.75

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Sl. No.	Particulars	FY 2013-14	
		Approved in Tariff Order dated July 31, 2013	Submission in the petition
K	Less: Non tariff income	74.28	70.81
L	Less: Interest on CSD		43.15
M	Aggregate revenue Requirement	4692.62	5612.94

**Revenue (Gap) / Surplus**

1.29 The Petitioner has submitted the Revenue gap during FY 2013-14 is tabulated as under:

**Table 17: Revenue (Gap) / Surplus for FY 2013-14 (Rs. crore)**

Sl. No.	Particulars	FY 2013-14	
		Tariff Order dated July 31, 2013	Submission
A	Revenue available towards ARR	5170.56	4988.50
B	ARR for FY 2013-14	4692.62	5612.94
C	Revenue (Gap) / Surplus	477.94	(624.44)

**Past periods True up (from FY 2005-06 to FY 2012-13)**

1.30 The Petitioner has submitted that all necessary information has been provided to the Commission in relation to final true up of capitalization upto 1<sup>st</sup> MYT period and requested the Commission to do final true up of capitalization and consider the value of capitalization as sought in the petition for further years.

The Petitioner has sought the true up of capitalization

**1. Capitalization from FY 2005-06 to FY 2006-07 of Policy Direction Period**

The Petitioner has submitted that the Commission in the MYT Order dated 23rd February, 2008 has provisionally allowed the capitalization for FY 2005-06 and FY 2006-07 and had deferred the allowance of depreciation on capitalized assets aggregating to Rs. 242.96 crore due to non-availability of Electrical Inspector Certificates (EIC) while truing-up for Policy Direction Period i.e. FY 2002-03 to FY 2006-07. The Petitioner submitted that the Hon'ble ATE in its judgment in Appeal NO. 36 of 2008 had held that the capitalization should be considered from the 16<sup>th</sup> day of applying Electrical Inspection Certificate.

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Based on the revised capitalization sought for Policy Direction Period, the Petitioner has stated that the additional Revenue Gap of Rs. 156.34 crore at the end of 2006-07 approved by Commission in the Tariff Order dated 31<sup>st</sup> July, 2013 will be reduced by 0.60 crore as shown in the Table below:

**Table 18: Additional Revenue Gap (Rs. crore)**

Sl.No	Particulars	Amount (Rs. Crore)
1	Additional Revenue Surplus available*	0.60
2	Revenue Gap approved by the Commission	156.34
3	Revised closing Revenue Gap	155.74

\* The Petitioner has submitted that the above computation of Rs.0.60 crore as additional revenue available is subject to the judgment of the appeals pending with the Hon'ble Supreme Court.

### **2. Capitalization from FY 2007-08 to FY 2011-12 (1<sup>st</sup> MYT Period)**

The Petitioner has submitted that the Commission has considered the capitalization for 1<sup>st</sup> MYT period based on receipt of Electrical Inspector Certificate. As the matter has been challenged before the Hon'ble Supreme Court, till the outcome of the decision of the Supreme Court, the Petitioner has considered the capitalization in line with the methodology adopted by the Commission and sought true-up of capitalization.

Based on the above submission and its corresponding impact along with the impact of ATE Judgment dated 28<sup>th</sup> November, 2013 in Appeal No. 14 of 2012, the Petitioner has sought additional ARR of Rs. 395 core as shown in the Table below:

**Table 19: Summary of year wise Additional ARR now sought**

Sl. No	Summary of Expenses (Sought) / offered	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
1	Impact of ATE Judgment					
2	Power Banking	(5.64)	(6.97)	(3.62)	2.54	-
3	Reversal of CISF Expenses	-	-	-	-	(0.84)
4	Income from other sources	-	(0.33)	(0.49)	(0.50)	(1.26)
5	Efficiency factor	-	-	-	-	(9.11)
6	Provision for PP	-	-	-	(26.32)	-
7	R&M Expenses	1.30	0.96	(2.03)	(4.74)	(5.39)



**Executive Summary based on TPDDL's Petition for True up for FY 2013-14, APR  
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Sl. No	Summary of Expenses (Sought) / offered	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
8	Depreciation	(0.26)	(3.57)	(8.69)	(11.41)	(14.18)
9	RoCE	(19.76)	(27.85)	(36.81)	(63.35)	(98.49)
10	Income Tax	(29.75)	(2.24)	(22.63)	(11.41)	(14.59)
11	Consumer Security Deposit	6.27	6.52	9.04	10.85	12.66
12	LPSC Financing cost	(3.64)	(3.41)	(2.82)	(3.86)	(4.17)
13	Reduction in AT&C over achievement of LPSC financing cost	1.82	1.71	1.41	-	-
	<b>Total</b>	<b>(49.66)</b>	<b>(35.19)</b>	<b>(66.64)</b>	<b>(108.20)</b>	<b>(135.36)</b>

**3. Capitalization for FY 2012-13 (1<sup>st</sup> Year of Second MYT Period)**

The Petitioner has submitted that in its previous tariff orders dated July, 2013 and July, 2014 the Commission has trued up the various parameters such as capitalization, AAD, working capital and RoCE for the period FY 2007-08 to FY 2012-13 on provisional basis. The Petitioner submitted that in seeking final truing-up for FY 2012-13, they have used the methodology as adopted by the Commission in 1<sup>st</sup> MYT period. The Petitioner further submitted that the said approach is subject to outcome of the various appeals filed before the Hon'ble APTEL and the Hon'ble Supreme Court.

