Order

on

TRUE UP

for

FY 2011-12,

Aggregate Revenue Requirement

and

Distribution Tariff (Wheeling & Retail Supply)

for

FY 2013-14

for

New Delhi Municipal Council (NDMC)

DELHI ELECTRICITY REGULATORY COMMISSION

July, 2013

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DERC

DELHI ELECTRICITY REGULATORY COMMISSION

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

F.11(886/DERC/2012-13/

Petition No. 10/2013

In the matter of: **True Up Petition for FY 2011-12, revised ARR and corresponding determination of tariff for FY 2013-14**

AND

In the matter of:

New Delhi Municipal Council
Through its : Secretary
Palika Kendra,
New Delhi.

...Petitioner/Licensee

Coram:

Sh. P. D. Sudhakar, Chairperson,
Sh. Shyam Wadhera, Member &
Sh. J. P. Singh, Member.

ORDER

(Date of Order: 31/7/13)

Having deliberated upon the Petition for True Up for FY 2011-12, revised ARR and corresponding determination of tariff for FY 2013-14 filed by M/s New Delhi Municipal Council and the subsequent filings by the Petitioner during the course of proceedings; and having considered the responses received from stakeholders, the Commission in exercise of the powers vested under the Electricity Act, 2003 and the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 hereby passes this Order signed, dated and issued on 31/7/13.

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

(J. P. Singh)	(Shyam Wadhera)	(P. D. Sudhakar)
MEMBER	MEMBER	CHAIRPERSON

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List of Abbreviations

Abbreviations	Explanation
ARR	Aggregate Revenue Requirement
A&G	Administrative and General
AAD	Advance Against Depreciation
ABT	Availability Based Tariff
AT&C	Aggregate Technical and Commercial
ATE	Appellate Tribunal for Electricity
BEST	Birhanmumbai Electric Supply Test
BHEL	Bharat Heavy Electrical Limited
BIS	Bureau of Indian Standards
BRPL	BSES Rajdhani Power Limited
BST	Bulk Supply Tariff
Badarpur TPS / BTPS	Badarpur Thermal Power Station
BYPL	BSES Yamuna Power Limited
CAGR	Compounded Annual Growth Rate
CCGT	Combined Cycle Gas Turbine
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CFL	Compact Fluorescent Lamp
CGHS	Cooperative Group Housing Societies
CGS	Central Generating Stations
CIC	Central Information Commission
CISF	Central Industrial Security Force
CoS	Cost of Supply
CPI	Consumer Price Index
CPRI	Central Power Research Institute
CPSUs	Central Power Sector Utilities
CSGS	Central Sector Generating Stations
CWIP	Capital Work in Progress
DA	Dearness Allowance
DDA	Delhi Development Authority
DERA	Delhi Electricity Reform Act
DERC	Delhi Electricity Regulatory Commission
DIAL	Delhi International Airport Limited
DISCOMs	Distribution Companies (BRPL, BYPL, TPDDL & NDMC)
DMRC	Delhi Metro Rail Corporation
DPCL	Delhi Power Company Limited
DTL	Delhi Transco Limited
DVB	Delhi Vidyut Board
DVC	Damodar Valley Corporation
EHV	Extra High Voltage
EPS	Electric Power Survey

Abbreviations	Explanation
FBT	Fringe Benefit Tax
FPA	Fuel Price Adjustment
GFA	Gross Fixed Assets
GIS	Geographical Information System
GoNCTD	Government of National Capital Territory of Delhi
GTPS	Gas Turbine Power Station
HEP	Hydro Electric Power
HPSEB	Himachal Pradesh State Electricity Board
HRA	House Rent Allowance
HT	High Tension
HVDS	High Voltage Distribution System
IDC	Interest During Construction
IGI	IGI Airport Indira Gandhi International Airport
IoWC	Interest on Working Capital
IPGCL	Indraprastha Power Generation Company Limited
JJ Cluster	Jhugghi Jhopadi Cluster
KSEB	Kerala State Electricity Board
LED	Light Emitting Diode
LIP	Large Industrial Power
LT	Low Tension
LVDS	Low Voltage Distribution System
MCD	Municipal Corporation of Delhi
MES	Military Engineering Service
MMC	Monthly Minimum Charge
MoP	Ministry of Power
MTNL	Mahanagar Telephone Nigam Limited
MU	Million Units
MYT	Multi Year Tariff
NABL	National Accreditation Board for Testing and Calibration of Laboratories
NCT	National Capital Territory
NCTPS	National Capital Thermal Power Station
NDLT	Non Domestic Low Tension
NDMC	New Delhi Municipal Council
NEP	National Electricity Policy
NGO	Non Government Organisation
NHPC	National Hydroelectric Power Corporation
NPCIL	Nuclear Power Corporation of India Limited
NRPC	Northern Regional Power Committee
NTI	Non Tariff Income
NTP	National Tariff Policy
O&M	Operations and Maintenance
OCFA	Opening Cost of Fixed Assets

Abbreviations	Explanation
PGCIL	Power Grid Corporation of India
PLF	Plant Load Factor
PLR	Prime Lending Rate
PPA	Power Purchase Agreement / Power Purchase Adjustment
PPCL	Pragati Power Corporation Limited
PTC	Power Trading Corporation
PWD	Public Works Department
R&M	Repair and Maintenance
REA	Regional Energy Account
RoCE	Return on Capital Employed
ROE	Return on Equity
RRB	Regulated Rate Base
RTI	Right to Information
RWA	Resident Welfare Associations
SBI	State Bank of India
SERC	State Electricity Regulatory Commission
SIP	Small Industrial Power
SJVNL	Satluj Jal Vidyut Nigam Limited
SLDC	State Load Despatch Centre
SPD	Single Point Delivery
SPUs	State Power Utilities
SVRS	Special Voluntary Retirement Scheme
ToD	Time of Day
TPS	Thermal Power Station
UI	Unscheduled Interchange
WACC	Weighted Average Cost of Capital
WC	Working Capital
WPI	Wholesale Price Index

A1: INTRODUCTION

This Order relates to the Petition filed by New Delhi Municipal Council (hereinafter referred to as 'NDMC' or the 'Petitioner') for True-Up for FY 2007-08 to FY 2011-12 under the Multi Year Tariff Principles specified in the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2007 (hereinafter referred to as the 'MYT Regulations 2007'), and Revised Aggregate Revenue Requirement for FY 2013-14 for Distribution (Wheeling & Retail Supply) Business under the Multi Year Tariff Principles specified in the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 (hereinafter referred to as the 'MYT Regulations 2011').

New Delhi Municipal Council

1.1 New Delhi Municipal Council (NDMC) is a Municipal Council engaged in the distribution of electricity to the consumers in the New Delhi area under Section 195 to 201 of the New Delhi Municipal Council Act, 1994. NDMC has obligation of a Licensee under the Indian Electricity Act, 1910 and is a deemed licensee under the Electricity Act, 2003 in respect of the New Delhi Area.

1.2 Under Section 200 of the New Delhi Municipal Council Act, 1994, NDMC has power to fix the charges to be levied for the electricity supplied by it, subject to the provision of any law for the time being in force.

Delhi Electricity Regulatory Commission

1.3 Delhi Electricity Regulatory Commission (hereinafter referred to as 'DERC' or the 'Commission') was constituted by the GoNCTD on March 3, 1999 and it became operational from December 10, 1999.

1.4 The Commission's approach to Regulation is driven by the Electricity Act, 2003, the National Electricity Plan, the Tariff Policy and the Delhi Electricity Reform Act, 2000 (hereinafter referred to as 'DERA'). The Electricity Act, 2003 (EA 2003) mandates the Commission to take measures conducive to the development and management of the electricity industry in an efficient, economic, and competitive manner which inter-alia includes tariff determination.

The Co-ordination Forum

1.5 The Commission has held 26 meetings since the constitution of the Co-ordination Forum on June 16, 2005. In the 26th Co-ordination Forum Meeting held on January 18, 2013, the Commission discussed the following:

26th Co-ordination Forum Meeting

(a) Arrangement of power for coming summer by Distribution Licensees
(b) Arrangement for sharing of charges in case one DISCOM schedules share of power of another DISCOM who is not scheduling
(c) Efforts by DISCOM's to get large entities to reduce peak load and consumer education on conservation of electricity
(d) Strategies for optimisation of power purchase including maximization of revenue from sale of surplus power
(e) Status of islanding scheme for Delhi
(f) Status of implementation of TOD Tariff
(g) Measures taken by DISCOM's as regards Absolute Earth Potential and reduction of residual back flow
(h) Competitive bidding for RPO
(i) Progress on repair and use of Distribution Transformers inherited from DVB
(j) Progress of replacement of oil-filled transformers with dry-type transformers.

Multi Year Tariff Regulations

1.6 The Commission issued the MYT Regulations 2011 vide Order dated December 02, 2011 specifying the Terms and Conditions for Determination of Tariff for Generation, Transmission and Distribution of electricity under the Multi Year Tariff (MYT) framework for the period from FY 2012-13 to FY 2014-15 after going through the public hearing process following due process of law. The MYT Regulations 2011 were notified in the official Gazette on January 19, 2012.

Filing of Petition for True-Up of Expenses for FY 2011-12, and Revised Aggregate Revenue Requirement (ARR) and corresponding determination of tariff for FY 2013-14

Filing and Acceptance of Petition

1.7 NDMC has filed its Petition before the Commission on January 31, 2013 for approval of True-Up of FY 2007-08 to FY 2011-12, and Revised Aggregate Revenue Requirement (ARR) and corresponding determination of tariff for FY 2013-14. The Commission admitted the Petition vide its Order dated February 7, 2013 subject to clarifications/additional information, if any, which would be sought from the Petitioner from time to time. A copy of the Admission Order dated February 7, 2013 is enclosed as **Annexure I** to this Order.

1.8 Further, the Commission directed all the Power Utilities to submit a Hindi version of the Petition filed by them. The Hindi version of the Petition was uploaded on the website of the Commission as well as the website of the Petitioner for the benefit of stakeholders.

Interaction with the Petitioner

1.9 The Order has referred at numerous places to various actions taken by the "Commission." It may be mentioned for the sake of clarity, that the term "Commission" in most of the cases refers to the Staff of the Commission and the Consultants appointed by the Commission for carrying out the due diligence on the Petitions filed by the Utilities, obtaining and analysing information/clarifications received from the Utilities and submitting all issues for consideration by the Commission.

1.10 For this purpose, the Commission Staff and Consultants held discussions with the Petitioner, obtained information/clarifications wherever required and carried out technical validation with regard to the information provided.

1.11 The role of the Commission has been to hold Public Hearings and to take the final view with respect to various issues concerning the principles and guidelines for approval of ARR and tariff determination. The use of the term "Commission" may, therefore, be read in the context of the above clarification. The Commission has considered the due diligence conducted by the Staff of the Commission and the Consultants in arriving at its final decision.

1.12 A preliminary scrutiny/analysis of the Petition submitted by the Petitioner was conducted and certain deficiencies were observed. Accordingly, deficiency notes were issued to the Petitioner. Further, additional information/clarifications were solicited from the Petitioner as and when required. The Commission and the Petitioner also discussed key issues raised in the Petition, which included details of capital expenditure and capitalisation plan, allocation of expenses into wheeling and retail supply business, AT&C loss reduction trajectory, liability towards SVRS expenditure, etc. The Petitioner submitted additional information through various letters, as listed in Table 1.

1.13 The Commission also conducted multiple validation sessions with the Petitioner during which discrepancies in the Petition and additional information required by the Commission were sought. Subsequently, the Petitioner submitted replies to the issues raised in these sessions and provided documentary evidence to substantiate its claims regarding various submissions.

1.14 The replies of the Petitioner, as mentioned below, have been considered for approval of the ARR and tariff of the Petitioner:

List of Correspondence

Date	Letter No.	Subject
01.01.2013	D-490/AEE(P)/13	Filing of true up petition for FY 2011-12, revised ARR and corresponding determination of tariff for FY 2013-14 **(Extension of time)**
16.01.2013	D-516/AEE(P)/13	Filing of true up petition for FY 2011-12, revised ARR and corresponding determination of tariff for FY 2013-14**(Extension of time)**
31.01.2013	554/AEE(P)/13	Petition/Application for True-up up to FY 2011-12, and Revised Aggregate Revenue Requirement for Distribution (Wheeling & Retail Supply) Business for

Date	Letter No.	Subject
		FY 2013-14
07.03.2013	D-586/AEE(P)/13	Reply to additional queries asked in the matter of True up petition for FY 2011-12, revised ARR and corresponding determination of tariff for FY 2013-14.
02.04.2013	D-648/AEE(P)/13	Reply to additional queries asked in the matter of True up petition for FY 2011-12, revised ARR and corresponding determination of tariff for FY 2013-14.
29.04.2013	D-712/AEE(P)/13	Reply to additional queries asked in the matter of True up petition for FY 2011-12, revised ARR and corresponding determination of tariff for FY 2013-14.
17.06.2013	D-820/AEE(P)/13	Reply to additional queries asked in the matter of True up petition for FY 2011-12, revised ARR and corresponding determination of tariff for FY 2013-14.
18.06.2013	D-821/AEE(P)/13	Reply to additional queries asked in the matter of True up petition for FY 2011-12, revised ARR and corresponding determination of tariff for FY 2013-14.
04.07.2013	D-843/AEE(P)/13	Additional information regarding GFA & CAPEX details.
05.07.2013	D-844/AEE(P)/13	List of left out CAPEX schemes in addition to letter no. dated 18.06.13
24.07.2013	D-892/AEE(P)/13	Reply to additional queries asked in the matter of True up petition for FY 2011-12, revised ARR and corresponding determination of tariff for FY 2013-14.

Public Notice

1.15 The Petitioner published a Public Notice indicating the salient features of its Petition for inviting comments from the stakeholders, in the following newspapers on the respective dates mentioned alongside:

(a) Hindustan Times (English) March 2, 2013
(b) Times Of India (English) March 3, 2013
(c) Dainik Jagran (Hindi) March 2, 2013
(d) Siyasi Ufuque (Urdu) March 2, 2013

1.16 Copies of the Public Notice in English, Hindi and Urdu are enclosed as **Annexure II** to this Order. A copy of the Petition was also made available for purchase from the head-office of the Petitioner on any working day from March 4, 2013 to March 15, 2013 between 11 A.M. and 4 P.M. in the form of a CD on payment of Rs. 25/- per CD or in the form of Hard Copy on payment of Rs 100/-. A copy of the complete Petition was also uploaded on the website of the Commission, as well as that of the Petitioner, requesting for comments of the stakeholders thereon.

1.17 The Commission also published a Public Notice in the following newspapers as per details provided below inviting comments from stakeholders on the MYT Petition filed by the Petitioner latest by March 15, 2013:

a) Hindustan Times (English)	March 5, 2013
b) Times of India (English)	March 6, 2013
c) The Indian Express (English)	March 5, 2013
d) The Hindu (English)	March 6, 2013
e) Dainik Jagran (Hindi)	March 6, 2013
f) The Daily Milap (Urdu)	March 5, 2013
g) Daily Educator (Punjabi)	March 5, 2013

1.18 Copies of the Public Notice in English, Hindi, Punjabi and Urdu are attached as **Annexure III** to this Order.

1.19 At the request of the stakeholders, the Commission extended the last date for filing objections and suggestions upto April 01, 2013 for which the Public Notice was issued in the following newspapers with their respective dates of publication:

(a) Hindustan Times (English)	March 19, 2013
(b) Times of India (English)	March 19, 2013
(c) The Indian Express (English)	March 19, 2013
(d) The Hindu (English)	March 20, 2013
(e) Dainik Jagran (Hindi)	March 20, 2013
(f) The Daily Milap (Urdu)	March 20, 2013
(g) Daily Educator (Punjabi)	March 20, 2013

1.20 Copies of the above Public Notice in English, Hindi, Punjabi and Urdu are attached as **Annexure IV** to this Order.

1.21 In order to extend help to the consumers in understanding the ARR Petition and filing their comments, the Commission prepared a Staff Paper highlighting salient features of the MYT Petition filed by the Petitioner, which was uploaded on the Commission's website. In this regard, two officers of the Commission, viz., Joint Director (Tariff-Finance) and Joint Director (Engineering) were made available to all the interested stakeholders for discussion on the ARR Petitions. This was duly highlighted in the Public Notices brought out by the Commission. In order to increase participation of the stakeholders, the Commission also uploaded the Hindi version of the Staff Paper on its website.

1.22 The Commission published a Public Notice indicating the venue, date and time of public hearings on June 03 and June 04, 2013 in the following newspapers on the respective dates mentioned alongside:

(a) The Hindu (English)	May 29, 2013
(b) The Times of India (English)	May 28, 2013
(c) Hindustan Times (English)	May 28, 2013
(d) Daily Educator, New Delhi (Punjabi)	May 28, 2013
(e) The Daily Milap (Urdu)	May 28, 2013
(f) Dainik Bhaskar (Hindi)	May 28, 2013
(g) The Indian Express (English)	May 28, 2013
(h) Dainik Jagran (Hindi)	May 28, 2013

1.23 The Copies of the above Public Notice in English, Hindi, Urdu and Punjabi are enclosed as **Annexure V** to this Order.

1.24 The Commission received comments from 44 stakeholders. The comments of the stakeholders were forwarded to the Petitioner. The Petitioner responded to the comments of the stakeholders with a copy of its replies to the Commission. The Commission invited all stakeholders who had filed their objections and suggestions to attend the Public Hearing. A list of the stakeholders who responded to the Public Notice on the Petition and/or who attended the public hearing is enclosed as

Annexure VI to this Order.

1.25 The Public Hearing was held in two phases, the first public hearing was scheduled for industrial, commercial, DMRC, DIAL, Railways and Govt. Agencies was held at the Commission's Court Room on May 17, 2013 from 11 a.m. onwards and the second public hearing was held on June 03 and June 04 from 10.30 a.m. onwards for all consumer categories to discuss the issues related to the Petition filed by the Petitioner. The issues and concerns voiced by various stakeholders have been examined by the Commission. The major issues discussed during the Public Hearing and/or written comments made by the stakeholders, the responses of the Petitioner thereon and the views of the Commission, have been summarized in Chapter A2.

Layout of the Order

1.26 This Order is organised into six Chapters:

(a) Chapter A1 provides details of the tariff setting process and the approach of the Order;

(b) Chapter A2 provides a brief of the Public Hearing process, including the details of comments of various stakeholders, the Petitioner's response and views of the Commission thereon;

(c) Chapter A3 provides details/analysis of the True-Up for FY 2011-12;

(d) Chapter A4 provides analysis of the Petition for determination of the Aggregate Revenue Requirement for FY 2013-14, and Wheeling and Retail Supply Tariff for FY 2013-14;

(e) Chapter A5 provides details of the possible options for determination of Wheeling and Retail Supply Tariff for all consumer categories, and the approach adopted by the Commission in determining the tariff; and

(f) Chapter A6 provides details of the Directives of the Commission for compliance by the Petitioner.

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

(a) Annexure I – Admission Order;
(b) Annexure II – Copies of Public Notices published by the Petitioner;
(c) Annexure III – Copies of the Public Notice published by the Commission inviting comments from the stakeholders;
(d) Annexure IV – Copies of the Public Notice published by the Commission regarding extension of last date of submission of comments.
(e) Annexure V - Public Notice for Public hearing held on June 03 and June 04, 2013 at PHD chamber of Commerce and Industry.
(f) Annexure VI – List of the respondent Stakeholders.

Approach of the Order

1.28 The Petitioner has submitted the ARR Petition for FY 2013-14 along with the True Up Petition for FY 2011-12 and also sought review for FY 2012-13. The Petitioner has also sought true up of controllable parameter for extended MYT period FY 2007-08 to FY 2011-12.

Approach for True Up for MYT Control Period FY 2007-08 to FY 2011-12

1.29 Under the MYT Framework, the Commission had projected the RoCE and Depreciation for each year of the Control Period in the MYT Order FY 2007-08 to FY 2010-11 issued on February 23, 2008 (hereinafter referred as MYT Order). The Commission vide its Order dated May 10, 2011 extended the MYT Regulations and the Control Period for a further period of one year up to March 31, 2012. The Commission has projected the ARR for the Petitioner for FY 2011-12 in its Order dated August 26, 2011. Regulations A4.16 of the MYT Regulations, 2007 provide for true-up of depreciation and RoCE at the end of the Control Period. The Commission has accordingly trued-up these parameters for FY 2007-08 to FY 2011-12. The detailed treatment of each parameter has been given in Chapter 3.

Approach for FY 2011-12

1.30 Under the MYT Framework, the Commission has projected the ARR for the Petitioner for FY 2011-12 in the Order dated August 26, 2011 (hereinafter referred to as the 'August 2011 Order').

1.31 Under the MYT Regulations 2007, the components of ARR have been segregated into Controllable and Uncontrollable Parameters. As per Regulations A5.41 and A5.42 of the MYT Regulations, 2007, the actual expenses incurred by the Petitioner in respect of Uncontrollable Parameters shall be trued up each year based on the audited accounts and prudence check by the Commission; and, the Controllable Parameters shall not be trued up. As per Regulation A4.16 of the MYT Regulations 2007:

> *"The true up across various controllable and uncontrollable parameters shall be conducted as per principle stated below:*
>
> *(a) Variation in revenue / expenditure on account of uncontrollable sales and power purchase shall be trued up every year;*
>
> *(b) For controllable parameters,*
>
> *i. Any surplus or deficit on account of O&M expenses shall be to the account of the Licensee and shall not be trued up in ARR; and*
>
> *ii. Depreciation and RoCE shall be trued up at the end of Control Period."*

1.32 The Commission has accordingly, trued up the uncontrollable parameters, viz., power purchase cost, energy sales and revenue based on the Audited Accounts and other information submitted by the Petitioner for FY 2011-12 after exercising prudence check. The True-Up of controllable parameters is governed by Regulation A4.16 (b) of the MYT Regulations 2007 as mentioned above and since, the Control Period is over, the Commission has Trued-Up Depreciation and RoCE for the entire Control Period in this Order. The detailed treatment of each component of uncontrollable and controllable parameters is provided in Chapter A3 of this Order.

1.33 The Petitioner has raised certain issues that are presently under appeal before the Hon'ble Supreme Court, Hon'ble High Court, and Hon'ble Appellate Tribunal for Electricity. Pending the decision of the Court/Tribunal on such issues, the Commission is implementing those directives which were not so far given effect in the earlier Tariff Orders wherever Judgments have been given and no stay order issued by a superior court. This is subject to final decisions on various issues pending in Appeal in Supreme Court or other courts.

Approach for FY 2012-13

1.34 The Petitioner has requested for a review of ARR for FY 2012-13 which had been determined earlier by the Commission in its Order dated July 13, 2012. The mechanism of True Up as specified in the MYT Regulations envisages that the variations on account of uncontrollable items like energy sales and power purchase cost shall be trued up. Truing up shall be carried out for each year based in the actual/audited accounts and prudence checks undertaken by the Commission. Accordingly, the Commission is of the opinion that in accordance with the MYT Regulations, 2011, the True Up of FY 2012-13 can only be considered based on the audited financial statement once the Petitioner makes a regular tariff Petition for True Up of FY 2012-13.

Approach for FY 2013-14

1.35 The Petitioner has submitted the ARR Petition for FY 2013-14 along with the True-Up Petition for FY 2011-12.

1.36 In this regard, the relevant provisions of the MYT Regulations 2011, Tariff Order, etc., pertaining to Distribution Business are:

a. Regulation A3(2) provides that the Commission shall determine the ARR and Tariff for Wheeling Business and Retail Supply Business separately.

b. Regulation A4(5) provides that the Commission shall determine the base line values of operating and cost parameters and performance targets for the Control Period.

c. Regulation A4(7) provides that the Commission shall set targets for each year of the Control Period, for the items or parameters that are deemed to be "controllable" including AT&C loss, Distribution Loss, Collection Efficiency, O&M expenditure, Return on Capital Employed, Depreciation and Quality of Supply.

d. Regulations A4(9), A4(10), A 4(11) and A4(12) provides for category-wise sales forecast to be submitted by the Licensee, and the Commission shall examine the forecast, however, the same shall be treated as uncontrollable.

e. Regulation A5(36) provides for the Licensee to propose AT&C loss reduction trajectory for each year of the Control Period and the loss reduction for any year of the Control Period should be at least 30% of the total AT&C loss reduction target for the Control Period, which shall be examined by the Commission, for each year of the Control Period and approved with modification as considered necessary.

f. Regulation A5(37) provides that the Licensee shall also propose voltage-wise losses for each year of the Control Period for the determination of voltage-wise cost of supply and determination of voltage-wise Wheeling Tariff.

g. Regulation A5(38) provides for the Distribution Licensee to recover net Transmission and Load Despatch Charges payable to the Transmission Licensees and System Operators for access to and use of the inter-State transmission system, intra-State transmission system and availing load despatch services in accordance with the tariffs approved from time to time by CERC and appropriate State Commissions, as the case may be.

h. The allocation from the unallocated quota of power at disposal of GoNCTD may change from time to time and needs to be considered based on the latest available data or the Commission may have to make reasonable assumptions with respect to allocation of Power from unallocated quota.

i. Availability of Power from the new sources of generation, based on their actual/revised Commissioning schedule.

1.37 In view of the above, the Commission had issued the MYT Order dated July 13, 2012 and the ARR submitted by the Petitioner for FY 2013-14 has been evaluated on the basis of the said Order, MYT Regulations 2011 and other factors as considered appropriate by the Commission.

A2: RESPONSES FROM STAKEHOLDERS

Introduction

2.1 Section 62 of the Electricity Act, 2003, stipulates that the Commission shall determine tariff in accordance with the provisions of the Act. Further, the Commission while determining tariff shall consider all suggestions received from the public and the response of the DISCOMs to the objections/suggestions of stakeholders, issue a tariff order accepting the application with such modifications or such conditions as may be specified in the Order. Public hearing, being a platform to understand the problems and concerns of various stakeholders, the Commission has encouraged transparent and participative approach in hearings to obtain necessary inputs required for tariff determination. Accordingly, the Public hearing was held on May 17, 2013 at the Commission's Court Room for Industrial and Commercial Consumers and on June 03, 2013 and June 04, 2013 for all the consumers at Lakshmipath Singhania Auditorium, PHD Chamber of Commerce to discuss the issues related to the Petition filed by the Petitioner. In the public hearing the stakeholders put forth their comments/suggestions before the Commission in the presence of the Petitioner.

2.2 The issues and concerns raised by various stakeholders in their written comments as well as in the public hearing along with the response of the Petitioner thereon have been examined by the Commission. The comments/suggestions of various stakeholders, the replies given by the Petitioner and the views of the Commission have been summarized under various sub-heads as below:

General

Stakeholder's Comments

2.3 The Stakeholder submitted that the MYT Formats (Volume II of the Petition) are not available anywhere in soft copy (neither on the website of DERC or NDMC), whereas, for all other DISCOMs the same is available.

2.4 With regard to the performance standards, the Stakeholder requested for field survey regarding stable power supply. It was further, submitted that there should be no overhead lines and street lights should not be misused.

Petitioner's Submission

2.5 NDMC submitted that the data in Tariff Petition is based on the records and accounts available with it. Further, Rationale and logic is provided for each component of ARR in the Tariff Petition.

Commission's View

2.6 The Commission has examined the Petition submitted by the Petitioner and has asked for clarification and detailed submissions. In case, where data was not available or could not be made available by the Petitioner, the Commission has made reasonable assumptions and allowed various expenses only after the detailed analysis of the ARR of the Petitioner and after carrying out due prudence checks.

CAG Audit

Stakeholder's Comments

2.7 NDMC is a Public Private Project and therefore RTI Act should be made applicable to it. In this regard, it was requested that the CAG Audit should be undertaken so that the tariff is reduced. Further, DERC should authenticate the public notices data, else admission does not safeguard consumers.

Petitioner's Submission

2.8 The Petitioner submitted that NDMC is a government organisation and therefore RTI is applicable to it. Further, the accounts of NDMC are audited by CAG. Further, NDMC has submitted the data in Tariff Petition which is based on the records and accounts available with it. Rationale and logic is provided for each component of ARR in the Tariff Petition.

Commission's View

2.9 As submitted by the Petitioner, NDMC is covered by the RTI Act and the accounts of NDMC are audited by CAG. With regards to validation of data in Public Notices, the Commission does cross check the data with the Petition and approve Public Notice before the Petitioner publishes it.

Power Purchase

Stakeholder's Comments

2.10 In Table 5 (Power Purchase) of the Petition, power purchase cost from Dadri TPS and Badarpur TPS is merged. Similarly, for PPCL and IPGCL the power purchase cost is merged. Therefore, NDMC should provide the details of individual power plants along with power purchase rate.

2.11 The stakeholder further submitted that NDMC should provide the actual sales of surplus power along with the rate at which the same was sold from April 2012 upto December 2012. Similarly, NDMC should also provide the quantum of short term purchase along with the rate at which the same has been purchased from April 2012 till December 2012.

Petitioner's Submission

2.12 No reply has been received from the licensee.

Commission's View

2.13 The Commission recognises the importance of power purchase expenses in the ARR of a distribution utility. Therefore, the Commission has taken due caution while projecting power purchase cost. The Commission has obtained all the information as suggested by the stakeholder and has taken it into consideration while truing up the expenses and revenue for FY 2011-12 and determining tariff for FY 2013-14.

Metering and Billing

Stakeholder's Comments

2.14 For domestic category, the Stakeholder submitted that the time period for billing should be increased from 30 days to 60 days.

2.15 Drawing electricity by DISCOMS without meters for 9 years amounts to theft. In this regard, DERC's direction to install meters in DISCOM offices in 2011 is under debate. Further, Non-issue of bills to own consumption evaded 5% electricity tax.

DISCOMS own consumption at zero rate (free electricity) is in violation of Electricity Act.

2.16 Further, NDMC is raising electricity bills from June 2012 without blocking leading kVAh resulting in inflated bills. The Commission has issued direction to TPDDL vide Order No. F.3(49)/Tariff/2003-04/5283 dated August 27, 2004 to reconfigure the energy meter block leading kVAh and till such time billing to be done on kWh basis. Accordingly, the Stakeholder requested the Commission to direct NDMC for complying with the same direction, and till such time bill should be raised on kWh basis since DMRC is maintaining unity power factor.

Petitioner's Submission

2.17 The Petitioner submitted that electricity meters are installed in all the offices of NDMC which are being billed and paid by NDMC to its concerned department. Further, Electricity Bills are being paid by NDMC as per the applicable Tariff schedule to its concerned department. For own consumption Electricity Bills are being paid by NDMC to its concerned department hence there is no violation of Electricity Act and regulations.

Commission's View

2.18 With regards to increase in billing cycle from 30 days to 60 days, the Commission is of the view that such an action will be a retrograde step as this will increase the credit cycle which in turn will increase the working capital requirements and thereby adding to the cost which shall be borne by consumers of Delhi.

2.19 The Commission with regards to DISCOM's own consumption has already given directions for separate metering for electricity consumptions in the substations and offices of the DISCOMs. The distribution utilities have been showing self consumption at their offices/installations at zero cost, in their respective ARRs. While analyzing the quantum of such self consumption charged by the distribution utilities, the Commission was unable to find a uniform basis or justification for the same. The Commission has considered the matter related to self consumption and deciding that 0.25% of total units sold during FY 2010-11 may be taken as bench mark on normative basis for determining self consumption for FY 2010-11. An increment at the rate of 2% (of the previous years' self consumption) may be added each year till FY 2014-15. The above norms will be reviewed after the end of the current MYT period. Thus own consumption is being allowed on a normative basis at zero cost because this expenditure forms part of the overall expenditure allowed for distribution of electricity in the city. Any excess consumption over the norm will be to the account of the DISCOMs.

2.20 With regards to the billing at leading power factor, the Commission has already taken the matter with the DISCOMs and shall be issuing an Order to address the issue.

Unbiased Redressal System

Stakeholder's Comments

2.21 Unbiased Redressal system is not available leading to loss of trust in working of Discoms/DERC. In this regard, the Stakeholder requested DERC that public trust must be restored.

2.22 Further, violations by DISCOMs in performance regulations, supply agreements and Electricity Act, if any during last 10 years, should be made public.

Petitioner's Submission

2.23 The Petitioner submitted that redressal system as per the Electricity Act and related regulations governing the sector are already in place.

2.24 With regard to the contention raised regarding the violations by DISCOMs, the Petitioner submitted that the functioning of the Electricity Department of NDMC is as per the provisions of the Electricity Act 2003, codes and regulations notified by the Commission and New Delhi Municipal Council Act.

Commission's View

2.25 Consumer Grievance Redressal Forums are established in accordance with the provisions of Electricity Act 2003 and Delhi Electricity Regulatory Commission (Redressal of Consumers Grievances) Regulations, 2003 dated June 10, 2004. The appointment of Chairman and Members of CGRF are approved by the Commission. Ever since CGRF came into existence, about 80% of cases decided have gone in favour of consumers. Therefore, it is felt that the CGRF is functioning independently. The Distribution licensees have officers specifically for dealing with consumer grievances. The consumer grievances are also looked into by the Public Grievances Cell of the Government of NCT of Delhi which coordinates with the Distribution licensees for resolution of the grievances. The Commission has already revised the regulations so as to strengthen the bodies and increase their independence.

Peak Demand

Stakeholder's Comments

2.26 DISCOMs should provide the basis to calculate peak demand, i.e. sanctioned load or MDI. Therefore, total sanctioned load and MDI for each DISCOM as on December 31, 2012 should be furnished.

Petitioner's Submission

2.27 The Petitioner submitted that Peak demand met by NDMC is calculated by SLDC based on the maximum availability of power at any instant.

Commission's View

2.28 The State Load Despatch Centre records the demand of Delhi continuously over the day. The peak demand is recorded and the highest demand recorded in any day over a year is the peak demand met for that year. The sources from which this is being met can be accessed on the SLDC website http://www.delhisldc.org.

Tariff based on Cost to Serve

Stakeholder's Comments

2.29 It is requested that DMRC should be treated as a separate category of consumers whose tariff would be based on the actual cost to serve (at 220 or 66 kV) excluding both the subsidy and cross subsidy elements.

Petitioner's Submission

2.30 The Petitioner submitted that the approval of tariff categories, tariff, and other applicable conditions for recovery of allowable expenses are within the jurisdiction of DERC.

Commission's View

2.31 The Commission is of the view that DMRC has already been considered under a special tariff category in view of the essential services being provided to common consumers of Delhi.

Slab Structure

Stakeholder's Comments

2.32 Slab structure should be rationalized and "One City One Tariff" should be introduced. There should be minimum two slabs, so that there is uniform tariff system. Further, for the domestic consumers the current slab of 0-200 kWh should be increased to 0-300 kWh.

Petitioner's Submission

2.33 The Petitioner submitted that the approval of tariff categories, tariff, and other applicable conditions for recovery of allowable expenses are within the jurisdiction of DERC.

Commission's View

2.34 Slabs are prescribed in every category to protect the interest of small consumers who do not have sufficient paying capacity. The Tariff progressively increases with each slab so that higher consumers bear a larger burden of the cost of electricity.