The Petitioner submitted that based on the submissions made above in truing-up for FY 2012-13, the ARR for FY 2012-13 will be further increased by 294.30 crore as detailed in the Table below:

**Table 20: Summary of additional amount now sought in ARR**

(Rs. Crore)

Sl. No	Particulars	Differential
1	Employee Expenses	(75.09)
2	A&G Expenses	(9.99)
3	R&M Expenses	(19.86)
4	Power Banking	(0.70)
5	Other Business Income	(2.66)
6	LPSC	(3.60)
7	Interest on security deposit	24.67
8	Depreciation	(17.62)
9	Return on Capital Employed	(78.43)

**Executive Summary based on TPDDL's Petition for True up for FY 2013-14, APR  
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Sl. No	Particulars	Differential
10	Additional Return on AT&C over achievement	(93.03)
11	Income Tax	(17.99)
12	Additional Aggregate Revenue Requirement now sought	(294.30)

**4. Carrying cost and Revised closing revenue gap**

Based on the true up sought above, the petitioner has submitted the revised gap along with carrying cost as given in the Table below:

**Table 21: Summary of Y-o-Y Revised Revenue Gap along with carrying cost  
(Rs.Crore)**

Particulars	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13
Opening Gap 'A'	(156.34)					
Less: Adjusted for Policy Direction period	0.60					
Adjusted / Opening level of GAP (A-B)	(155.74)	(432.83)	(482.24)	(1364.17)	(2567.45)	(4140.75)
Contingency Reserve Adjusted towards Meeting Revenue Gap				45.51		
Difference in Carrying cost					4.78	24.65
Surplus / (Gap) for the year as approved by the Commission	(186.66)	49.44	(692.00)	(876.49)	(943.85)	(312.32)
Surplus / (Gap) for the year as adjusted further						
For the net impact for prior period						29.48
For the provision for PP FY 2013-14						(27.40)
For service line charges						(35.33)
<b>Additional sought in petition</b>	<b>(49.66)</b>	<b>(35.19)</b>	<b>(66.64)</b>	<b>(108.20)</b>	<b>(135.36)</b>	<b>(294.30)</b>
Rate of Carrying cost	14.88%	14.95%	14.31%	14.58%	16.08%	16.23%
Carrying cost	(40.77)	(63.66)	(123.29)	(264.09)	(498.87)	(728.87)
Less: Recovery through DRRS						237.32
Closing balance of (Gap) / Surplus	(432.83)	(482.24)	(1364.17)	(2567.45)	(4140.75)	(5295.82)

**Executive Summary based on TPDDL's Petition for True up for FY 2013-14, APR  
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**ARR of FY 2015-16**

**Energy Sales and Revenue**

- 1.31 The Petitioner has projected the energy sales at 7926.56 MU for FY 2015-16 and Revenue at Rs. 6680.51 crore (including DRRS) for FY 2015-16.

**Table 22: Energy Sales and revenue for FY 2015-16**

Sl. No.	Category	FY 2015-16	
		Sales (MU)	Revenue* (Rs. Crore)
1	Domestic	3373.27	2020.14
2	Non Domestic	1485.74	1711.60
3	Industrial	2374.88	2370.86
4	Public Lighting	136.22	113.49
5	Irrigation & Agriculture	15.02	5.78
6	Railway Traction	50.17	41.39
7	DMRC	210.00	158.17
8	Others #	281.26	259.07
a	DIAL		
b	Worship/Hospitals		
c	DJB	254.77	246.16
d	DVB Staff		
e	Enforcement		
f	Own Consumption		
g	Temporary		
h	advertisement and Hoardings		
	<b>Total</b>	7926.56	6680.51

\* including 8% surcharge

# including DJB

**AT&C Losses**

- 1.32 The Petitioner has submitted that due to revision in base year AT&C target for FY 2011-12 i.e. from 13% to 15.325% by the Commission, the AT&C Loss trajectory for second control period should also be revised by reducing the AT&C Loss lever by 0.50 % per year from revised target of 15.325% for FY 2011-12 which in line with the methodology as per second MYT order.

**Executive Summary based on TPDDL's Petition for True up for FY 2013-14, APR  
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- 1.33 The Petitioner has projected the AT&C loss for FY 2015-16 as shown in table below:

**Table 23: AT&C Loss during FY 2015-16**

Sl. No.	Particulars	FY 2015-16
		%
1	T&D Loss	13.39%
2	Collection efficiency	99.50%
3	AT&C Loss	13.325%

**Energy Requirement**

- 1.34 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.