2.35 This cross subsidy is a recognised element in the Tariff Policy. Regarding cross-subsidy, Clause 8.3 of Tariff Policy states "Direct subsidy is a better way to support the poorer categories of consumers than the mechanism of cross subsidising the tariff across the board. Subsidies should be targeted effectively and in a transparent manner. As a substitute to cross subsidies, the State Government has the option of raising resources through mechanism of electricity duty and giving that subsidy to only needy consumers. This is a better way of targeting subsidies effectively."

Consumer Categorisation

Stakeholder's Comments

2.36 Hospitals/schools/colleges/universities run by Govt. of NCT of Delhi and Municipal Corporation of Delhi are kept under the Domestic Category. In this regard, it is submitted that colleges and universities run with the financial support from the UGC and Central Government should come under domestic category and not under non-domestic category. Further, all hospitals/dispensaries/clinics, other than those run by Municipal Corporation of Delhi or the Govt. of NCT of Delhi, should be categorised under the domestic category or under a separate category.

2.37 Further, in Domestic Category, there should be concession for senior citizens.

Petitioner's Submission

2.38 The Petitioner submitted that approval of tariff, tariff categories and its applicable conditions for recovery of allowable expenses is within the purview of the Commission.

Commission's View

2.39 The Commission is of the view that extending domestic tariff to all educational institutions, hospitals etc., would be a retrograde step and will increase cross subsidy element. It would be ideal to fix electricity tariff for all consumers on a cost to serve basis and any subsidy based on socio-economic factors or otherwise should be extended by the State Government. The Commission also feels that the State Government should bear the expenses for supporting the weaker sections of society and this responsibility should not be thrust upon another section of consumers.

2.40 Further, with regards to concessions to senior citizen the Commission is of the view that all the consumers including senior citizens are availing slab benefit under domestic category for low consumption and the Govt. is also providing subsidy to support such consumers having lower consumption (0-200 units per month). The Commission is of the view that extending any further concession would be retrograde step and will increase the cross subsidy element.

Abolishing Time of Day (ToD) Tariff for Hospitals and Educational Institutions

Stakeholder's Comments

2.41 In the current tariff for industrial and non domestic consumers, Time of Day (ToD) was introduced for the consumers having the sanctioned load of 300 kVA or more so that these consumers can shift a portion of their loads from peak time to off-peak time, thereby improving the system load factor and even out the load curve. But, while deciding the tariff, it was not considered that ToD cannot be made applicable to the hospitals/educational institution because they cannot shift their load from peak hours to off peak hours and hence the hospitals should be exempted from the ToD.

Petitioner's Submission

2.42 The Petitioner submitted that approval of tariff, tariff categories and its applicable conditions for recovery of allowable expenses is within the purview of the Commission.

Commission's View

2.43 As per the DERC (Supply code & Performance Standards) Regulations, 2007 Hospitals comes under non domestic category and therefore ToD is applicable to such category. Therefore, the same is being maintained in the Tariff Schedule.

Consumer Details

Stakeholder's Comments

2.44 The Stakeholder submitted that number of consumers in each DISCOM and each category i.e. industrial, commercial, domestic and agricultural should be provided.

Petitioner's Submission

2.45 The Petitioner submitted that the requested detail of consumers in each category i.e. industrial, commercial, domestic and agricultural has been provided in Tariff Petition for FY 2013-14 submitted before the Commission.

Commission's View

2.46 The details of number of consumers are available in the Tariff Petition for FY 2013-14.

Fixed Charge, Energy Charge and Surcharge

Stakeholder's Comments

2.47 DISCOMs should provide the details of total fixed charge and surcharge collected during the year.

2.48 The Stakeholder submitted that the electricity tariff of the Domestic, Commercial and Industrial Category of consumers should be same.

2.49 Further, distribution licensees should not be permitted to raise the electricity charges any further. Compared to the rates charged by DESU, their charges are exorbitant and electricity charges should be same at the rates as charged by DESU.

Petitioner's Submission

2.50 The Petitioner submitted that the details of fixed charges, surcharge along with other components of revenue are being provided in the Tariff Petition submitted before Commission. These charges have been used to meet the power purchase cost and other expenses of NDMC. The details of expenses incurred for supply of electricity to its consumers for FY2013-14 is provided in the Tariff Petition filed before the Commission.

2.51 Further, the Petitioner submitted that tariff and its structure is decided by the Commission.

Commission's View

2.52 The Commission has analyzed the aggregate revenue requirement (ARR) of the Petitioner and determined the tariff applicable to various consumer categories of NDMC area after detailed analysis of the Petitioner's ARR and applying prudence checks. The Commission has been continuously making efforts to introduce various tariff rationalization measures.

AT&C Losses

Stakeholder's Comments

2.53 The AT&C losses have increased during FY 2011-12 instead of reducing from the trued-up levels of FY 2010-11.

Further, DERC at Para 3.11 in Tariff Order dated July 13, 2012 stated that due to inability shown by the Petitioner to validate the requisite information, the Commission is constrained to provisionally consider the sales, revenue billed and revenue realized submitted for the computation of AT&C loss. The detail is shown is the table below:

Particulars	Table 6 of Tariff Order dated July 13, 2012	Table 7 of the Petition
Distribution Loss Level	11.94%	12.02%

Further, the energy purchased by NDMC at its own boundary can be verified from State Load Despatch Centre.

The Stakeholder further requested the Commission that the energy sales to various consumers in the area of NDMC should be duly verified before approval.

Petitioner's Submission

2.54 No reply has been received from the licensee.

Commission's View

2.55 The AT&C loss targets have been fixed in the Regulations based on the past achievements on loss reduction, capital expenditure programs, review of the consumer mix of Delhi, metering status, etc. The Commission has followed the AT&C loss reduction targets as per the provisions of Regulations.

2.56 For regular monitoring of AT&C losses, the Commission directs the NDMC to provide the breakup of energy input to its supply area, energy sold, energy billed, the revenue realisation against billed energy on a monthly basis to the Commission within fifteen days after the end of each month.

Revenue Collection

Stakeholder's Comments

2.57 In Table 4 (Revenue Collection) of the Petition, NDMC has shown a transfer entry worth of Rs. 15.13 Crore for usage of electricity by NDMC building. In this regard, clarification has been asked whether this transfer entry is covered normally as a part of revenue collected. Further the stakeholder has requested NDMC to provide the following details:

- Details of the components of the revenue collected and the revenue billed and its impact on collection efficiency.
- Ratio of revenue collected to revenue billed

Further, the Commission should verify the revenue collected and revenue billed from MYT formats.

Petitioner's Submission

2.58 For own consumption Electricity Bills are being paid by NDMC to its concerned department hence there is no violation of Electricity Act and regulations.

Commission's View

2.59 The Commission has considered Rs. 15.13 crore towards revenue collected for the year FY 2011-12 as given by the petitioner. The details of the components of the revenue collected and revenue billed and its impact on collection efficiency are given subsequently in Chapter A3 of this Tariff Order. The petitioner has not claimed any own consumption separately for its electricity business and as the petitioner is collecting revenue from NDMC for consumption of NDMC as a whole, the Commission has considered the same.

2.60 The Commission has analyzed the aggregate revenue requirement (ARR) of the Petitioner and determined the tariff applicable to various consumer categories of NDMC area after detailed analysis of the Petitioner's ARR and applying prudence checks and taking into consideration all the information as submitted by the Petitioner. Further, the Commission for computing the revenue has considered the revenue from all the components of the tariff.

Loan Details

Stakeholder's Comments

2.61 NDMC has claimed the rates of interest on normative basis in calculation of RoCE. This indicates that NDMC does not have any record at all and is working everything on provisional basis. NDMC should submit the actual loan details along with the interest rates. Further, carrying cost interest rates and the rates of interest on loan amount are different and therefore, NDMC should clarify the same.

Petitioner's Submission

2.62 No reply has been received from the licensee.

Commission's View

2.63 The Commission has analyzed the aggregate revenue requirement (ARR) of the Petitioner and determined the tariff applicable to various consumer categories of NDMC area after detailed analysis of the Petitioner's ARR and applying prudence checks. NDMC in its additional submissions have submitted that it has not taken any loan to fund its capital additions and has therefore asked for interest on normative loans.

Operation & Maintenance Expenses

Stakeholder's Comments

2.64 DERC has approved high O&M Expenses per unit of sales for NDMC in its Order dated July 13, 2012. In this regard, the Stakeholder requested the Commission to provide the reasons for approval of higher O&M Expenses. Further, NDMC should be benchmarked with other DICOMs and in case NDMC is incomparable with Delhi DISCOMs, it should be benchmarked with similar DICOMs like BEST, Mumbai operating in other States in India.

Petitioner's Submission

2.65 NDMC submitted that, consumers and their load profile in the area to which it supplies electricity are different as compared to the other DISCOM in Delhi. NDMC has responsibility to supply power to areas of National importance and VVIP areas where there is no scope for power failure and disruption, therefore the O&M expenses cannot be compared with other DISCOMs

Commission's View

2.66 The O&M expenses are allocated by NDMC to its electricity business on a percentage basis. The Commission has given directions to NDMC to segregate its electricity and other business and prepare accounts separately inter-alia including O&M expenses in the earlier tariff order issued by DERC. NDMC has to comply with the same. The Commission has considered the O&M expenses given on the basis of allocation of O&M expenses to electricity business by NDMC in base year for projection of O&M expenses in first MYT Order of period.

2.67 Further, the O&M expenses are approved from one MYT period to another MYT period based on the actual audited statements for the respective base years after prudence check and benchmarking the expenses of all the DISCOMS as per the principles laid down in DERC MYT Regulations, 2011.Further, prudence check of the expenses in the base year is made and O&M expenses projected for the MYT periods. During the MYT Control Period, the O&M expenses are allowed on a normative basis after providing for an appropriate escalation factor on the base year expenses.

Reimbursement of Legal Expenses

Stakeholder's Comments

2.68 The Stakeholder submitted that DISCOMs get 100% legal reimbursement against for Petitions filed by consumers in various legal forums. The same should not be allowed.

Petitioner's Submission

2.69 As regards the contention raised regarding 100% legal reimbursement against the consumers in dispute, the Petitioner submitted that reasonable and justified Operation and maintenance cost of NDMC is approved by the Commission after benchmarking and prudence check of the previous year data.

Commission's View

2.70 The Govt. of National Capital Territory of Delhi (GoNCTD) has already constituted

Electricity Consumers Advocacy Forum (ECAF) which is giving advice to the consumers on electricity related matters. Legal expenditure incurred by the DISCOMs is part of A&G expenses, which is being allowed on a normative basis every year. Any expenditure in excess of the norms is not allowed in the ARR for the DISCOM.

Recovery of allowable Expenses

Stakeholder's Comments

2.71 Sl. No. 1 of the "Notes on Superscripts" to the Tariff Schedule for FY 2012-13 pertaining to NDMC is reproduced as under:

"*Notes on Superscripts:*

For all categories other than Domestic, Fixed Charges are to be levied on sanctioned load or MDI reading, whoever is higher, on per kW, or part thereof basis. Where the MDI reading exceeds contract demand by more than 5%, a surcharge of 30% shall be levied on the fixed plus energy charge for such billing cycle only."

The above Notes on Superscripts should be amended as under:

"*For all categories other than Domestic, Fixed/Demand Charges are to be levied on (BILLING DEMAND) on per kW/kVA or part thereof basis. Where the MDI reading exceeds (SANCTIONED DEMAND), a surcharge of 30% shall be levied on the fixed charges corresponding to excess load in kW/kVA for such billing cycle only. Wherever, Billing Demand is in kW/HP, the kVA shall be calculated on basis of actual power factor of the consumer, for the relevant billing cycle."*

Petitioner's Submission

2.72 The Petitioner submitted that NDMC has submitted its legitimate expenses incurred for the supply of electricity to consumers in its distribution area before the Commission for approval. Approval of tariff and its applicable conditions for recovery of allowable expenses is within the purview of the Commission.

Commission's View

2.73 The Commission in this regard is of the view that the provision in Tariff Schedule regarding levy of Fixed Charges is appropriate and does not require any amendment.

Fuel Price Mechanism

Stakeholder's Comments

2.74 Delhi had Fuel Price Mechanism (FPA) till 2002. Post reforms in 2002, FPA was discontinued without any reason being given to the public. Implementation of PPAC, if continued would reduce the interest burden on consumers. In this regard, it is submitted that FPA is already prevailing in 17 states in India and National Tariff Policy (para 5.3) requires suitable mechanism to quickly recover the variations in power purchase cost. Therefore, DERC should ensure recovery of such uncontrollable cost so that future consumers are not burdened with past costs.

Petitioner's Submission

2.75 The Petitioner submitted that Power Purchase Cost Adjustment Charges (PPAC) mechanism is in place.

Commission's View

2.76 For recovery of variations in power purchase cost on account of variation in fuel prices and calorific value initially FPA mechanism was already in place which has now been replaced with PPAC mechanism and hence the mechanism as suggested by the stakeholder is already in place.

Solar Power

Stakeholder's Comments

2.77 The Stakeholder submitted that in FY 2012-13 the total RPO target was 3.4%, of which only 0.1% was met. Further, price of solar has reduced by 60%, whereas, NDMC is asking for 20% higher tariff. Therefore, DERC should bring an appropriate Solar Policy.

Petitioner's Submission

2.78 No reply has been received from the licensee.

Commission's View

2.79 The Commission is keen to promote the procurement from renewable sources. The Commission has recently issued tariff regulations for grid connected solar PV projects and intends to promote solar power in Delhi.

2.80 The Commission has issued RPO Regulations on October 1, 2012 for ensuring that the distribution licensees meet their RPO's. Further for FY 2013-14 the Commission has included cost of REC's at floor price of CERC to ensure that the distribution licensee meets its RPO.

A3: True Up for the First Control Period

Background

3.1 The Commission had approved the Aggregate Revenue Requirement (ARR) of NDMC for each year of the Multi Year Tariff Control Period (FY 2007-08 to FY 2010-11) in its Multi Year Tariff Order dated 7 March, 2008. The MYT Regulations, 2007 provide for truing up of the depreciation and return on capital employed based on review of actual investment during the control period and uncontrollable components of the ARR at the end of each year of the Control Period based on audited accounts and prudence checks by the Commission.

3.2 Regulations 4.13, 4.14 and 4.16 of the MYT Regulations, 2007, stipulate as under;

> *"4.13 The Commission shall approve capital investment plan of the Licensees for the Control Period commensurate with load growth, distribution loss reduction and quality improvement proposed in the Business Plan. The investment plan shall also include corresponding capitalization schedule and financing plan.*
> *4.14 The Commission shall review the actual capital investment at the end of each year of the Control Period. Adjustment to depreciation and return on capital employed for the actual capital investment vis-à-vis approved capital investment shall be done at the end of Control Period."*
> ***"True Up***
> *4.16 The true up across various controllable and uncontrollable parameters shall be conducted as per principle stated below:*
> *(a) Variation in revenue / expenditure on account of uncontrollable sales and power purchase shall be trued up every year;*
> *(b) For controllable parameters,*
> *(i) Any surplus or deficit on account of O&M expenses shall be to the account of the Licensee and shall not be trued up in ARR; and*
> *(ii) Depreciation and RoCE shall be trued up at the end of Control Period."*

3.3 NDMC in its Petition has sought truing up of actual Capital Investment and adjustment of depreciation and RoCE for FY 2007-08 to FY 2011-12 and truing up of uncontrollable components for FY 2011-12. In this Chapter, the Commission has analysed the Petition of the NDMC in accordance with the principles laid down under MYT Regulations, 2007.

3.4 While undertaking the true-up exercise for FY 2011-12, the Commission had to face several difficulties since the audited accounts for FY 2011-12 were not available and NDMC has not been maintaining separate records/ accounts for the electricity business as a separate entity for supplying electricity in the NDMC area. Due to non-availability of certain critical data, the Commission could not carry out detailed analysis/periodic review of various elements of expense and revenue as the Commission has done while processing the ARR and Tariff Petitions of the three DISCOM in Delhi, viz. BRPL, BYPL and TPDDL.

3.5 The Commission would like to reiterate that the Petitioner is not complying with the directives issued by the Commission since the issuance of the Tariff Order for FY 2005-06. The Commission in its earlier Tariff Orders for FY 2005-06 and FY 2006-07 had given directives to NDMC regarding break-up of assets, separate records for R&M and A&G expenses incurred for electricity business. The Petitioner has not complied with any of the directives issued by the Commission.

3.6 Further, the Commission had directed the Petitioner to take prior approval from the Commission for its capital expenditure plan. The Petitioner has not complied with these directives either.

3.7 The Commission is constrained to remark that despite the assurance given by the Petitioner every year that it would furnish all relevant data and accounts to the Commission shortly, it has never submitted separate records/accounts for electricity business as a separate entity in any of its Petition. Further, the Petitioner has not provided all the requisite information in the detailed formats prescribed by the Commission under the MYT Regulations, 2007.

3.8 Therefore, the Commission once again directs the Petitioner to maintain regulatory accounts and provide all details/information in the prescribed formats along with the supporting documents for the ensuing filing of True Up Petition at the end of the Control Period. With these constraints, the Commission has analysed the components of ARR for the purpose of True Up as discussed in subsequent sections.

True Up of Capitalisation for the MYT Period

Review of Capital Expenditure & Capitalisation

3.9 NDMC in its Petition has submitted that it has considered Capital Expenditure on actual basis for the Control period as follows:

Table 1: Capital Investment Plan for Control Period (Rs. Cr)

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	Total
Capital Investment	81.60	228.64	174.88	153.30	638.42

3.10 The Commission had approved the capital investment plan for the MYT Control Period as under:

Table 2: Capital Investment Plan Approved for Control Period (Rs. Cr)

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	Total
Capital Investment	81.60	228.64	174.88	109.82	594.94

3.11 In the MYT Order dated March 7, 2008, the Commission had expressed the view that the capital investment of Rs. 594.94 Cr projected by NDMC was an ambitious investment programme and the annual investment proposed for each year were significantly higher than the actual investments made by the NDMC in the previous years. Still the Commission approved the projections as it believed that future capital investments need to be considered on the basis of future requirements and not on past performance alone.

3.12 However, the Commission reiterated that the consideration of capital investment including capitalization of interest and establishment expenses during the Control Period for the purpose of determination of ARR did not imply the approval of schemes and the Petitioner has to obtain the scheme wise approval for the capital expenditure to be incurred during each year of the Control Period as per the annual investment plan drawn for the purpose.

3.13 The Petitioner was directed to file the detailed proposal for various capital expenditure schemes implemented/to be implemented during the Control Period. The Annual investment plan should have been submitted prior to commencement of the respective Financial Year. NDMC was advised to submit the quarterly progress report of actual capital investment in the format prescribed by the Commission within one month of the closure of respective quarter.

3.14 The Petitioner was directed in the MYT Order dated March 7, 2008 and Tariff Order dated June 18, 2009 to organise for scheme-wise completion and consequent capitalization of the assets in consonance with the Commissioning/ commercial operation of the respective scheme which would be certified by the Electrical Inspector/ SLDC/ relevant authority and considered as an element of distribution system in operation. The Petitioner was also required to submit the necessary statutory clearances/certificates of Electrical Inspector, etc. for all EHV & HV works and certificate of SLDC for Commissioning/commercial operation. The Commission had advised NDMC to ensure timely completion of the works/ schemes as per the schedule.

3.15 The Commission observed that none of the directions issued by the Commission vide Tariff Order dated June 18, 2009, with respect to the capital expenditure schemes for approval and submission of quarterly progress reports have been complied by NDMC.

3.16 The NDMC was reminded about the compliance to the directives of the Commission vide letter dated July 24, 2009 and was granted time till August 10, 2009 for submission of the Capex schemes for approval of the Commission and submission of quarterly progress reports. However, no details were submitted by NDMC. Therefore, a show cause notice was issued by the Commission on August 28, 2009 whereby NDMC was directed to explain as to why appropriate proceedings may not be initiated against them. A hearing was conducted by the Commission on December 10, 2009 and Order issued on December 22, 2009, wherein a last and final opportunity was given to the NDMC for compliance of the directions of the Commission. NDMC was given four weeks time till January 23, 2010, for submission of details to the Commission and to the Steering Committee constituted by the Commission, which is headed by the State Transmission Utility (i.e. Delhi Transco Limited). The Commission also directed NDMC to segregate the accounts of electricity business from their other activities latest by April 1, 2010.

3.17 However, none of these directions were complied by NDMC. The NDMC has furnished only information about their on-going schemes during the FY 2009-10 which was submitted by them on February 3, 2010. However, these details were only for information and not for approval of the Commission.

3.18 In the absence of the afore-mentioned information, it is not possible to carry out performance review, as required under Regulation 4.14 of the MYT Regulations, 2007. The Petitioner is once again directed to comply with directions stipulated in the MYT Order so that the capital investments could be carried out in a coordinated manner.

3.19 However, for truing up purpose the Commission has provisionally retained the capitalisation for the first Control Period as approved by the Commission in its MYT Order for FY 2007-08 to FY 2010-11 and as approved in Tariff Order for FY 2011-12. The Commission will carry out the truing up of the actual capitalisation for the first Control Period once the Petitioner submits scheme wise details of asset capitalisation with cost benefit analysis to the satisfaction of the Commission. **The Commission accordingly directs the Petitioner to submit scheme wise asset capitalisation details within two months from the date of issue of this Order.**

Table 3: Capitalisation Approved for Control Period (Rs. Cr)

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	Total
Capitalisation	63.36	155.12	201.76	142.35	112.50	675.09

Review of Depreciation

3.20 As per Regulation 4.14 of the MYT Regulations, 2007, adjustment to depreciation and return on capital employed for the actual investment vis-à-vis approved capital investment shall be done at the end of the Control Period. Regulation 4.16(b)(ii) of the MYT Regulations, 2007 also provides for True Up of Depreciation and RoCE at the end of the Control Period.

3.21 NDMC has submitted the depreciation considering depreciation at 3.6 % of average GFA during the year as follows:

Table 4: Depreciation claimed for Control Period (Rs. Cr)

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
Depreciation	13.49	17.43	23.85	30.44

3.22 The Commission had provisionally approved Deprecation for the MYT Control Period as under:

Table 5: Depreciation approved for Control Period (Rs. Cr)

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
Depreciation	13.49	17.43	23.85	30.04

3.23 The Commission observes that the Petitioner has considered capitalisation for FY 2010-11 as Rs 164.09 Crore as against Rs. 142.35 Crore approved by the Commission in the MYT Order, thus the depreciation figures in FY 2010-11 has changed.

3.24 The Commission observes that it had erroneously allowed depreciation on consumer contributions and grants for the MYT Control Period (FY 2007-08 – FY 2010-11). As per the MYT Regulations, 2007,

"5.13 ……

Provided that depreciation shall not be allowed on assets funded by any capital subsidy/ grant"

3.25 As the Regulations allow depreciation only on assets capitalised, information is required from the Petitioner regarding the assets funded by consumer contribution till date by the Petitioner. However, this information is not readily available with the Petitioner. Upon receipt of such information, the Commission will revise the depreciation approved for the Petitioner. **The Commission directs the Petitioner to submit the details of year wise consumer contribution from FY 2007-08 to FY 2011-12 within 2 months from the date of this Order.**

Change in Working Capital

The Commission has determined the change in working capital for the year as shown in the table below:

Table 6: Change in Working Capital for FY 2007-08 to FY 2010-11 (Rs. Cr)

Particulars	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
Opening Balance on Working Capital FY 2006-07	8.18				
Total Working Capital		16.50	17.25	66.12	71.75
Change in Working Capital		8.32	0.75	48.87	5.63

Review of Return on Capital Employed

3.26 As per Regulation 4.7 of the MYT Regulations, 2007, RoCE is a controllable parameter, for which the Commission has set targets for each year of the Control Period. Further, as per Regulation 4.14 of the MYT Regulations 2007, adjustment to depreciation and RoCE for the actual investment vis-à-vis approved capital investment shall be done at the end of the Control Period. Regulation 4.16 (b) (ii) of the MYT Regulations 2007 also provide for True Up of Depreciation and ROCE at the end of the Control Period.

3.27 NDMC has submitted the Return on Capital Employed for the Control Period of FY 2006-07 to FY 2010-11 as follows:

Table 7: Return on Capital Employed claimed for Control Period (Rs. Cr)

Particulars	FY 07	FY 08	FY 09	FY 10	FY 11
Opening Balance of OCFA	343.14				
Opening Balance of Working Capital	8.18				
Opening Balance of Accumulated Depreciation	239.25				
RRB (Opening)		112.07	170.25	308.70	535.48
Δ AB		49.87	137.69	177.91	133.65
Investments in the Year		63.36	155.12	201.76	164.09
Depreciation		13.49	17.43	23.85	30.44
Consumer Contribution		-	-	-	-
Change in WC		8.32	0.75	48.87	5.93
RRB (Closing)	112.07	170.25	308.70	535.48	675.06
Regulated Rate Base (RRBi)		145.32	239.85	446.53	608.24
Equity		30%	30%	30%	30%

Particulars	FY 07	FY 08	FY 09	FY 10	FY 11
Debt		70%	70%	70%	70%
Rate of return on Equity		16.00%	16.00%	16.00%	16.00%
Rate of Return on Debt		11.50%	11.50%	11.50%	11.50%
WaCC		12.85%	12.85%	12.85%	12.85%
Return on Capital Employed		18.67	30.82	57.38	78.16

3.28 The Commission had provisionally approved Return on Capital Employed in the MYT Order for the Control Period as under:

Table 8: Return on Capital Employed approved for Control Period (Rs. Cr)

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
Return on Capital Employed	17.74	29.79	48.42	66.37

3.29 As per the MYT regulations 2007, RoCE is a controllable parameter which will Trued-up at the end of the Control Period. The Commission has revised the amount of RoCE as 100% debt funding was considered in MYT Order, however, normative 70:30 Debt Equity is now considered, as NDMC has funded the capex through internal sources. **The actual scheme wise funding details of equity, loans, grants and consumer contribution are not available**

3.30 Further the working capital requirement has also changed due to annual truing up of uncontrollable expenses as compared to the expenses approved in the MYT Order. Thus, revised RoCE is computed in accordance with the provisions of the MYT Regulations 2007 as follows:

Table 9: Return on Capital Employed approved for Control Period (Rs. Cr)

Particulars	FY 07	FY 08	FY 09	FY 10	FY 11
Opening Balance of OCFA	343.14				
Opening Balance of Working Capital	8.18				
Opening Balance of Accumulated Depreciation	239.25				
RRB (Opening)		112.07	170.25	308.70	535.48
Δ AB		49.87	137.69	177.91	112.31
Investments in the Year		63.36	155.12	201.76	142.35
Depreciation		13.49	17.43	23.85	30.04
Consumer Contribution		-	-	-	-
Change in WC		8.32	0.75	48.87	5.63
RRB (Closing)	112.07	170.25	308.70	535.48	653.42

Particulars	FY 07	FY 08	FY 09	FY 10	FY 11
Regulated Rate Base (RRBi)		145.32	239.86	446.53	597.26
Equity		30%	30%	30%	30%
Debt		70%	70%	70%	70%
Rate of return on Equity		16.00%	16.00%	16.00%	16.00%
Rate of Return on Debt		11.50%	11.50%	11.50%	11.50%
WaCC		12.85%	12.85%	12.85%	12.85%
Return on Capital Employed		18.67	30.82	57.38	76.75

3.31 The additional impact on account of revised RoCE to be passed on to the consumers works out to Rs. 21.30 Crore for the Control Period as against Rs. 22.71 Crore claimed by the Petitioner.

Review of ARR and Revenue Gap

3.32 The Petitioner has submitted the summary of the ARR approved by the Commission in the previous Orders and the Petitioner submission, as under:

Table 10: Revenue (Gap)/Surplus for Control Period (Rs. Cr)

Aggregate Revenue Requirement	FY 2007-08		FY 2008-09		FY 2009-10		FY 2010-11	
	Approved	Petitioner	Approved	Petitioner	Approved	Petitioner	Approved	Petitioner
Net Power Purchase Cost	175.55	175.55	39.84	39.84	314.62	314.62	507.26	507.26
Intra-State Transmission Charges(incld SLDC charges)	15.46	15.46	33.79	33.79	43.84	43.84	41.72	41.72
Operations & Maintenance Costs	77.77	77.77	82.52	82.52	139.58	139.58	116.64	116.64
Administrative & Civil Engineering Department Expenses allocated to electricity	45.37	45.37	45.37	45.37	45.37	45.37	45.37	45.37
RoCE including supply margin allowed	17.74	18.67	29.79	30.82	48.42	57.38	66.37	78.16
Depreciation	13.49	13.49	17.43	17.43	23.85	23.85	30.04	30.44
Less: Non Tariff Income	3.59	3.59	8.24	8.24	9.19	9.19	18.04	18.04
Less: Financial Impact on account of non-achievement of AT&C losses	20.38	20.38		-		-		-

Aggregate Revenue Requirement	FY 2007-08		FY 2008-09		FY 2009-10		FY 2010-11	
	Approved	Peti-tioner	Approved	Peti-tioner	Approved	Peti-tioner	Approved	Peti-tioner
Less: Surplus for FY 06-07	21.89	21.89		-		-		-
DTL Claim					35.31	35.31		
Aggregate Revenue Requirement	299.52	300.46	240.50	241.53	641.80	650.76	789.36	801.54
Revenue from sale of power	483.46	483.46	519.67	519.67	519.76	519.76	598.64	598.64
Revenue surplus/(Gap)	183.94	183.00	279.17	278.14	-122.04	-131.00	-190.72	-202.90

3.33 The summary of the ARR approved by the Commission in this Order is as under:

Table 11: ARR now approved for Control Period (Rs. Cr)

Aggregate Revenue Requirement	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
Power Purchase Cost	175.55	39.84	314.62	507.26
Intra-State Transmission Charges(including SLDC charges)	15.46	33.79	43.84	41.72
Operations & Maintenance Costs	77.77	82.52	139.58	116.64
Administrative & Civil Engineering Department Expenses allocated to electricity	45.37	45.37	45.37	45.37
RoCE including supply margin allowed	18.67	30.82	57.38	76.75
Depreciation	13.49	17.43	23.85	30.04
Less: Non Tariff Income	3.59	8.24	9.19	18.04
Less: Financial Impact on account of non-achievement of AT&C losses	20.38	-	-	-
Less: Surplus for FY 06-07	21.89	-	-	-
DTL Claim			35.31	
Aggregate Revenue Requirement	300.46	241.53	650.76	799.74
Revenue from sale of power	483.46	519.67	519.76	598.64
Revenue surplus/(Gap)	183.00	278.14	-131.00	-201.10

True Up for FY 2011-12

Energy Sales

Petitioner's Submission

3.34 The Petitioner has submitted total sales of 1246.54 MU in its True up Petition as against 1293.72 MU approved by the Commission in the August 2011 Order.

Commission's Analysis

3.35 The Commission analysed category-wise annual sales data submitted by the Petitioner for FY 2011-12.

3.36 The Commission therefore, for truing up of sales, approves the sales figures submitted by the Petitioner for FY 2011-12. The category wise trued up sales for FY 2011-12 as approved by the Commission are shown below:

Table 12: Trued Up Energy Sales for FY 2011-12 (MU)

	Categories	Approved in the Aug 2011 Order	Petitioner's Submission	Now Approved
1	**Domestic**	**258.88**	**243.89**	**243.89**
	Single Delivery Point	94.34	86.46	86.46
	Separate Delivery Point up to 100 kW	145.87	141.63	141.63
	Domestic Power up to 100 kW	18.66	15.80	15.80
2	**Non Domestic**	**254.89**	**247.70**	**247.70**
	Up to < 5 kW	50.10	48.95	48.95
	More than 5 kW and less than 100 kW	204.80	198.75	198.75
3	**Mixed Load**	**726.17**	**713.78**	**713.78**
	Supply at 11 kV (HT)	514.96	510.99	510.99
	Supply on LT where supply is given from NDMC	3.72		

	Categories	Approved in the Aug 2011 Order	Petitioner's Submission	Now Approved
	sub station		3.96	3.96
	Supply on LT where applicant provides built up space for sub station	207.48	198.83	198.83
4	**Small Industrial Power**	0.31	0.31	0.31
5	**Public Lighting**	8.81	12.95	12.95
6	**Others**	8.66	7.69	7.69
7	**DMRC**	36.00	20.23	20.23
	Total	**1293.72**	**1,246.54**	**1,246.54**

Power Purchase Quantum

Petitioner's Submissions

3.37 Against the actual sales of 1246.54 MU during FY 2011-12, the Petitioner has claimed a net power purchase requirement of 1408.59 MU based on actual distribution loss of 11.51% for FY 2011-12.

3.38 The Petitioner further submitted that it has considered the interstate transmission losses of 3.55% as mentioned in the annual report of NRLDC for FY 2011-12 and intrastate transmission losses of 1.29% as per Delhi SLDC for calculation of energy available at the periphery of the Petitioner. The Petitioner has accordingly requested the Commission to consider the same.

Commission's Analysis

3.39 The Petitioner in its Petition did not submit the breakup of actual quantum of power purchased from Gas Turbine Power Station and Rajghat Power House and instead submitted the combined figures of power purchase from IPGCL. The Commission in its queries asked the Petitioner to submit the details of month wise actual power purchase from all the generating sources. The Petitioner in its reply submitted the month wise actual power purchased from the generating sources.

3.40 The Commission in its Tariff Order for FY 2011-12 had approved a net power purchase quantum of 1431.11 MU for the Petitioner from all sources including central sector generating stations, and Delhi generating stations for FY 2011-12.

3.41 The Commission directed the Petitioner to submit month-wise station-wise power purchase details along with the bills, which was submitted by the Petitioner.

3.42 The Commission has reviewed the month-wise station-wise power purchase details submitted by the Petitioner and cross-verified the same with the monthly Regional Energy Accounts for FY 2011-12 and found minor variation in the power purchase. The Commission has approved the power purchase quantum for FY 2011-12 as per SLDC.

3.43 Therefore, the Commission approves the net power purchase quantum for FY 2011-12 as summarised below:

Table 13: Trued-Up Power Purchase Quantum for FY 2011-12 (MU)

Particulars	Approved in Tariff Order for FY 2011-12	Petitioner's Submissions	Trued Up
Gross Power Purchase Quantum	2216.68	2083.98	2083.98
Power Sold to Other Sources	724.24	314.25	310.80
Under-drawal of Power under UI	0	307.54	307.54
Net Power Purchase	1492.44	1462.19	1465.64
Transmission Losses			
Total Transmission Losses	61.33	53.60	55.46
Net Power Available after Transmission Losses	1431.11	1408.59	1410.18

Power Purchase Cost

Petitioner's Submission

3.44 The Petitioner has submitted a gross power purchase cost of Rs 799.33 Cr. Further, the Petitioner has claimed transmission and SLDC charges of Rs 114.74Cr. Hence, the total power purchase cost submitted by the Petitioner for FY 2011-12 is Rs 914.07 Crore.

3.45 The Petitioner in its revised submission submitted the total power purchase for FY 2011-12 as Rs 923.63 Cr. including rebate of Rs 16.52 Cr and Rs 939.92 Crore excluding rebate.