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

- 1.35 The energy sales, loss level and energy requirement for FY 2015-16 as submitted by the petitioner is given in the Table below:

**Table 24: Power Purchase Requirement for FY 2015-16**

Sl. No	Particulars	UoM	FY 2015-16
1	Energy Sales	MU	7926.56
2	Distribution loss	%	13.39%
3	Energy at DISCOM periphery	MU	9152.23

**Power Purchase Cost**

- 1.36 As per the MYT Regulations, 2011, Power Purchase Cost is uncontrollable and the licensee is allowed to recover the cost of power procurement from sources approved by the Commission for supply to its consumers. The following sources of power are approved to be procured by the Commission.

- a) Central Generating Stations
- b) State Generating Stations
- c) Non Conventional Energy Sources
- d) Bilateral Purchase
- e) Intra State and Inter State Trading Licensees.
- f) Independent Power Producers
- g) Bulk Supplier
- h) Other Licensee.

## Executive Summary based on TPDDL's Petition for True up for FY 2013-14, APR for FY 2014-15 and ARR for FY 2015-16

- 1.37 The Petitioner submitted that the fixed costs of Delhi Gencos have been taken at 4% escalation of AFC of the respective stations as approved by the Commission in MYT Order dated July, 2012 prorated for TPDDL share for Bawana (PDCL III).

The provisional AFC of only 1 GT and ½ STG was allowed as per provisional CERC Order dated 25-05-2012 and so fixed cost to be paid is extrapolated for complete Bawana plant (4 GTs and 2 STG) prorated for TPDDL share.

The variable cost of FY 2015-16 for each station has been considered at 5% over the variable rates of July 2014 for each station.

- 1.38 The Petitioner submitted that the fixed costs of Central Generating Stations as approved for FY 2013-14 in the respective Tariff Order issued by CERC have been escalated by 4% YoY to arrive at the AFC of the stations for the period FY 2015-16. The variable cost of thermal stations for FY 2015-16 for each station has been considered at 5% over the variable rates of July 2014 for each station. The variable cost of hydro stations (NHPC, THDC, SJVNL) has been calculated as per the CERC regulations 2014-19.

For TALA a single rate of FY 2014-15 has been considered. The rates of CLP and Sasan are considered as per the terms of PPA

- 1.39 The estimated quantum of power purchase and cost of purchase for FY 2015-16 as submitted by the Petitioner is shown in the Table below:

**Table 25: Power Purchase cost proposed for FY 2015-16**

Sl. No.	Name of Generating Station	FY 2015-16		
		Quantum (MU)	Cost (Rs. Crore)	Avg Rate (Rs./Kwh)
<b>A</b>	<b>NTPC Station</b>			
1	Singruali	345.56	57.90	1.68
2	Rihand-I	224.89	50.83	2.26
3	Rihand-II	298.27	70.23	2.35
4	Rihand-III	240.13	57.25	2.38
5	Anta Gas	60.00	23.67	3.95
6	Auraiya Gas	60.00	33.91	5.65

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Sl. No.	Name of Generating Station	FY 2015-16		
		Quantum (MU)	Cost (Rs. Crore)	Avg Rate (Rs./Kwh)
7	Dadri Gas	84.00	43.97	5.23
8	Unchahar-I	59.71	21.61	3.62
9	Unchahar-II	117.87	42.15	3.58
10	Unchahar-III	72.43	28.92	3.99
11	Dadri Thermal I	1008.45	428.19	4.25
12	Kahalgaon Stage-I	108.58	44.34	4.08
10	Kahalgaon Stage-II	324.11	135.96	4.19
11	Farakka	48.10	19.85	4.13
12	Dadri Thermal II	1999.38	919.60	4.60
	<b>Sub-Total</b>	<b>5051.48</b>	<b>1978.36</b>	3.92
<b>B</b>	<b>NHPC Stations</b>			
1	Bairasul	25.01	3.78	1.51
2	Salal	104.50	9.85	0.94
3	Tanakpur	16.90	3.79	2.25
4	Chamera-I	38.37	7.11	1.85
5	Chamera-II	58.34	14.86	2.55
6	Uri	83.35	12.56	1.51
7	Uri – II	25.96	7.71	2.97
8	Dhauliganga	43.74	12.00	2.74
9	Sewa-II	20.75	8.41	4.05
10	Chamera-III	35.69	12.41	3.48
11	Prabati –II	22.05	10.39	4.71
12	Dulhasti	71.39	41.19	5.77
	<b>Sub-Total</b>	<b>546.06</b>	<b>144.04</b>	2.64
	<b>Other Stations</b>			
1	Aravali Jhajjar	959.29	486.49	5.07
2	CLP Jhajjar	464.18	239.27	5.15
3	Maithon Long Term	2212.86	707.88	3.20
4	Koteswar HEP	33.70	13.72	4.07
5	Sasan	895.39	66.54	0.74
6	Nathpa Jhakri HPs	166.36	47.17	2.84
7	Tehri HPP	79.63	38.37	4.82
8	Tala HEP	31.05	6.27	2.02
9	CTPS 7&8	636.42	251.92	3.96
10	Mejja 6	241.30	102.21	4.24
	<b>Sub-Total</b>	<b>5720.18</b>	<b>1959.84</b>	3.43
	<b>Nuclear</b>			
i	Narora APS	73.72	19.24	2.61
ii	RAPP 5&6	127.69	46.04	3.61
	<b>Sub-Total</b>	<b>201.41</b>	<b>65.28</b>	3.24
<b>H</b>	<b>Delhi Generating Stations</b>			
i	BTPS	1247.63	717.75	5.75