Commission's Analysis

3.46 The Commission in its Order dated August 26, 2011 approved a gross power purchase cost of Rs 753.97 Cr for FY 2011-12. Further, the Commission had approved inter-state transmission charges of Rs. 18.68 Cr and intra state transmission charges of Rs 118.76 Cr including SLDC charges.

3.47 The Commission had estimated the revenue from sale of surplus power to be Rs 260.72 Cr. Hence, the Commission had approved net power purchase cost (inclusive of transmission charges) of Rs 493.21 Cr for FY 2011-12 in the Tariff Order for FY 2011-12.

3.48 The Commission directed the Petitioner to submit the month wise station wise power purchase details along with the bills, which was submitted by the Petitioner.

3.49 The Commission has reviewed the details of month wise station wise power purchase cost and transmission charges submitted by the Petitioner. The Commission approves the net power purchase cost including transmission charges for FY 2011-12 as Rs. 785.90 Cr as submitted by the Petitioner.

Table 14: Trued-Up Power Purchase Cost for FY 2011-12 (Rs Cr.)

Source	Approved in MYT Order	Petitioner's Submission	Now Approved
Gross Power Purchase Cost	753.97	799.33	815.44
Power Sold to Other Sources	260.72	144.28	144.28
Net Power Purchase Cost	493.25	655.05	671.16
Total Transmission Charges	137.44	114.74	114.74
Net Power Purchase Cost including Transmission Charges	630.69	769.79	785.90

AT&C Losses

Petitioner's Submission

3.50 The Petitioner has submitted that its AT&C loss level for FY 2011-12 was at 12.02% instead of 9.60% as approved for the year.

3.51 The Petitioner has submitted the actual collection efficiency for FY 2011-12 as 99.40% against target of 100% approved in the Aug 2011 Order, as shown below.

Table 15: AT&C Loss level submitted by the Petitioner

Particulars	Approved in the Aug 2011 Order	Petitioner's Submission
AT&C Losses	9.60%	12.02%
Distribution Losses	9.60%	11.51%
Collection Efficiency	100%	99.40%

3.52 The Petitioner has submitted its computation for AT&C loss level of 12.02% achieved during FY 2011-12, as summarised below:

Table 16: AT&C loss for FY 2011-12 as submitted by the Petitioner

Energy Balance	Units	Petitioner's Submission
Net Power Available for Sale to NDMC Consumers	MU	1408.59
Energy Sold to the Consumers	MU	1246.54
Distribution Losses	MU	162.06
Revenue Billed (excluding NDMC Tax @ 5%)	Rs. Cr	645.96
Revenue Realised (excluding NDMC Tax @ 5%)	Rs. Cr	642.18
Collection Efficiency	%	99.40%
AT&C Losses	%	12.02%

Commission's Analysis

3.53 The Commission vide order dated May 10, 2011 has fixed the AT&C loss reduction target of NDMC at 9.60% for FY 2011-12. The Commission while fixing the targets has taken into consideration the general trend of the trajectory for target loss reduction during the control period (FY 07-11) as well as the actual performance claimed by the

Petitioner during FY 2010-11. The Commission was of the opinion that it is in the public interest to consider the earlier trajectory and fix the target at a level that is lower than the actual achievement during FY 2010-11.

3.54 A comparison of AT&C loss level specified in the Aug 2011 Order and the actual AT&C loss level claimed by the Petitioner during FY 2011-12 is mentioned below:

Table 17: AT&C loss for FY 2011-12 as submitted by the Petitioner

Particulars	Approved in the Aug 2011 Order	Petitioner's Submission
AT&C Loss Target	9.60%	12.02%

3.55 The Commission analysed the submissions of Petitioner and has observed various discrepancies. The units billed and the revenue realized by the Petitioner could not be verified due to lack of segregated audited accounts for the electricity distribution business.

3.56 Due to inability shown by the Petitioner to validate the requisite information, the Commission is constrained to provisionally consider the sales, revenue billed and revenue realized submitted for the computation of AT&C loss.

3.57 Energy input at the Petitioner periphery has been validated from the information submitted by DTL/SLDC and has been considered as 1410.18 MUs which is in conformity with DTL/SLDC's submission for FY 2011-12.

3.58 The Commission also observed that the Petitioner for computation of collection efficiency has not considered revenue collected as tax which is not in conformity with the Regulations 4.7 (c) of DERC MYT Regulations, 2007. The Commission has therefore recomputed the AT&C loss.

3.59 The Commission has considered the information for power purchases as given by DTL/SLDC for computing the Trued-up AT&C loss of the Petitioner for FY 2011-12. The revised AT&C loss of the Petitioner for FY 2011-12 is summarised below:

Table 18: Trued up AT&C loss for FY 2011-12

Energy Balance	Units	Now Approved
Net Power Available for Sale to NDMC Consumers	MU	1410.18
Energy Sold to the Consumers	MU	1246.54
Distribution Losses	MU	163.64
Distribution Losses	%	11.60%
Revenue Billed (including NDMC Tax @ 5%)	Rs. Cr	671.94
Revenue Realised (including NDMC Tax @ 5%)	Rs. Cr	668.16
Collection Efficiency	%	99.44%
AT&C Losses	%	12.10%

3.60 As specified in the MYT Order, for the purpose of calculating the incentive/ penalty on account of over/under achievement of AT&C loss reduction target the Commission would consider the following:

(a) First year of the Control Period: The Petitioner shall be eligible for an incentive if the AT&C loss reduction in the first year of the Control Period is above 25%. Any under recovery in the revenue realised, if the AT&C loss reduction in the first year of the Control Period is below 20%, shall be to the account of the Petitioner. The Petitioner shall not be eligible for any incentive or penalty if the AT&C loss reduction in the first year of the Control Period is between 20% and 25%.

(b) Second year of the Control Period: The Petitioner shall be eligible for an incentive if the cumulative value of loss reduction in that year and in the previous year is over 50%. Any under recovery in the revenue realised, if the AT&C loss reduction in the second year of the Control Period is below 20% and that the cumulative value of loss reduction in that year and in the previous year is below 45%, shall be to the account of the Petitioner. The Petitioner shall not be eligible for any incentive or penalty if the cumulative AT&C loss reduction in the first and second year of the Control Period is between 45% and 50%.

(c) Third year of the Control Period: The Petitioner shall be eligible for an incentive if the cumulative value of loss reduction in that year and in the previous two years is over 75%. Any under recovery in the revenue realised, if the AT&C loss reduction in the third year of the Control Period is below 20% and that the cumulative value of loss reduction in that year and in the previous two years is below 70%, shall be to the account of the Petitioner. The Petitioner shall not be eligible for any incentive or penalty if the cumulative AT&C loss reduction in the first, second and third year of the Control Period is between 70% and 75%.

(d) Last year of the Control Period: The Petitioner shall be eligible for an incentive if the cumulative value of loss reduction at the end of the Control Period is over 100%. Any under recovery in the revenue realised, if the AT&C loss reduction in the last year of the Control Period is below 20% and that the cumulative value of loss reduction at the end of the Control Period is below 100%, shall be to the account of the Petitioner. The Petitioner shall not be eligible for any incentive or penalty if the cumulative AT&C loss reduction at the end of the Control Period is 100%.

3.61 Accordingly, the under-recovery in the revenue realized on account of non-achievement of the minimum AT&C loss target of the Petitioner for FY 2011-12 is as summarised below:

Table 19: Computation of Underachievement / Overachievement by the Commission

Particulars	Units	Target	Actual
AT&C Losses	%	9.60%	12.10%
Under Achievement	%	-2.50%	
Energy Input (MUs)	MU	1410.18	
Units Realized	MU	1,274.80	1,239.53
Average Billing Rate	Rs./Unit	5.39	
Amount Realized	Rs. Cr	687.17	668.16
		X	Y
Total financial impact on account underachievement (Y - X)	Rs. Cr	-19.01	
Less: Actual E-Tax collected	Rs. Cr	25.98	
Revenue available towards ARR	Rs. Cr	661.19	

3.62 Hence, the total revenue available towards ARR for FY 2011-12 has been computed by the Commission to be Rs. 661.19 Cr.

Review of Controllable Parameters

Petitioner's Submission

3.63 As per Section 11.2 and Section 8.8 of the MYT Regulations, 2007, the Petitioner is required to submit information as a part of annual review on actual performance to assess the performance vis-à-vis the targets approved by the Hon'ble Commission. Therefore, the Petitioner submits that in its Petition, it has restricted itself to submission of actual expenses for FY 2011-12 for controllable factors.

Commission's Analysis

3.64 As per Regulation 4.7 of the MYT Regulations, 2007, the Commission has specified targets for controllable parameters which inter alia include Operation & Maintenance expenditure (comprising of employee expenses, repair & maintenance expenses, administration & general expenses and other miscellaneous expenses, viz. audit fee, rent, legal fees etc.), Return on Capital Employed and depreciation. Further, as per Regulation 4.14 of the MYT Regulations, 2007, adjustment to depreciation and return on capital employed for actual capital investment vis-a-vis approved capital investment shall be done at the end of the Control Period.

3.65 Furthermore, as per Regulation 4.16(b), for controllable parameters, any surplus or deficit on account of O&M expenses shall be to the account of the Licensee and shall not be Trued up in the ARR; and, depreciation and ROCE shall be Trued up at the end of the Control Period.

3.66 The Commission has reviewed the Controllable components in the subsequent paragraphs based on inter alia the above Regulations. The Commission has observed that the Petition filed by the Petitioner had several discrepancies with respect to the provisions of the MYT Regulations and the MYT Order. The Commission has admitted the Petition despite the discrepancies and information gaps in the Petition in order to expedite the process of tariff determination. The Commission issued a deficiency note to the Petitioner on 14 February, 2013 highlighting the deficiencies observed in the Petition, and directed the Petitioner to submit clarifications and/or further information. The Petitioner replied to the observations of the Commission, however, the Petitioner has not submitted scheme-wise details of capitalization and segregation of accounts for electricity business relevant to some of the issues mentioned in the deficiency note for the consideration of the Commission.

3.67 In consideration of the non-availability of the audited accounts for the electricity business for the FY 2011-12, the Commission continues with the provisional expenses approved in the Aug 2011 Order for the True-up of FY 2011-12.

Employee Expenses

Petitioner's Submission

3.68 The Petitioner has proposed Rs 72.32 Cr of Employee Expense, as approved by the Commission in its August 26, 2011 Order for FY 2011-12.

Commission's Analysis

3.69 The Commission has observed that as per the MYT Regulations, employee expense is classified as a controllable expense. In the August 26, 2011 Order, permissible employee expense has been provided for each year of the Control Period as per the methodology prescribed in the MYT Regulations, 2007. While approving the employee expenses for each year of the Control Period, the Commission had undertaken analysis and prudence check of the actual employee cost incurred in the base year as per audited accounts. The expected scenario in future years of the Control Period was also considered.

3.70 The Commission approves the employee expenses for FY 2011-12 as shown below:

Table 20: Employee expenses approved for FY 2011-12 (Rs. Cr)

Particulars	Approved in the Aug 2011 Order	Petitioner's Submission	Now Approved
Net Employee Expenses	72.32	72.32	72.32

Administrative & General (A&G) Expenses

Petitioner's Submission

3.71 The Petitioner has proposed Rs 14.39 Cr of A&G Expenses, as approved by the Commission in its Aug 2011 Order for FY 2011-12.

Commission's Analysis

3.72 The Commission had approved a gross amount of Rs 14.39 Cr towards A&G expense for FY 2011-12 in its Aug 2011 Order based on the methodology prescribed in the MYT Regulations 2007.

3.73 As per Regulation 4.16(b)(i) of the MYT Regulations 2007, A&G expense is a controllable parameter and any surplus or deficit on account of actual A&G expense compared to as approved in the Aug 2011 Order for the Control Period shall be to the account of the Petitioner and shall not be Trued up.

3.74 The Commission approves the A&G Expenses for FY 2011-12 as shown in the table below:

Table 21: A&G Expenses approved for FY 2011-12 (Rs. Cr)

Particulars	Approved in the Aug 2011 Order	Petitioner's Submission	Now Approved
A&G Expenses	14.39	14.39	14.39

Repairs & Maintenance (R&M) Expenses

Petitioner's Submission

3.75 With respect to R&M expenses, the Petitioner has submitted that it is in the process of finalization of accounts and is also considering the option of determining the opening GFA for the electricity business. Therefore, for the time being, the Petitioner has prayed that it is unable to determine its R&M expenses based on the methodology provided in the MYT Regulations and the value of K factor as determined by the Commission in the Aug 2011 Order. Hence, the Petitioner has considered the R&M expenses at the Commission's approved level as determined for FY 2011-12 in the Aug 2011 Order, i.e. Rs 45.21 Cr.

3.76 The R&M Expenses claimed by the Petitioner for FY 2011-12 are shown below:

Table 22: R&M Expenses proposed for FY 2011-12 (Rs. Cr)

Particulars	Approved in the Aug 2011 Order	Petitioner's Submission
R&M Expenses	45.21	45.21

Commission's Analysis

3.77 As per Regulation 4.16(b)(i) of the MYT Regulations, R&M Expense is a controllable parameter and any surplus or deficit on account of actual R&M Expense compared to that approved in the Aug 2011 Order for the Control Period shall be to the account of the Petitioner and shall not be Trued up.

3.78 Accordingly, the R&M expenses are approved at the same level as provided in the Aug 2011 Order for FY 2011-12 as shown below:

Table 23: R&M Expenses approved for FY 2011-12 (Rs. Cr)

Particulars	Approved in the Aug 2011 Order	Petitioner's Submission	Now Approved
R&M expenses	45.21	45.21	45.21

Operation & Maintenance Expense

Petitioner's Submission

3.79 Operation & Maintenance (O&M) Expense is the sum total of expenses incurred towards employee, A&G and R&M expenses. The Petitioner has claimed net O&M expenses of Rs. 126.64 Cr as approved in the Aug 2011 Order.

Commission's Analysis

3.80 The O&M Expenses approved by the Commission is shown below:

Table 24: Amount approved by the Commission (Rs. Cr)

Particulars	Approved in the Aug 2011 Order	Petitioner's Submission	Now Approved
Employee Expenses (Net of Capitalisation)	72.32	72.32	72.32
A&G Expenses	14.39	14.39	14.39

Particulars	Approved in the Aug 2011 Order	Petitioner's Submission	Now Approved
R&M Expenses	45.21	45.21	45.21
Gross O&M Expenses	131.92	131.92	131.92
Less: Efficiency improvement factor	4%	4%	4%
Net O&M expenses	126.64	126.64	126.64

Review of Capital Expenditure & Capitalisation

3.81 The Commission in its Order for FY 2011-12 dated August 26, 2011 had provisionally approved Rs 120 Cr as capital expenditure and Rs. 112.50 Cr as Capitalisation for FY 2011-12.

3.82 The Petitioner has submitted capitalization of Rs. 122.56 Cr as against Rs. 112.50 Cr approved by the Commission.

3.83 The Commission re-iterates that the consideration of capital investment including capitalization of interest and establishment expenses during the Control Period for the purpose of determination of ARR does not imply approval of schemes and the Petitioner has to obtain the scheme wise approval for the capital expenditure to be incurred during each year of the Control Period as per the annual investment plan drawn for the purpose. The Annual investment plan should be submitted prior to commencement of the respective Financial Year. The Petitioner is directed to submit the complete DPRs along with cost benefit analysis for schemes more than Rs 2 Cr for obtaining investment approval of the Commission. The Petitioner shall also obtain the approval from the Commission for individual schemes less than Rs 2 Cr but aggregating to Rs 20 Cr. The Petitioner is advised to submit the quarterly progress report of actual capital investment in the format prescribed by the Commission within one month of the respective quarter. The Commission would also True-up the capital investment for each year at the end of the Control Period based on the actual capital investment carried out by the Petitioner.

3.84 In the absence of the afore-mentioned information, it is not possible to carry out final True up, as required under Regulation 4.14 of the MYT Regulations. The Petitioner is once again directed to comply with directions stipulated in the MYT Order so that the Commission can carry out due prudence check before approving the same.

3.85 The Commission therefore, provisionally approves the Capitalisation as approved by it in its MYT Order and Tariff Order for FY 2011-12 and is as shown below:

Table 25: Capitalisation approved for True Up for FY 2011-12 (Rs. Cr)

Particulars	Approved in the Aug 2011 Order	Petitioner's Submission	Now Approved
Capitalisation	112.50	122.56	112.50

Review of Depreciation

3.86 As per Regulation 4.7 of the MYT Regulations, 2007, depreciation is a controllable parameter for which the Commission has set targets for each year of the Control Period. Further, as per Regulation 4.14 of the MYT Regulations, 2007, adjustment to depreciation and return on capital employed for the actual investment vis-à-vis approved capital investment shall be done at the end of the Control Period. Regulation 4.16(b) (ii) of the MYT Regulations, 2007 also provides for True Up of Depreciation and RoCE at the end of the Control Period.

3.87 The Commission had approved an amount of Rs. 34.63 Cr towards depreciation for FY 2011-12 in the Aug 2011 Order.

3.88 The Commission observes that it had erroneously allowed depreciation on consumer contributions and grants for FY 2011-12. As per the MYT Regulations,2007,

"5.13 ……
Provided that depreciation shall not be allowed on assets funded by any capital subsidy/ grant."

3.89 Since the Regulations allow depreciation only on assets capitalised, information is required from the Petitioner regarding the consumer contribution capitalized till date by the Petitioner. However, this information has not been submitted by the Petitioner.

3.90 In view of the provisions of the MYT Regulations, 2007, the Commission has retained the amount of depreciation at Rs. 34.63 Cr as approved for FY 2011-12 in the

Table 26: Depreciation submitted by Petitioner for FY 2011-12 (Rs. Cr)

Depreciation	Approved in the Aug 2011 Order	Petitioner's Submission	Now Approved
Depreciation	34.63	35.59	34.63

Change in Working Capital

The Commission has determined the change in working capital for the year as shown in the table below:

Table 27: Change in Working Capital for FY 2011-12 (Rs. Cr)

Particulars	FY 2010-11	FY 2011-12
Total Working Capital	71.75	101.59
Change in Working Capital		29.84

Review of Return on Capital Employed

3.91 As per Regulation 4.7 of the MYT Regulations, RoCE is a controllable parameter, for which the Commission has set targets for each year of the Control Period. Further, as per Regulation 4.14 of the MYT Regulations, adjustment to depreciation and RoCE for the actual investment vis-à-vis approved capital investment shall be done at the end of the Control Period. Regulation 4.16(b)(ii) of the MYT Regulations 2007 also provide for True Up of Depreciation and ROCE at the end of the Control Period.

3.92 The Commission had approved an amount of Rs. 80.41 Cr towards RoCE in the August 2011 Order for FY 2011-12, which is the same amount claimed by the Petitioner for FY 2011-12 in its True Up Petition.

3.93 The Commission observed that the Petitioner has not submitted any information regarding the capital works undertaken during the FY 2011-12 and the corresponding changes in the regulated rate base.

3.94 As per the MYT regulations, RoCE is a controllable parameter which will Trued-up at the end of the Control Period. The Commission has revised the amount of RoCE as

100% debt funding was considered in August 2011 Order, however, normative 70:30 Debt Equity is now considered, as NDMC has funded the capex through internal sources. The actual scheme wise funding details of equity, loans, grants and consumer contribution are not available.

3.95 Also the working capital requirement has changed due to annual truing up of uncontrollable expenses as compared to the expenses approved in the August 2011 Order. Thus, revised RoCE is computed in accordance with the provisions of the MYT Regulations as follows:

Table 28: RoCE approved for True Up for FY 2011-12 (Rs. Cr)

Particulars	**Approved in the Aug 2011 Order**	**Petitioner's Submission**	**Now Approved**
RRB (Opening)	633.28	675.06	653.42
Δ AB	77.87	86.97	77.87
Investments in the Year	112.50	122.56	112.50
Depreciation	34.63	35.60	34.63
Consumer Contribution	-	-	-
Change in WC	26.99	42.93	29.84
RRB (Closing)	738.14	804.95	761.13
Regulated Rate Base (RRBi)	699.20	761.47	722.19
Equity	0%	30%	30%
Debt	100%	70%	70%
Rate of return on Equity	16.00%	16.00%	16.00%
Rate of Return on Debt	11.50%	11.50%	11.50%
WaCC	11.50%	12.85%	12.85%
Return on Capital Employed	80.41	97.85	92.80

Administrative and Civil Engineering Departments Expenses

Petitioner's Submission

3.96 The Petitioner has submitted that the services of the Administration & Civil Engineering Department are common to all the functions carried out by it and the expenditure pertaining to these departments should be allocated to all functions of the Petitioner.

3.97 The Petitioner has quoted the Commission's Tariff Order for FY 2005-06 for considering an allocation of 19% of the salary expenses of its Administrative department towards its electricity distribution business for FY 2011-12. The allocation of expenses against this head comes out to be Rs. 68.02 Cr. Further, since the Petitioner is yet to segregate the expenses shared by its Civil Engineering Department on account of electricity distribution business, it has requested the Commission to consider an amount of Rs. 10 Cr under this head, which it claims is the same as approved in the Tariff Order for FY 2005-06 as well as in the MYT Order.

Commission's Analysis

3.98 The Commission is of the view that since the segregated account of the Petitioner's electricity business is not available, the exact details of the cost of works carried out by the Civil Engineering Department and Administrative Department for electricity business cannot be identified. The Commission, therefore, retains the amount of Rs. 35.37 Cr for Administrative Department expenses allocated to the electricity business and Rs. 10 Cr for Civil Engineering Department expenses allocated to the electricity business, as approved for FY 2011-12 in the August 2011 Order.

3.99 Though the amount towards administrative department and civil engineering department expenses is being approved in the True-up of FY 2011-12, the Commission is of the opinion that the electricity business cannot subsidies any other business of NDMC. The Commission had, in its Tariff Order dated 2 November, 2005, elaborated in detail the justification for allocating the administrative department expenses to the electricity department. Subsequently in its Orders dated 6 December, 2006 and 7 March, 2008, the Commission reiterated its opinion that the Administrative department of NDMC is a common department which serves the requirement of all the departments of NDMC and hence the electricity business cannot subsidise any other business of NDMC. The Petitioner has submitted in its Petition that it has decided to adopt the National Municipal Accounting Manual and NDMC's Accounts Manual is being modified by customising the Municipal Accounting Manual to the requirement of NDMC. This adoption, inter alia, will involve implementation of double entry accounting system and separate booking of cost of works carried out by the Civil engineering department for electricity department. NDMC has assured to provide complete details of expenditure relating to common departments to electricity supply once the Manual and the Double Accounting System is implemented.

3.100 In this regard, the Commission had directed the Petitioner to separately book the cost of works carried out by civil engineering department for electricity department and provide the complete details of such works and associated costs at the end of the year bringing out clearly the percentage expenditure of Civil Engineering Department booked to electricity department vis-à-vis all the other departments. However, the Petitioner has not submitted any compliance to this directive.

3.101 Therefore, the Commission approves Rs. 35.37 Cr for Administrative Department expenses allocated to the electricity business and Rs. 10 Cr for Civil Engineering Department expenses allocated to the electricity business, as approved for FY 2011-12 in the August 2011 Order.

Table 29: Administrative and Civil Engineering Department expenses for 2011-12 (Rs. Cr)

Particulars	Approved in the Aug 2011 Order	Petitioner's Submission	Now Approved
Allocation of Administrative expenses to the electricity business	35.37	109.47	35.37
Allocation of Civil Engineering Department expenses to the electricity business	10.00	10.00	10.00
Total Allocation of Administrative and Civil Engineering Department expenses to the electricity distribution business	45.37	119.47	45.37

Non Tariff Income

Petitioner's Submission

3.102 The Petitioner in its True up Petition has considered non-tariff income of Rs. 21.35 Cr for FY 2011-12, while the amount approved in the Aug 2011 Order was Rs. 10.13 Cr.

Commission's Analysis

3.103 In light of the MYT Regulations 2007, the Commission examined the issue of Non Tariff Income, which determined the approach towards treatment of Non Tariff

Income. Regulation 5.25 of the MYT Regulations 2007 states that *"The amount received by the licensee on account of Non Tariff Income shall be deducted from the aggregate revenue requirement in calculating the net revenue requirement of such licensee"*. Regulation 5.27 further elaborates that *"The net aggregate revenue requirement of the licensee eligible for recovery during each year of the Control Period shall be determined after deducting from the aggregate revenue requirement, the non tariff income and the other income"*. A joint reading of both the above clauses indicates that NTI, being an integral part of the revenue requirement, shall be Trued up at the end of each year of the Control Period.

3.104 The Petitioner in its reply to additional queries revised the non tariff income from the earlier submitted figure of Rs 21.35 Cr to Rs 29.61 Cr on account of inclusion of 1% rebate on power purchase cost.

3.105 As per the MYT Regulations only two sets of parameters are recognized i.e. controllable and uncontrollable. The uncontrollable parameters include revenue/expenditure on account of sales and power purchase and the MYT Regulations provide for their annual True Up. On the other hand, the controllable parameters include O&M expense, Capex related expenses and RoCE, but does not specifically include Non Tariff Income. Also, the MYT Regulations in regard to controllable expenses specifically provide for True Up of Capex related expenditure i.e. RoCE and Depreciation at the end of the Control Period.

3.106 Hence, the Commission has approved the amount of Non Tariff Income as per the submissions made by the Petitioner, as summarised below:

Table 30: Trued-up Non Tariff Income approved (Rs. Cr)

Non Tariff Income	Approved in the Aug 2011 Order	Petitioner's Submission	Now Approved
Total Non-Tariff Income	10.13	21.35	29.61

Annual Revenue Requirement for FY 2011-12

3.107 The Commission approves the Annual Revenue Requirement (ARR) after incorporating the above changes at Rs. 1055.73 Cr for FY 2011-12. The ARR approved in the August, 2011 Order, as claimed by the Petitioner and the Trued up ARR is summarised below:

Table 31: Aggregate Revenue Requirement now approved for FY 2011-12 (Rs Cr)

Aggregate Revenue Requirement	Approved in the Aug 2011 Order	Petitioner's Submission	Now Approved
Power Purchase Cost	493.21	655.05	671.16
Intra-State Transmission Charges(including SLDC charges)	137.44	114.74	114.74
Operations & Maintenance Costs	116.63	126.64	126.64
Administrative & Civil Engineering Department Expenses allocated to electricity	45.37	119.47	45.37
RoCE including supply margin allowed	80.41	97.85	92.80
Depreciation	34.63	35.60	34.63
Less: Non Tariff Income	10.13	21.36	29.61
Aggregate Revenue Requirement	897.56	1127.98	1055.73

Revenue available towards ARR

Petitioner's Submission

3.108 The Petitioner has submitted that based on the tariff rates as approved by the Commission and the monthly consumption, it has raised bills of Rs. 645.96 Cr to its consumers against energy and demand charges. The total revenue realized from consumers in 2011-12 is submitted to be Rs. 642.18 Cr after deducting the NDMC tax amount.

Table 32: Revenue available towards ARR submitted by the Petitioner for FY 2011-12 (Rs. Cr)

Revenue from Sale of Power to Consumers	Amount
Tariff Revenue	533.96
Demand Charges	57.05
LT S/C	6.10
Arrears collected	29.94
Transfer Entry from NDMC for usage of electricity by NDMC Building	15.13
Total Revenue	642.18

Commission's Analysis

3.109 The total amount realized by the Petitioner and approved by the Commission is detailed in Table 18. The Commission has computed the total revenue of the Petitioner available towards ARR to be Rs. 661.19 Cr, as detailed below:

Table 33: Revenue available towards ARR approved for FY 2011-12

Particulars	Now Approved
Revenue available towards ARR (Rs Cr)	661.19

Revenue (Gap)/ Surplus

3.110 The revenue surplus/(gap) for FY 2011-12 as approved in the August 26, 2011 Order, submitted by the Petitioner and Trued up by the Commission is summarised in Table 34 below:

Table 34: Revenue Surplus/(Gap) for FY 2011-12 (Rs Cr)

Particulars	Approved in the Aug 2011 Order	Petitioner's Submission	Now Approved
ARR for FY 2011-12	897.57	1127.99	1055.73
Revenue available towards ARR	686.07	642.18	661.19
(Gap)/ Surplus	(211.50)	(485.81)	(394.55)

3.111 As shown above, the approved net revenue gap is Rs. 394.55 Cr for FY 2011-12 which would be adjusted in the determination of the Aggregate Revenue Requirement for FY 2013-14. The treatment of this net revenue gap is dealt with in subsequent paras.

Revenue Gap for the first control period along with Carrying cost

3.112 The Petitioner has submitted the revenue surplus/gap for each year of the first control period along with carrying cost at rate of 9.5% per annum for the entire control period as approved by the Commission in its previous tariff Orders.

Table 35: Revenue Gap for the first Control Period

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Opening (Gap)/Surplus	21.89	238.59	552.62	467.89	299.80

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Annual Revenue Requirement for the year	278.57	241.53	650.76	801.54	1,127.99
Revenue for the year	483.46	519.67	519.76	598.64	642.18
Surplus/(Gap) for the year	204.89	278.14	(131.00)	(202.90)	(485.81)
Closing Revenue (Gap)/ surplus	226.78	516.74	421.62	264.99	(186.01)
Carrying Cost (%age)	9.50%	9.50%	9.50%	9.50%	9.50%
Carrying Cost for the year	11.81	35.88	46.28	34.81	5.41
Closing Revenue (Gap)/ surplus	238.59	552.62	467.89	299.80	(180.60)
Amortisation of Regulatory Asset	-	-	-	-	-
Net Revenue (Gap)/Surplus	238.59	552.62	467.89	299.80	(180.60)

3.113 The Commission observed that the Petitioner for FY 2007-08, has erroneously considered ARR of Rs. 278.57 Cr while computing the revenue surplus instead of Rs. 322.35 Cr (Rs. 300.46 Cr + Rs. 21.89 Cr).

3.114 Based on the Truing up from FY 2007-08 to FY 2011-12, the revenue surplus/(gap) along with carrying cost at rate of 9.5% per annum for each year of the first control period works out as under:

Table 36: Revenue Gap approved for the first Control Period

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Opening (Gap)/Surplus	21.89	192.74	502.40	412.91	241.48
Annual Revenue Requirement for the year	322.35	241.53	650.76	799.74	1,055.73
Revenue for the year	483.46	519.67	519.76	598.64	661.19
Surplus/(Gap) for the year	161.11	278.14	(131.00)	(201.10)	(394.55)
Closing Revenue (Gap)/ surplus	183.00	470.88	371.40	211.80	(153.07)
Carrying Cost (%age)	9.5%	9.5%	9.5%	9.5%	9.5%
Carrying Cost for the year	9.73	31.52	41.51	29.67	4.20
Closing Revenue (Gap)/ surplus	192.74	502.40	412.91	241.48	(148.87)
Amortisation of Regulatory Asset	-	-	-	-	-
Net Revenue (Gap)/Surplus	192.74	502.40	412.91	241.48	(148.87)

3.115 As shown above, the approved net revenue deficit of Rs. 148.87 Cr for the Control period till FY 2011-12 which would be adjusted in the determination of the Aggregate Revenue Requirement for FY 2013-14. The treatment of this net revenue gap is dealt with in Chapter A4.

A4: ARR for FY 2013-14

Approach

4.1 The Petitioner has filed a Petition for determination of Aggregate Revenue Requirement for FY 2013-14. The Commission has analysed the Petition submitted by the Petitioner for approval of Aggregate Revenue Requirement (ARR) and determination of Wheeling and Retail Supply Tariffs for FY 2013-14.

4.2 The Commission held discussions to validate the data submitted by the Petitioner and sought further clarifications on various issues. The Commission has considered all information submitted by the Petitioner as part of the tariff petition, responses to various queries raised during the discussions and also during the public hearing, for determination of tariff.

4.3 This Chapter contains detailed analysis of the Petition submitted by the Petitioner and the various parameters approved by the Commission for determination of ARR and tariff for the Petitioner for FY 2013-14.

Energy Sales

Petitioner's Submission

4.4 The Petitioner has mentioned in its Petition that it has computed the energy sales for FY 2012-13 based on the actual energy sales in the first nine months to various categories. The energy sales for FY 2013-14 have been determined considering the growth rate for past five-years in actual energy sales in various consumer categories. The Petitioner's submission for energy sales for FY 2012-13 and FY 2013-14 are given below:

Table 37: Sales (in MU) for FY 2012-13 and FY 2013-14 submitted by the Petitioner

Consumer Category	FY 2013-14 (Projected)
Domestic	291.72
Single Delivery Point	104.70
Separate Delivery Point	169.43
Domestic Power	17.60
Non Domestic	284.25
Single Phase	79.99

Consumer Category	FY 2013-14 (Projected)
Three Phase	204.26
Mixed Load	849.53
Supply at 11 KV (HT)	632.07
Supply on LT where supply is given from NDMC sub station	3.79
Supply on LT where applicant provides built up space for sub station	213.68
Small Industrial Power	0.33
Public Lighting	7.98
Others	10.05
DMRC	40.00
Total	1,483.67

Commission's Analysis

4.5 The Commission feels that there are various factors which can have an effect on the actual consumption of electricity that are often beyond the control of the licensee, such as Government policy, economic climate, weather conditions, force-majeure events like natural disasters, etc. Hence, an attempt has been made to take into account various factors affecting electricity consumption and estimate the interrelationships among them to arrive at a reasonably accurate forecast for energy sales within a range for the purpose of estimating future costs/ revenues.

4.6 Accordingly, for projecting the category-wise energy sales of each Distribution Licensee for FY 2013-14, the Commission has considered the past growth trends in each consumer category as explained below:

(a) The Commission has adopted an Adjusted Trend Analysis Method for projecting the sales/ connected load/ number of consumers of Domestic, Non Domestic, Industrial, Agriculture, Public Lighting and Other categories. This method assumes that the underlying factors which drive the demand for electricity are expected to follow the same trend as in the past. The Commission has however, discounted for any outlier (relative to the trend) observed in the growth rates over the period of 5 years and excluded them while projecting energy sales for FY 2013-14.

(b) The strength of this method, when used with balanced judgment, lies in its ability to reflect recent changes and therefore makes it well suited as a basis for short-term projections in context of ARR determination.

(c) This method makes use of two statistical tools, namely the Compounded Annual Growth Rate (CAGR) and a simple average of the year-on–year growth rates (excluding the outliers), wherever appropriate. As per this method, Compounded Annual Growth Rates (CAGRs) were calculated from the past figures for each category, corresponding to different lengths of time in the past five years, along with the year on year growth rates since FY 2007-08. Pertinently, the CAGR is computed for each category for the past 5-year period FY 2007-08 to FY 2012-13, the 4-year period FY 2008-09 to FY 2012-13, the 3-year period FY 2009-10 to FY 2012-13, and the 2-year period FY 2010-11 to FY 2012-13, along with the 1-year growth rate of FY 2011-2 over FY 2012-13.

(d) Subject to the specific characteristics of each consumer category, either a particular CAGR or an average of the year-on–year growth rates is chosen as the basis of sales projection for that category. For example, if an abnormal growth rate (high or low), relative to the trend, is observed at the beginning of the five year period considered, then a shorter period is considered for the trend analysis and projections, i.e. appropriately 4-year CAGR has been considered. However, if any outlier(s) is observed in the middle of this 5 year period, then a simple average of the year-on-year growth rates, excluding the outliers has been considered while making projections for FY 2013-14.