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Sl. No.	Name of Generating Station	FY 2015-16		
		Quantum (MU)	Cost (Rs. Crore)	Avg Rate (Rs./Kwh)
ii	Rajghat	224.82	91.29	4.06
iii	Pragati-I	488.25	277.77	5.69
iv	Gas Turbine	451.83	318.39	7.05
v	TPDDL Generation	0.00	96.20	
vi	TPDDL Solar	1.95	3.60	18.46
vii	Pragati III	508.53	436.98	8.59
	<b>Sub-Total</b>	<b>2923.00</b>	<b>1941.99</b>	6.64
	<b>Grand total</b>	<b>14442.13</b>	<b>6089.51</b>	<b>4.22</b>
<b>I</b>	<b>Power Purchase from other sources</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>J</b>	<b>Power Sold to Other sources</b>	<b>4616.97</b>	<b>1523.58</b>	<b>3.30</b>

**Renewable Purchase Obligation**

- 1.40 The Petitioner has submitted the cost of REC purchase for meeting Solar RPO and Non Solar RPO during FY 2015-16 as given in the Table below:

**Table 26: Cost of REC purchase for meeting solar RPO during FY 2015-16**

Sl. No	Particulars	UoM	FY 2015-16
1	Energy Sales	MU	7926.56
2	RPO Target-Solar	%	0.30
3	RPO Target-Solar	MU	23.78
4	Availability from Solar	MU	1.95
5	Required to be met through RECs	MU	21.83
6	REC Rates	Rs./kWh	9.30
<b>7</b>	<b>Cost for REC Purchase</b>	<b>Rs. Crore</b>	<b>20.30</b>

**Table 27: Cost of REC purchase for meeting non solar RPO during FY 2015-16**

Sl. No	Particulars	UoM	FY 2015-16
1	Energy Sales	MU	7926.56
2	RPO Target-non-Solar	%	7.30%
3	RPO Target-non-Solar	MU	578.64
4	Availability from Non Solar	MU	0.00
5	Required to be met through RECs	MU	578.64
6	REC Rates	Rs./kWh	1.50
<b>7</b>	<b>Cost for REC Purchase</b>	<b>Rs. Crore</b>	<b>86.80</b>

# Executive Summary based on TPDDL's Petition for True up for FY 2013-14, APR for FY 2014-15 and ARR for FY 2015-16

## Transmission Loss and Charges

- 1.41 The Petitioner has projected the Intra State & Inter State Transmission charges for FY 2015-16 as below:

**Table 28: Transmission charges during FY 2015-16**

Sl. No	Particulars	FY 2015-16
<b>A</b>	<b>Transmission Losses (MU)</b>	
1	Inter-State Transmission	535.74
2	Intra-State Transmission	137.27
	<b>Total Transmission Losses (MU)</b>	<b>673.01</b>
<b>B</b>	<b>Transmission charges (Rs. Crore)</b>	
1	PGCIL Charges	340.20
2	DTL & SLDC Charges	232.08
3	NRLDC SO charges	1.44
4	SLDC Charges	2.85
5	Reactive energy Charges	0.60
6	BBMB Charges	0.43
7	APCPL Tx charges	1.08
8	CLP TX Charges	10.80
9	Short term open access charges	230.85
	<b>Total Transmission charges (Rs. Crore)</b>	<b>820.33</b>

## Total Power Purchase Cost

- 1.42 The total power purchase cost projected for FY 2015-16 is as given in the Table below:

**Table 29: Total Power Purchase cost for FY 2014-15 and FY 2015-16**

Generating Stations / Source	Submission in the Petition		
	Energy (MU)	Amount (Rs. crore)	Average Rate (Rs/Unit)
Power Purchase CSGS*	11519.13	4147.52	3.60
Interstate Bilateral purchase			
Power Purchase- Delhi Gencos #	2923.00	1941.99	6.64
Cost towards RPO		107.10	
<b>Gross power purchase</b>	<b>14442.13</b>	<b>6196.61</b>	<b>4.29</b>
Less: Surplus power sold/banked /UI sales	(4616.97)	(1523.58)	3.30
<b>Net Power Purchase</b>	<b>9825.23</b>	<b>4673.02</b>	<b>4.76</b>
<b>Transmission charges</b>			
PGCIL Losses	(535.74)		
DTL Losses	(137.20)		
PGCIL Charges		340.20	
DTL Charges		232.08	
Other Transmission charges		248.05	
<b>Power required for TPDDPL consumers</b>	<b>9152.23</b>	<b>5493.36</b>	<b>6.00</b>
Less: Net Normative rebate on power purchase		102.76	
<b>Net power purchase cost including Transmission charges and rebate</b>		<b>5390.60</b>	