(e) For making projections of sales, the actual energy sales in FY 2012-13 for each consumer category, as submitted by the Petitioner, is taken as the base.

(f) For projecting sale to DMRC, the Commission has considered the submission made by DMRC to the Commission.

(g) The Commission has considered the proportion of actual energy sales for each sub-category based on the actual sales proportion during FY 2011-12 as submitted by the Petitioner.

4.7 Thus, following the above mentioned method, the Commission has approved the sales for FY 2013-14 for each consumer category as detailed below:

Table 38: Approved sales for FY 2013-14 (MU)

Sales in MU		FY 2012-13 (Actual)	FY 2013-14 (Approved)
1	Domestic	259.01	273.28
	Single Delivery Point		96.88
	Separate Delivery Point up to 100 KW		158.70
	Domestic Power up to 100 KW		17.71
2	Non Domestic	253.99	260.44
	Up to 5 KW		51.46
	More than 5 KW and less than 100 KW		208.97
3	Mixed Load	721.51	759.03
	Supply at 11 KV (HT)		543.39
	Supply on LT where supply is given from NDMC sub station		4.21
	Supply on LT where applicant provides built up space for sub station		211.43
4	Small Industrial Power	0.26	0.25
5	Public Lighting	8.21	8.33
6	Others	9.57	10.55
7	DMRC	38.70	35
	Total	1291.25	1346.88

Revenue in FY 2013-14 at Existing Tariff

4.8 As per the two-part tariff principle followed in the NCT of Delhi, the tariff for each category consists of fixed/ demand charges as well as energy charges. The fixed/ demand charges are specified for different categories as a fixed amount per month, or as a fixed amount per kW of connected load per month. The energy charges, on the other hand, are always usage-based and are specified per unit of electricity consumed.

4.9 Hence, taking into account the sales approved for each tariff slab for FY 2013-14 (as shown in the table above) and the connected load for each slab as on March 31, 2013 (as per additional information submitted by the Petitioner), the Commission has projected the revenue billed by the Petitioner in FY 2013-14 as detailed in table below. Since the collection efficiency for FY 2013-14 was approved at 100% in the MYT Order dated July13, 2012, the revenue realized in FY 2013-14 is projected to be equal to the amount of revenue billed i.e., Rs 920.91 Crore.

Table 39: Revenue projected for FY 2013-14 by the Commission (Rs. Cr)

Category	Revenue Billed
Domestic	130.34
Non Domestic	760.07
Supply on Low Tension	359.63
Supply on 11kV	400.44
Small Industrial Power	0.15
Public Lighting	6.04
Others	4.50
DMRC	19.80
Total	920.91

AT&C Losses

Petitioner's Submission

4.10 The Petitioner in its Tariff Petition has projected the distribution loss level of 10.10% during FY 2013-14 and collection efficiency of 99%, which corresponds to AT&C losses of 11.00%.

Commission's Analysis

4.11 The Commission vide order dated July 13, 2012 has fixed the AT&C loss reduction target of NDMC at 10.10% for FY 2013-14. The Commission while fixing the targets has taken into consideration the general trend of the trajectory for target loss reduction during the control period (FY 07-11) as well as the actual performance claimed by the Petitioner till FY 2010-11. The Commission was of the opinion that it is in the public interest to consider the earlier trajectory and fix the target at a level that is lower than the actual achievement during FY 2010-11.

4.12 The AT&C loss target as submitted by the Petitioner and that approved by the Commission for FY 2013-14 is given below:

Table 40: AT&&C Loss Targets for FY 2013-14 (%)

Particulars	FY 2013-14	
	Petitioner's	Approved
AT&C Loss Target	10.10%	10.10%
Collection Efficiency Target	99.00%	100%
Distribution Loss Target	11.00%	10.10%

Energy Requirement

Petitioner's Submission

4.13 The Petitioner has estimated the energy requirement of 1650.36 MU against the projected sales of 1465.44 MU for FY 2013-14. The Petitioner has considered distribution loss of 10.10% for computation of energy requirement for FY 2013-14.

Commission's Analysis

4.14 The Commission has computed the energy requirement for FY 2013-14 as per the approved sales of 1498.19 MU and Distribution losses target of 10.10% as approved by the Commission in this order for FY 2013-14. The approved energy requirement for FY 2013-14 is summarised below:

Table 41: Approved Energy Requirement for FY 2013-14

Particular	Petitioner's Submission	Approved
Sales (in MU)	1317.43	1346.88
Distribution Losses (%)	10.10%	10.10%
Energy Requirement at DISCOM periphery (in MU)	1465.44	1498.19

Power Purchase

4.15 Under the framework of MYT Regulations, power purchase quantum has been classified as an uncontrollable component. Since power purchase cost forms a major component of the total Annual Revenue Requirement of the Petitioner, it is pertinent that the projection of power purchase expense is done with utmost care. Power from all the sources including Central Sector Generating Stations (CSGS), State Generating Stations (SGS), Future Plants, etc is analysed to determine the total power purchase quantum and cost for the Petitioner.

Petitioner's Submission

4.16 The Petitioner has submitted that it has allocations from Dadri TPS, Badarpur TPS, and Pragati Power Stations. The Petitioner further submitted that the power purchase quantum for FY 2013-14 has been considered as approved by the Commission in its MYT Order for second Control Period. The Petitioner has projected the total power purchase cost from various sources and the transmission charges payable to PGCIL and DTL and other charges payable to SLDC and RLDC. The Petitioner submitted that the transmission charges payable to PGCIL and DTL and other charges payable to SLDC and RLDC has been considered same as approved by the Commission in its MYT Order for the second Control Period.

4.17 Further, with regards to sale of surplus power the Petitioner has submitted that the actual rate of sale of surplus power during FY 2011-12 was Rs 2.42/kWh. Further, it has stated that considering the market to become more realistic in near future it has considered the sale of surplus power at the rate of Rs 3/kWh based on prevailing rate of sale of surplus energy.

4.18 The Petitioner has accordingly requested the Commission to allow the power purchase cost (including transmission charges) of Rs 955.63 Cr. for FY 2013-14.

Commission's Analysis

Allocation of Power from Generating Stations

4.19 The Commission with regards to power purchase allocation from various sources has considered the allocation from firm as well as unallocated share as shown in the table below.

Table 42: Allocations from Delhi Stations to NDMC

Delhi State Generating Stations	Installed Capacity (MW)	NDMC Share (MW)	Firm Allocation (85%) MW	Share from Unallocated Power (MW)	Total Share (MW)
Badarpur TPS*	705	125	106.25	1.78	108.03
NCPP – Dadri**	840	125	106.25	2.06	108.31
Rajghat Power Station#	135.00	-	-	0.36	0.36
IP GTPS##	270.00	-	-	0.73	0.73
PPS – I###	330.00	100	85.00	0.90	85.90
PPS-III Bawana***	1,371.20	100	100	0	100
Total	3651.20	450.10	397.60	5.83	403.43

**Total installed capacity of Badarpur TPS is 705 MW. However, 530 MW is allocated to BRPL, BYPL and TPDDL. Remaining 175 MW is allocated to NDMC and MES.*

*** Total installed capacity of NCTPS Dadri is 840 MW, 756 MW is allocated to Delhi of which 631 MW is allocated to BRPL, BYPL and TPDDL. Remaining 125 MW is allocated to NDMC*

#Total installed capacity of Rajghat is 135 MW. However,1.0 MW as auxiliary consumption for IP station.

The capacity has been derated from 282 MW to 270 MW

Total installed capacity of PPS I is 330 MW. However, 230 MW is allocated to BRPL, BYPL and TPDDL. Remaining 100 MW is allocated to NDMC.

**** Share of NDMC from PPS-III is 100 MW.*

Energy Availability from Generating Stations

4.20 The Commission has considered the energy availability from the generating stations as projected by SLDC for FY 2013-14.

4.21 The Projected net energy availability to the Petitioner during FY 2013-14 from the generation stations is as shown in the following table.

Table 43: Energy Available from Delhi Generating Stations to NDMC as approved by the Commission (MU)

Delhi State Generating Stations	Approved in MYT Order	Energy Available (MU)
Badarpur TPS	675.23	649.35
NCTPS – Dadri	798.45	755.10
Rajghat Power Station	2.11	1.71
IP GTPS	4.99	3.39
Pragati Power Station - I	620.41	635.46
PPS-III Bawana	722.97	159.87
Total	2824.17	2204.89

Power Purchase Quantum from Other Sources

4.22 Based on the analysis of energy availability from various sources and the requirement of power to be purchased based on the approved sale for the Petitioner's distribution area, the Commission has computed that the Petitioner would have an overall surplus of power during FY 2013-14.

4.23 The Commission has considered that the quantum of power to be purchased through intra-state purchases and through bilateral purchase during the Control Period to be nil.

4.24 The Commission has considered that the surplus power available to the Petitioner will be entirely sold under bilateral/ banking arrangements during the respective year.

4.25 The units purchased and sold through others sources are summarised below:

Table 44: Energy Purchase/Sale through other sources approved by the Commission (MU)

Other Sources	FY 2013-14
Bilateral Sale	657.63

Power Purchase Cost

Petitioner's Submissions

4.26 The Petitioner has submitted that the Power purchase for FY 2013-14 has been considered as approved by the Commission in its MYT tariff order for the second Control Period. Petitioner has further submitted that the transmission charges payable to PGCIL/DTL and other charges payable to /SLDC/RLDC has been considered same as approved by the Hon'ble Commission in its MYT tariff order for the second Control Period.

Commission's Analysis

(a) The Commission has considered the rate of power purchase from the generating stations as worked out for BRPL, BYPL and.

(b) Further, the Commission had deducted the truing up impact of the first Control Period for the State Generating Stations i.e., RPH, IP GTPS and PPS-I as per the net allocation from these stations to NDMC.

(c) The Commission has also considered the cost towards RPO compliance for FY 2013-14. For computing the cost, the Commission has considered that the Petitioner shall be buying RE Certificates at floor prices as approved by CERC.

4.27 Accordingly the Power Purchase cost computed by the Commission is as summarised below:

Table 45: Total Power Purchase Cost

Generating Stations	Energy Available (MU)	Power Purchase Cost (Rs Crore)
BTPS	649.35	307.79
NCTPS - Dadri Thermal 1C	755.10	306.57
Rajghat Power Station	1.71	0.84
IP GTPS	3.39	1.75
Pragati Power Station - I	635.46	243.38
PPS-III Bawana	159.87	99.44
Total	2204.89	959.77

Cost of RPO Compliance

The Commission has computed RE certificates required for meeting RPO targets and has computed the cost of RE certificates at floor price prescribed by CERC for solar and non solar REC. The computation is as shown in the table below.

Table 46: Cost for RPO compliance (Rs Cr)

RPO Regulation	RPO Compliance	Rate per certificate (Rs)	certificate required	Total Cost (Rs Crore)
Solar	0.20%	9300	2694	2.51
Non solar	4.60%	1500	61956	9.29
Total	4.80%			11.80

Cost of Power from Other Sources

Petitioner's Submissions

4.28 The Petitioner has submitted that it has considered sale of surplus power of 1086.47 MU at the rate of Rs 3/kWh and thereby projecting total realisation from sale of surplus power as 325.94 Crore.

Commission's Analysis

4.29 The Commission has computed surplus power based on the energy available and input energy requirement as per approved sales as approved in this Order. The surplus energy works out to be 657.63 MU.

4.30 For sale of surplus power the Commission has considered Rs 4/kWh which is the same as approved in the MYT Order dated July 13, 2012. Accordingly the total revenue from sale of surplus power works out to be 263.05 Crore.

Table 47 Revenue from sale of power approved by the Commission (Rs Crore)

Other Sources	FY 2013-14
Bilateral Sale	263.05

Transmission Losses and Charges

Petitioner's Submissions

4.31 The Petitioner in its Petition has submitted that it has considered the interstate and intrastate transmission losses and charges for FY 2013-14 as approved by the Commission in its MYT Order for second Control Period.

Commission's Analysis

4.32 The Commission with regards to northern region losses has considered it based on the average of 52 week losses from April 09, 2012 to April 07, 2013 as reported by NRLDC on its website which works out to be 3.36%.

4.33 Further, with regards to intra-state transmission losses for FY 2013-14, the Commission has considered losses of 1.21% on the basis of actual loss reported by SLDC.

4.34 The Commission for approving interstate transmission charges has computed it on the basis of transmission charges bill submitted by the Petitioner for the month of March 2013. The Commission has computed the per unit interstate transmission charges for March 2013 based on the actual energy purchased from NCTPS Dadri and Pragati Power Station –III and total inter-state transmission charges paid for March 2013. The Commission has escalated the per unit cost of transmission charges by 5% and has computed the total inter-state transmission charges to be paid by the Petitioner corresponding to the energy approved from NCTPS Dadri and Pragati Power Station –III.

4.35 The Intrastate Transmission charges have been allowed based on the ARR approved by the Commission for Delhi Transco Limited for FY 2013-14. The charges for SLDC have been projected by escalating the approved SLDC charges as trued up for FY 2011-12 in this Order by 5% per annum.

4.36 The PGCIL and DTL transmission losses and charges is summarised below:

Table 48: Total Power Purchase Cost

Particulars	Unit	FY 2013-14
Transmission Losses		
Inter-State (PGCIL)	MU	30.71
Intra-State (DTL)	MU	18.35
Total Transmission Losses	MU	49.06
Transmission Charges		
Inter-State (PGCIL)	Rs Cr.	18.90
Intra-State (DTL) including SLDC charges	Rs Cr.	28.55
Total Transmission Charges	Rs Cr.	47.45

Energy Balance

4.37 The total power purchase for the Control Period as approved by the Commission is summarised in the table below.

Table 49: Energy Balance as approved by the Commission

Description	Quantum (MU)	Amount (Rs Cr.)	Rate (Rs/kWh)
Power Purchase from CSGS#	914.97	406.01	4.44
PGCIL losses & Charges	30.71	18.90	
Power purchase from Delhi Stations	1289.92	553.76	4.29
Power Available at Delhi Periphery	2174.18	978.67	
Past year IPGCL and PPCL truing up Surplus/(Gap)		5.12	
DTL loss and Transmission and SLDC Charges	18.35	28.55	
Power Purchase Rebate @2%		19.20	
Rebate on Transmission Charges @2%		0.95	
Power available to NDMC	2155.83	981.95	4.55
Sales	1346.88		
Distribution loss	151.31		

Description	Quantum (MU)	Amount (Rs Cr.)	Rate (Rs/kWh)
Required Power	1498.19	749.19	5.00
Surplus/ (Deficit) Power available at DTL Boundary	657.63	263.05	4.00
Net Power Purchase Cost	1498.19	718.90	4.80
Cost to meet RPO Obligations		11.80	
Total Cost including RPO Obligations		730.70	

Includes power purchase from PPS-III and NCTPS Dadri

4.38 The Commission in its MYT Order for second Control Period dated July 13, 2012 has approved net power purchase of 1465.44 MU at a total cost of Rs 774.86 Cr. excluding rebate. Accordingly, the per unit cost of power approved was Rs 5.29/kWh.

4.39 As shown above the Commission approves net power purchase quantum of 1498.19 MU and total power purchase cost of Rs 718.90 Cr at the rate of Rs 4.80/kWh. Further, the Commission approves Rs 11.80 Crore towards meeting RPO Obligations for FY 2013-14.

Power Purchase Adjustment

4.40 The Distribution Licensees procure power from central generating stations, state generating stations through the long-term power purchase agreements and through short-term purchases. The power purchase cost accounts for about 80% of Annual Revenue Requirement of the distribution licensees and includes the cost paid for procurement of power, transmission charges, UI charges, SLDC/RLDC charges. The net power purchase cost after deducting amounts realized from sale of surplus power is considered for purpose of ARR.

4.41 The Commission recognizes that the power purchase costs are uncontrollable in nature and are volatile making it difficult to accurately estimate power purchase costs at the time of annual tariff fixation. The power purchase cost is beyond the control of distribution licensees and dependent upon following factors:

a) Price of Fuel (Coal/Gas) which is highly unpredictable as has been seen from the data of past few years.
b) Availability of power from new sources.

c) Weather conditions such as extreme harsh summers/cold which have direct impact on the demand.

d) Demand supply gap of power within the country.

4.42 Any fluctuation in the cost of fuel is a pass through for the generator through a fuel price adjustment formula and is payable by the distribution licensees in their monthly bills.

4.43 Power purchase cost being uncontrollable, in nature, is pass-through to the consumers but the difference in actual cost of procurement of power and the estimated cost of purchase of power gets trued up only after 2 years. The time lag of two years puts additional burden on consumers by way of interest charges which have to be borne by the consumers, additionally.

4.44 A public hearing was held in the Commission's court room from April 26, 2012 to April 30, 2012 regarding the petitions filed by the TPDDL, BRPL, BYPL and NDMC for true-up of expenses for FY 2010-11 and approval of ARR and Generation Tariff for FY 2012-13 to FY 2014-15. In the public hearing, stakeholders put forth their comments/suggestions before the Commission in the presence of the Petitioner. Some of the stakeholders put forth their views on power purchase adjustments also.

4.45 The Commission heard the stakeholders, consumers and the petitioners at length. The

Commission has also perused the suggestions and objections of various stakeholders and consumers received in the Commission. Further, the Commission has examined the entire record placed before the Commission and also considered the relevant provisions of the Electricity Act, 2003, Rules & Regulations made there under, Tariff Policy and National Electricity Policy.