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### O&M Expenses

- 1.43 The Petitioner has submitted that the norms for allowance of O&M expenses are to be modified so as to meet the actual costs required to provide /maintain better service to the consumption. The Petitioner has not considered any efficiency factor for FY 2015-16. The O&M expenses for FY 2015-16 projected by the Petitioner are as tabulated below:

**Table 30: O&M Expenses during FY 2015-16 (Rs. crore)**

Sl. No.	Particulars	FY 2015-16 Amount (Rs. Crore)
1	Employee Expenses	474.70
2	A&G Expenses	80.27
3	R&M Expenses	149.82
4	Total O&M Expenses	704.79
5	Efficiency Improvement	0.00%
6	Add: SVRS Pension	3.14
7	Net O&M Expenses	707.93

### Depreciation

- 1.44 The Petitioner has projected Depreciation for FY 2015-16 is as tabulated below:

**Table 31: Depreciation for FY 2015-16 (Rs. crore)**

Sl. No.	Particulars	FY 2015-16 Amount (Rs. Crore)
A	Opening Assets (net of Consumer Contribution )	4483.96
B	Closing Assets (net of Consumer Contribution )	4933.96
C	Average GFA (net of Consumer Contribution )	4708.96
D	Average rate of depreciation	3.92%
E	<b>Depreciation</b>	<b>184.53</b>

### Advance Against Depreciation

- 1.45 The Petitioner has projected Advance Against Depreciation for FY 2015-16 is as tabulated below:

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for FY 2014-15 and ARR for FY 2015-16**

**Table 32: Advance Against Depreciation for FY 2015-16 (Rs. crore)**

<b>Sl. No.</b>	<b>Particulars</b>	<b>FY 2015-16 Amount (Rs. Crore)</b>
A	1/10 opening project / CAPEX loans	269.31
B	Repayment of loans as considered for working out interest on Loan – B	237.81
C	Minimum of A&B	237.81
D	Less: Depreciation as per ARR routed for repayment of loans	184.53
E	Excess of Min(A,B) over depreciation	53.28
F	Cumulative Repayment of loans as considered for working out of interest on loan ( C)	1570.71
G	Less: Total Cumulative Depreciation	1905.64
H	Depreciation considered for CAPEX & WC in previous years	378.32
I	Cumulative Depreciation considered for AAD (D)	1527.32
J	<b>Excess of repayment (C) over Depreciation (D)</b>	<b>43.40</b>
K	<b>Advance Against Depreciation (AAD)</b>	<b>43.40</b>

**Return on Capital Employed (RoCE)**

- 1.46 The Petitioner has projected Return on Capital employed for FY 2015-16 as tabulated under:

**Table 33: Return on Capital Employed for FY 2015-16 (Rs. crore)**

<b>Sl. No.</b>	<b>Particulars</b>	<b>FY 2015-16 Amount (Rs. Crore)</b>
A	Equity (Average)	1440.50
B	Debt (Average)	1786.94
C	Rate of Return on Equity	16%
D	Rate of Return on Debt	11.32%
E	RRB (i)	3556.38
F	WACC	13.41%
G	<b>RoCE</b>	<b>476.77</b>

**Executive Summary based on TPDDL's Petition for True up for FY 2013-14, APR  
for FY 2014-15 and ARR for FY 2015-16**

**Income Tax**

1.47 The Petitioner has projected Income Tax for FY 2015-16 is tabulated under:

**Table 34: Income Tax for FY 2015-16 (Rs. crore)**

Sl. No.	Particulars	FY 2015-16		
A	RRB (Average)			3556.38
B	Equity Average – Capex	1440.50		1440.50
	Equity Average – Working Capital		49.90	49.90
C	Debt Average – Capex	1328.39		
	Debt Average – Working Capital		408.65	1737.04
D	% of Equity	52.02%	10.88%	46.18%
E	Rate of return on Equity	16.00%	11.62%	15.85%
F	Return on equity			260.36
G	Income-Tax Rate			329.40
H	<b>Income-Tax</b>			<b>69.04</b>

**Non Tariff Income**

1.48 The Non tariff income projected by the Petitioner for FY 2015-16 is as tabulated below:

**Table 35: Non Tariff Income during FY 2015-16 (Rs. crore)**

Sl. No.	Particulars	FY 2015-16
1	Non Tariff Income	117.43

**Annual Revenue Requirement**

1.49 The Petitioner has projected the Annual Revenue Requirement (ARR) for FY 2015-16 as shown in the Table below:

**Table 36: Annual Revenue Requirement (ARR) during FY 2015-16 (Rs. crore)**

Sl. No	Particulars	FY 2015-16
A	Net Power Purchase Cost including Transmission charges	5390.59
B	O&M Expenses	743.29
C	Depreciation	184.53
D	Advance Against Depreciation	43.40
E	RoCE	476.78
F	Income Tax	69.04
G	<b>Sub total</b>	<b>6907.63</b>
H	Less: Non-Tariff Income	117.43
I	<b>Aggregate Revenue Requirement</b>	<b>6790.20</b>

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### Retail and Wheeling Charges

- 1.50 The Petitioner has submitted that the total distribution ARR is allocated to wheeling and Retail supply for FY 2015-16 as tabulated below:

**Table 37: Allocation for Retail business and Wheeling for FY 2015-16 (Rs. crore)**

Sl. No.	Particulars	FY 2015-16
1	Wheeling ARR	950.84
2	Retail Supply ARR	5839.36
3	<b>Total</b>	<b>6790.20</b>

- 1.51 The Petitioner has further computed the cost of supply (paise per unit) for FY 2015-16 as given in the table below:

**Table 38: Cost of supply (Paise per unit)**

Sl. No.	Particulars	Wheeling	RST	Total
		<b>FY 2015-16</b>		
A	Above 66KV level	-	603.04	603.04
B	At 33/66 KV level	24.37	643.86	668.23
C	At 11KV level	84.41	658.14	742.55
D	At LT level	130.63	756.75	887.38
E	<b>Average</b>	<b>119.58</b>	<b>737.06</b>	<b>856.64</b>

### Revenue Gap and Tariff Proposals

#### Revenue Gap

- 1.52 The Petitioner has submitted Rs. 1382.94 crore as revenue deficit for FY 2015-16 on the standalone basis as given in the Table below:

**Table 39: Revenue Gap at Existing Tariff for FY 2015-16 (Rs. crore)**

Sl. No.	Particulars	FY 2015-16
1	Revenue Requirement for the year (including carrying cost)	8030.05
2	Revenue at Existing Tariff	6647.11
3	<b>Revenue (Gap)/ Surplus for the year</b>	<b>(1382.94)</b>

#### Computation of Closing Revenue Gap

- 1.53 The summary of addition in opening revenue gap along with carrying cost projected by the Petitioner is given in the Table below:

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**Table 40: Computation of Closing Revenue Gap**

(Rs. Crore)				
Sl.No	Particulars	FY 2013-14	FY 2014-15	FY 2015-16
A	Opening Revenue Gap	(5295.82)	(6442.58)	(7243.30)
B	Revenue (Gap) / Surplus for the year	(624.44)	(184.46)	(635.47)
C	Closing Revenue (Gap)	(5920.26)	(6627.04)	(7878.77)
D	Carrying Cost Rate #	16.28%	16.40%	16.40%
E	Carrying Cost	(913.03)	(1071.57)	(1239.85)
F	Recovery of carrying cost from 8% Deficit Revenue Recovery Surcharge	390.70	455.30	492.85
G	Closing Revenue Gap (including carrying cost)	(6442.58)	(7243.30)	(8626.24)

### Tariff Proposals

- 1.54 The Petitioner has proposed an average Tariff hike of approximately 20.65% which is a mix of hike in fixed charges and as well as energy charges. The expected revenue with proposed tariff hike submitted by the petitioner is as given in the Table below:

**Table 41: Expected Revenue with Tariff hike proposal (Rs. crore)**

Sl. No.	Particulars	Revenue at Current Tariff (Rs. Crore)	Hike in Tariff (%)	Revised Revenue Proposed (Rs. Crore)	Average Billing rate as per revised Tariff (Rs. /Unit)
1	2	3	4	5	6
A	Domestic	1869.29	10%	2064.41	6.12
i	Domestic other than A(ii)	1823.25	10%	2012.27	6.08
ii	Single delivery point for CGHS	46.04	13%	52.14	8.2
B	Non-Domestic	1523.58	27%	1936.61	13.51
I	Non Domestic Low Tension (NDLT)	1026.64	27%	1307.78	13.68
li	Non Domestic High Tension (NDHT)	496.94	27%	628.83	13.17
C	Industrial	2181.41	27%	2762.23	11.69
i	Small Industrial power (SIP)	1860.48	25%	2360.54	11.97
ii	Industrial power on 11kv single point delivery for SIP consumers	0.65	25%	0.82	10.36
iii	Large industrial power (LIP)	320.28	25%	400.87	10.31
D	Agriculture	4.8	24%	5.93	4.23
E	Mushroom Cultivation	0	0%	0	5.5
F	Public Lighting	105.08	8%	113.49	8.33
i	Metered	17.11	8%	18.48	7.88

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Sl. No.	Particulars	Revenue at Current Tariff (Rs. Crore)	Hike in Tariff (%)	Revised Revenue Proposed (Rs. Crore)	Average Billing rate as per revised Tariff (Rs. /Unit)
ii	Unmetered	87.97	8%	95.01	8.42
G	Delhi Jal Board	227.92	11%	252.86	9.93
i	Supply at LT	16.99	19%	20.25	12.15
ii	Supply at 11 KV and above	210.93	10%	232.61	9.77
H	DIAL	0	0%	0	0
I	Railways Traction	38.32	22%	46.67	9.30
J	DMRC	146.46	20%	176.17	8.39
K	Adv & Hoardings	1.32	22%	1.61	15.52
L	Temporary Supply	76.83	18%	90.88	13.35
M	Others	10.63	17%	12.4	4.87
	<b>Total</b>	<b>6185.66</b>	<b>21%</b>	<b>7463.26</b>	<b>9.42</b>

**Other Submissions**

**1.55 TPDDL's Proposals on "Tariff Rationalization" are as follows:**

**1. Time bound recovery of Regulatory Assets (Revenue Gap)**

The Petitioner has submitted that the Commission in its Tariff Order dated 13<sup>th</sup> July 2012 had first introduced additional surcharge of 8% towards recovery of past accumulated deficit / regulatory assets and continued the same rate for FY 2014-15 also in its Tariff dated 23<sup>rd</sup> July, 2014 and further stated that the said surcharge is not even sufficient to ensure recovery of carrying cost for the year. The Petitioner requested the Commission to devise a plan to amortize the recovery of Regulatory Assets in a time bound manner of not exceeding 3 years in line with the judgment of Hon'ble ATE as well as National Tariff Policy.

**2. Revised Power Purchase Cost Adjustment (Power Purchase Agreement) Formula and process related to PPAC approval from DERC**

The Petitioner has submitted that it has been observed from the Power Purchase Adjustment (Power Purchase Agreement) formula prescribed in the Tariff Order dated July, 2014 that the variance in power purchase is allowed upto the extent of transmission charges, but the variation in sale rate (which is also part of power

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purchase) is not allowed. It is also requested by the Petitioner that any under-recovery / over-recovery of Power Purchase Agreement of previous quarter should also be factored in Power Purchase Cost Adjustment.

The Petitioner submitted that they have already suggested a new PPAC formula to the Commission vide its Letter TPDDL / Regulatory 13 / Dated 19<sup>th</sup> June, 2013 and requested to revise the existing PPAC formula.

The Petitioner further stated that in current process of revision of PPAC, it takes 2-3 months after submission for approval, which delays timely recover of increase in Power Purchase Cost and requested to allow provisional increase in Tariff by Utility itself, subject to adjustment, in the next quarter / true-up after its review.

### **3. Enhancement in Security Deposit (SD) in line with current Tariff**

The Petitioner has submitted that they would like to strongly highlight the need for revision in Security Deposit (SD) / Advance Consumption Deposit rates in line with revision in tariff and hence, making the existing security deposit sufficient as per Section 47 (2) of Electricity Act, 2003. Since 2003, there have been a number of tariff revisions but Security Deposit has not been revised even once and also no replenishment of Security Deposit (based on the consumption pattern on yearly basis) by Commission.

The Petitioner has proposed revision of Security Deposit as follows:

- i. Using 2003 as a base, the Security Deposit to be revised by atleast 3 times or covering 3 months average consumption.
- ii. Security Deposit rates should be reviewed and revised on annual basis based on the revised Tariff or revised consumption pattern.

### **4. Fixed charges till the load 5.0 KW**

The Petitioner has submitted that at present there are two slabs of fixed charges under 5 KW i.e. 0-2 KW and 2-5 KW. In the category of sanctioned load of less than

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2 KW, though consumption of some consumers is higher than 2 KW, these consumers are not enhancing the load due to higher amount of fixed charges. The Petitioner requested to restructure the fixed charges for domestic category so that uniform fixed charges are levied till the load of 5-0 KW.

### **5. Upward revision in Credit Card / Debit Card payment limit**

The Petitioner submitted that the consumers have moved from traditional mode of cheque / cash payments to electronic payments due its convenience and requested the Commission for payments upto Rs. 20000/- no processing fee should be charged and the cost of same should be allowed as pass through in the ARR.

### **6. Cash transaction from theft bills**

The Petitioner has submitted that the Commission has directed that no revenue collection above Rs. 4000/- should be collected through cash including theft charges. It is submitted that the Commission has issued the direction mainly due to an apprehension of cash collection without issuing receipts. It is submitted that the TPDDL follows a SAP based transparent process of recovery and unless a bill is issued, no payment can be accepted. Also, payment of only exact amount of the installment bill can be accepted and no one can make or accept any payment less or more than the amount of the bill. There is absolutely no possibility of any collection without being accounted for in SAP or without issuing receipts. Both the activities of accounting for and issuing receipts are instant. Also, collections of theft bills are not carried out through any contractor or Commission agent and all payment have to be made only at the collection counters of the company. The Petitioner requested the Commission to exempt theft collections from this direction.

### **7. Enhancing the limit of cash collection of electricity bills**

The Petitioner submitted that the Commission has directed in the Tariff Order that in case the bill for consumption of electricity is more than Rs. 4000/-, payment for



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the bill shall only be accepted by means of Account Payee Cheque / Demand Draft. The Petitioner stated that the low income groups (JJ Cluster) consumers have negligible exposure to banking transactions and most of them donot even have bank accounts, but their bills have exceeded Rs. 4000/-. The Petitioner requested the Commission to do away with the limit of acceptance of cash payments from low income consumers groups / JJ cluster consumer for increasing consumer convenience and better revenue recovery / realization.

### **8. Penalty (ADSM – Additional Deviation Settlement Mechanism) on account of transmission line trippings.**

The Petitioner has submitted that the trippings in the DTL & PGCIL network causes heavy under drawl for TPDDL which lead to huge penalties. The revenue losses due to trippings of transmission lines during the period from March, 2014 to May, 2014 are approximately Rs. 244 lakhs.

The Petitioner has requested the Commission to consider suspension of Additional Deviation Settlement Mechanisms (ADSM)penalty applicable on DISCOMs for reasons beyond their control and in the event suspension of ADSM is not possible, the responsibility for penalty and revenue loss by DISCOMs on account of transmission constraints must be borne by the Transmission company and not DISCOM.

### **9. Deferment of Renewable Purchase Obligation (RPO)**

The Petitioner has submitted that the Commission has directed that RPO shortfall from FY 2012-13 to FY 2014-15 be met in the current financial year either through power or purchase of RECs. It is suggested that as TPDDL is in the process of procurement of Renewable Power through competitive bidding, the RPO accumulation be deferred over the next 4-5 years and TPDDL be allowed to procure power instead of REC's which result in unnecessary tariff rise without any flow of physical power to the utility. It is further submitted that with the release of net

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metering guidelines, more and more of distributed generation will be available to meet its RPO shortfall.

### **10. Uniform tariff for industrial, mushroom cultivation and commercial categories**

The Petitioner has submitted that the tariff Order reclassified so as to have a uniform tariff. All these aforesaid consumers are using electricity for business purposes and, therefore, there is no logic in charging different tariffs for these categories. Further, this uniform tariff shall reduce the number of categories leading to simplified tariff structure and curbing malpractices, which would also result in higher customer satisfaction.

### **11. Flat Tariff for prepaid connections (Domestic Category)**

The Petitioner requested to consider allowing separate tariff for billing of pre-paid consumers under domestic category due to complex slab based tariff structure for domestic category and login involved in billing of pre-paid connections.

### **12. O&M Expenses of TPDDL**

The Petitioner requested the Commission to modify the norms for allowance of O&M expenses so as to meet the actuals costs required to provide / maintain better service to the consumers.

### **13. Introduction of Online Spot Billing**

The Petitioner submitted that the Spot Billing System will not only have increased consumer convenience and satisfaction (viz., eliminating the issues related to wrong reading, bill delivery etc), but will also help in cost reduction by avoiding subsequent bill distribution activity. The Petitioner requested the Commission to issue suitable directions for implementation of spot billing by all DISCOMs.

**14. Street Light maintenance charges on market prices**

The Petitioner requested the Commission to allow DISCOMs to decide and finalize the maintenance charges based on prevalent market conditions due to regular increase in minimum wages and also considering other inflation factors.

**15. Value added services on paid basis**

Considering the increasing consumer requirements for data stored in meter ledger providing detailed billing and payment history over a period of time, the Petitioner requested the Commission to allow the DISCOMs to initiate such value added services on paid basis.

**16. Separate Tariff Rates for E-vehicles**

Considering the huge inflow of E-vehicles in the recent past and increasing acceptability for E-vehicles, the Petitioner has requested the Commission to announce a separate tariff rate category for the purpose of charging of E-vehicles.

**17. Levy of Surcharge on all residential connections under temporary supply**

The Petitioner submitted that the recent tariff orders reveal that a surcharge on residential connection under temporary supply category has been removed as in the case with residential co-operative group housing connections and so apparently now there is no motivation for residential consumer to switch from temporary to permanent connection as he is availing temporary connection at the same tariff. The Petitioner has further stated that already domestic consumer is subsidized and excluding surcharge from temporary connection is like providing them double benefit.

The Petitioner has requested to consider levy of surcharge on all residential connections under temporary supply category.

**18. Power Banking should be allowed at the average procurement cost instead of normative price of Rs. 4/- per unit.**

The Petitioner has submitted that the Commission in its Tariff Order for true-up of 2007-08, has mentioned that the power banking transaction to be recorded on normative price of Rs. 4/- per unit. The Petitioner further stated that the aforesaid normative rate of Rs. 4/- per unit which was fixed taking into consideration the purchase cost and scenario at that point of time (i.e. Rs. 3/- per unit for FY 2007-08).

The Petitioner requested the Commission to allow to consider the Power Banking transaction at the average procurement cost of the energy per unit in that respective year since FY 2007-08 to FY 2015-16 the power purchase cost has been increased from Rs. 3/- per unit to Rs. 6/- per unit (projected) and therefore the correspondence impact of such increase in per unit power purchase cost has to be factored in Power Banking also.