4.46 The Commission observed that Section 62(4) of the Electricity Act, 2003 provides that:

"No tariff or part of any tariff may ordinarily be amended, more frequently than once in any financial year, except in respect of any changes expressly permitted under the terms of any fuel surcharge formula as may be specified"

4.47 The provision 5.3(4) of the Tariff Policy provides that:

"Uncontrollable costs should be recovered speedily to ensure that future consumers are not burdened with past costs. Uncontrollable costs would include (but not limited to) fuel costs, costs on account of inflation taxes and cess, variations in power purchase unit costs including on account of hydro-thermal mix in case of adverse natural events."

4.48 The Hon‟ble ATE vide in its judgment dated November 11, 2011 in the matter of Suo-Motu action on the letter received from Ministry of Power (O.P. 1 of 2011) has observed that the Power Purchase Cost is a major expenditure in the ARR of the Distribution Licensee. Both the Fuel and Power Purchase Cost are uncontrollable and both have to be allowed to be recovered as quickly as possible.

4.49 In view of the above, Commission has decided to implement a Power Purchase Cost Adjustment for generating stations having long term PPA‟s with DISCOMs on quarterly basis in order to adjust the changes in the Power Purchase Cost levied by these Generating Companies on the Distribution Companies.

4.50 The power purchase adjustment mechanism will ensure that these changes are passed on to the consumer in a timely manner instead of being deferred to the time when true up is carried out for the Discoms and then recovered with carrying cost.

4.51 The Commission does not intend to include the variation on account of short term power purchase and sale in the power purchase adjustment since it would require prudence check and would delay quarterly Power Purchase Adjustment.

4.52 The Power Purchase Adjustment would be done according to the formula given below:

Power Purchase Adjustment (PPA) formula

$$\text{PPA for } n^{th} \text{ Qtr. } (\%) = \frac{(A-B)*C}{\left\{Z*\left(1-\frac{\text{Distribution Losses in }\%}{100}\right)\right\}*ABR}$$

Where,

A = Total units procured in (n-1)th Qtr (in kWh) from power stations having long term PPAs – (To be taken from the bills of the Gencos issued to distribution licensees)

B = Proportionate bulk sale of power from Power stations having long term PPAs in (n-1)th Qtr (in kWh)

$$= \frac{\text{Total bulk sale in (n-1)}^{th}\text{ Qtr (in kWh)} * A}{\text{Gross Power Purchase including short term power in (n-1)}^{th}\text{ Qtr (in kWh).}}$$

Total bulk sale and gross power purchase in (n-1)th Qtr to be taken from provisional accounts to be issued by SLDC by the 10th of each month

C = Actual average Power Purchase Cost (PPC) from power stations having long term PPAs in (n-1)th Qtr (Rs./ kWh) – Projected average Power Purchase Cost (PPC) from power stations having long term PPAs (Rs./ kWh) (from Tariff Order).

Z= [{Actual Power purchased from Central Generating Stations having long term PPA in (n-1)th Qtr (in kWh) $*\left(1-\frac{\text{PGCIL losses in \%}}{100}\right)$ + Power from Delhi Gencos including BTPS (in kWh)} $*\left(1-\frac{\text{DTL losses in \%}}{100}\right)$ – B] in kWh

Power from Delhi Gencos including BTPS to be taken from provisional accounts to be issued by SLDC by the 10th of each month

ABR = Average Billing Rate for the year (to be taken from the Tariff Order)

Distribution Losses (in %) = Target Distribution Losses (from Tariff Order)

PGCIL Losses (in %)

$$= 100 \times \frac{\text{Approved PGCIL losses in Tariff Order (kWh)}}{\text{Approved Long Term Power Purchase from Central Generating Stations having long term PPA in the Tariff Order (kWh)}}$$

DTL Losses (in %age) = Approved DTL Losses (from the Tariff Order)

Power available at Delhi periphery (from energy balance table tariff order)

Table 50: Schedule - Base Cost for FY 2013-14 (Rs/kWh)

Delhi State Generating Stations	Energy Available (MU)	Power Purchase Cost (Rs Crore)	Average Rate
BTPS	649.35	307.79	4.74
NCTPS - Dadri Thermal	755.10	306.57	4.06
Rajghat Power Station	1.71	0.84	4.90
IP GTPS	3.39	1.75	5.15
Pragati Power Station - I	635.46	243.38	3.83
PPCL-III Bawana	159.87	99.44	6.22
Total	2204.89	959.77	4.35

In order to give effect to the Power Purchase Adjustment (PPA) on quarterly basis the following be implemented:

a) The PPA will be charged to all categories of consumers.
b) The PPA for any quarter would be charged only after it is approved by the Commission.
c) The weighted average base cost in Rs./kWh shall be as approved in this Tariff Order for FY 2012-13, as given below:

NDMC = Rs. 4.35*

Detailed computation is given in Table 47 above for NDMC. The Schedule will be revised in every subsequent Tariff Order.

d) The Distribution licensee shall submit to the Commission the details in respect of changes in power purchase cost of plants having long term PPAs, as listed in Table 50, for $(n-1)^{th}$ quarter. Further, Auditor's Certificate along with statement indicating plant-wise details of fixed charges, variable charges, other charges and units purchased from each plant having long term PPA, as listed in Table 50, for $(n-1)^{th}$ quarter shall be furnished along with the proposal of PPA surcharge submitted for the Commission's approval.
e) The percentage of PPA will be rounded off to two decimal places.

f) The percentage increase on account of PPA will be applied as a surcharge on the total energy and fixed charges (excluding theft bills, arrears, LPSC, E. Tax etc.) billed to a consumer of the utility.
g) The bill format shall clearly identify the PPA percentage and amount of PPA billed as separate entries.
h) The PPA calculated for any quarter, the first quarter being July-September 2012, shall be applied prospectively for 3 months after approval is received from the Commission.
i) In view of the fact that PPA computed for any quarter will be applied after a time delay for a subsequent 3-month period, there would necessarily be a difference between the actual power purchase cost increase and the recovery by the distribution utility through the quarterly adjustments. The difference will be adjusted at the time of annual true-up undertaken by the Commission for that year.
j) This Power Purchase Adjustment (PPA) formula shall remain applicable till it is amended, reviewed, revised or otherwise amended.

Controllable Parameters

Operation and Maintenance Expenses

4.53 The Petitioner has submitted Operation and Maintenance expenses for FY 2013-14 same as that approved by the Commission in its tariff order for the second control period and requested the Commission to approve the O&M expenses of the NDMC as per actuals at the time of true up of these expenses.

Commission's Analysis

4.54 As per MYT Regulations, 2011, the Operation and Maintenance (O&M) expenses for a licensee shall include:

a) Salaries, wages, pension contribution and other employee costs;

b) Administrative and General expenses which shall also include expense related to raising of loans;

c) Repairs and Maintenance; and

d) Other miscellaneous expenses, statutory levies and taxes (except corporate income tax).

4.55 The Commission has specified the following methodology for calculation of O&M expenses for the Control Period.

"5.4 The Licensee shall submit the O&M expenses for the Control Period as prescribed in Multi Tear Tariff filing procedure. The O&M expenses for the Base Year shall be approved by the Commission taking into account the latest available audited accounts, business plan filed by the Licensees, estimates of the actuals for the Base Year, prudence check and any other factor considered appropriate by the Commission.

5.5 O&M expenses permissible towards ARR for each year of the Control Period shall be determined using the formula detailed below:

*(e) O&Mn = (R&Mn + EMPn + A&Gn) * (1 – Xn)*

Where,

*(i) R&Mn = K * GFAn-1;*

*(ii) EMPn + A&Gn = (EMPn-1 + A&Gn-1) * (INDX);*

*(iii) INDX = 0.55 * CPI + 0.45 * WPI;*

(iv) Xn is an efficiency factor for nth year. Value of Xn shall be determined by the Commission in the MYT Tariff order based on Licensee "s filing, benchmarking, approved cost by the Commission in past and any other factor the Commission feels appropriate;

(v) EMPn – Employee Costs of the Licensee for the nth year;

(vi) A&Gn – Administrative and General Costs of the Licensee for the nth year; and

(vii) R&Mn – Repair and Maintenance Costs of the Licensee for the nth year.

Where,

"K" is a constant (could be expressed in %). Value of K for each year of the Control Period shall be determined by the Commission in the MYT Tariff order based on Licensee's filing, benchmarking, approved cost by the Commission in past and any other factor considered appropriate by the Commission;

INDX - Inflation Factor to be used for indexing. Value of INDX shall be a combination of the Consumer Price Index (CPI) and the Wholesale Price Index (WPI) for immediately preceding five years before the base year."

4.56 The Commission had used the methodology as specified in the MYT Regulations 2011 for calculation of O&M expenses for the Control Period in the July 2012 MYT Order. The summary of O&M Expenses approved by the Commission for the Control Period is as shown below:

Table 51: O&M Expenses for FY 2013-14 (Rs Cr)

Particulars	MYT Order	Petitioner	Approved in this Order
O&M Expenses	151.14	151.14	151.14

Administrative Department and Civil Engineering Department Expenses

Petitioner's Submission

4.57 The Petitioner has submitted that NDMC has a separate Administration department consisting of NDMC Board, Finance Department, General Administration, Law Department, Public Relations, Staff and Labour welfare, Vigilance department, Auto workshop, Information & Technology, Engineer-in-Chief etc. Also, there is a separate Civil Engineering Department and the services of the department are utilized for the civil portion of electrical works. Thus, the services of the Administration & Civil Engineering Department are common to all the functions carried out by the Petitioner and the expenditure pertaining to these departments should be allocated to all functions of the Petitioner.

4.58 NDMC has followed the Commission Order dated 2nd November 2005 for allocation of expenditure relating Administrative and Civil Engineering Departments to Electricity Supply. In line with the aforesaid Order NDMC has allocated 19% of the employee salaries (except for the electricity business) in the electricity supply business. For the projection of the Administrative Expenses and Civil Engineering Department Expenses for FY 2013-14 escalation of 5% has been considered over the actual Administrative Expenses for FY 2011-12. Besides, NDMC has made an additional provision of Rs. 10 Cr for the cost incurred by the Civil Engineering Department.

4.59 Allocation of total expenses against admin and civil engineering department towards electricity distribution business is summarized in the table below:

Table 52: Proposed Administrative & Civil Engineering Department Expenses for FY 2013-14

Particulars	FY 2013-14
Total Expenses allocated (Rs Cr)	131.71

Commission's Analysis

4.60 The Petitioner submitted that it has decided to adopt the National Municipal Accounting Manual and NDMC's Accounts Manual is being modified by customising the Municipal Accounting Manual to the requirements of NDMC. The adoption of Accounting Manual will involve the implementation of the double entry accounting system and hence, separate booking of the cost of works carried out by Civil Engineering Department for Electricity Department. The Petitioner would provide the complete details of expenditure relating to common departments to the electricity supply once the National Municipal Accounting Manual and double entry accounting system is implemented within NDMC.

4.61 The Commission had in its Tariff Order dated November 2, 2005, already elaborated in detail the justification for allocating the cost of Civil Engineering Department to the Electricity Department. As the exact details of the cost of the works carried out by the Civil Engineering Department for Electricity Department were not available, the Commission, for the purpose of determination of ARR for FY 2005-06, has considered a lump sum amount of Rs. 10.00 Cr on provisional basis towards this expenditure. As the details of cost of works carried out by the Civil Engineering Department for electricity are still not available, the Commission has considered the same amount for the Control Period towards this expense. The Commission will consider the actual cost of works carried out by Civil Engineering Department for electricity appropriately during the truing up process at the end of the year.

4.62 ***The Commission re-directs the Petitioner to separately book the cost of works carried out by civil engineering department for electricity department and provide the complete details of such works and associated costs at the end of the year bringing out clearly the percentage expenditure of Civil Engineering Department booked to electricity department vis-à-vis all the other departments.***

4.63 The Commission had in its Tariff Order dated November 2, 2005 elaborated in detail the justification for allocating the Administrative Department expenses to the Electricity Department. With respect to allocation of the Administrative Department expenses, the Commission re-iterates its opinion that the Administrative Department of NDMC is a common department, which serves the requirement of all the departments of NDMC. Therefore, the expenses of Administrative Department need to be shared by all the departments of NDMC. As the total cost incurred on administrative department is not available, therefore the Commission proposes to consider Rs 35.37 Cr towards administrative expenses allocated to electricity department for each year of the Control Period, same as approved for FY 2006-07 in previous Tariff Order.

4.64 The summary of Administrative and Civil Engineering Department expenses allocated to electricity department as considered by the Commission for the Control Period is given below:

Table 53: Approved Admin & Civil Engg. Deptt. Expenses for the Control Period

Particulars	MYT Order	Petitioner	Approved in this Order
Civil Engineering Department	10.00		10.00
Administrative Department	35.37	131.71	35.37
Total Expenses allocated (Rs Cr)	45.37		45.37

Capital Investment

Petitioner's Submission

4.65 The Petitioner has considered the closing value of Gross fixed assets of FY 2011-12 as per actuals for projecting the Gross fixed assets in FY 2013-14.Capital expenditure and capitalization during FY 2013-14 has been considered as that approved by the Commission in its MYT tariff order for the second control period.

Commission's Analysis

4.66 The Commission provisionally approves Rs 17.68 Cr as capital expenditure for FY 2013-14, as approved by the Commission in the MYT Order dated July 13, 2012.

Asset Capitalisation

Petitioner's Submission

4.67 The Petitioner has proposed to capitalize assets worth Rs 31.64 Cr in FY 2013-14, as shown in the table below.

Table 54: Proposed CWIP for the Control Period (Rs Cr.)

Particular	FY 2013-14
Opening CWIP	80.06
Additions to CWIP	17.68
Capitalisation of Investment	31.64
Closing CWIP	66.1

Commission's Analysis

4.68 The Commission has approved a capitalisation of assets worth Rs 31.64 Cr as approved in the MYT Order for the second Control period.

4.69 The Commission has analysed the available details to consider provisional capitalization for FY 2013-14 and the same would be subjected to True-up at the end of the Control Period. The Petitioner is directed to submit actual details of capitalization for each year for the Control Period by September 30 of the following year to the Commission for scrutiny and year-wise capitalization of assets.

4.70 **The Commission hereby directs the Petitioner to organize for scheme-wise completion and consequent capitalization of the assets in consonance with the Commissioning/ commercial operation of the respective scheme which would be certified by the Electrical Inspector/ SLDC/ relevant authority and considered as an element of distribution system in operation.**

4.71 **The Petitioner is further directed that the relevant information be furnished in the formats prescribed by the Commission for capitalization of assets. The said formats are to be submitted along with the necessary statutory clearances/**

certificates of Electrical Inspector, etc. for all EHV & HV works and certificate of SLDC for Commissioning/ commercial operation. The capital expenditure incurred for deferred liabilities, residual works etc. within the original scope of scheme may be admitted by the Commission on merits and prudence checks. The Petitioner is advised to ensure timely completion of the works/ schemes as per the schedule stipulated in the proposals submitted to the Commission for approval.

4.72 Based on the above, the Commission has determined the following capitalisation schedule for the investments proposed during the Control Period. The Commission would like to clarify that capitalisation approved below is provisional and is subjected to True-up on the basis of actual capital investment made and the schemes Commissioned by NDMC.

Table 55: Approved CWIP for FY 2013-14 (Rs Cr)

Particulars	MYT Order	Petitioner	Approved in this Order
Opening CWIP	39.30	80.06	39.30
Additions to CWIP	17.68	17.68	17.68
Capitalisation of Investment	31.64	31.64	31.64
Closing CWIP	25.34	66.10	25.34

Depreciation

Petitioner's Submission

4.73 The Petitioner has submitted that it has charged depreciation on the basis of straight-line method, on the fixed assets in use at the beginning of the year. The depreciation is based on the original cost, estimated life and residual life. Depreciation for the current year and FY 2013-14 is determined by applying depreciation rate as approved by the Commission for the second control period.

4.74 As per the methodology adopted by the Commission, depreciation has been computed at 3.6% of opening level of GFA. The Table below summarizes the depreciation claimed by the NDMC:

Table 56: Proposed Depreciation for FY 2013-14 (Rs Cr)

Particulars	FY 2013-14
Depreciation	40.84

Commission's Analysis

4.75 As the asset-wise break up of assets is still not made available to the Commission by the Petitioner, the Commission has considered an average depreciation rate of 3.6% for the Control Period. The Commission may True Up depreciation expenses for the Control Period, once the break-up of assets and their classification is provided.

4.76 The Petitioner is hereby directed to submit the break-up of opening block of assets and assets capitalized during the year as per the classification specified in the MYT Regulations, 2011.

4.77 Based on the asset values during the FY 2013-14 and the average rate of depreciation considered in the MYT Order, the Commission has approved depreciation as follows.

Table 57: Approved Depreciation for FY 2013-14 (Rs Cr)

Particulars	MYT Order	Petitioner	Approved in this Order
Opening Balance of Fixed Assets	1086.94	1118.73	1086.94
Addition during the year	31.64	31.64	31.64
Retirement during the year	0.00	0.00	0.00
Closing balance of fixed assets	1118.58	1150.37	1118.58
Avg. fixed assets	1102.76	1134.55	1102.76
Rate of Depreciation	3.60%	3.60%	3.60%
Depreciation	39.70	40.84	39.70

Change in Working Capital

The Commission has computed change in working capital for FY 2013-14 as shown in the table below.

Table 58: Approved change in Working Capital for FY 2013-14 (Rs Cr)

Particulars	FY 2012-13	FY 2013-14
Total Working Capital	105.27	113.83
Change in Working Capital		8.56

Return on Capital Employed

Petitioner's Submission

4.78 The Return on Capital Employed (RoCE) for the Petitioner shall be determined as specified in the MYT Regulations, 2011. The RoCE can be determined only after determination of the Regulatory Rate Base (RRB) for any particular year, and the Weighted Average Cost of Capital (WACC) for the year.

4.79 The Petitioner has estimated its Return on Capital Employed for FY 2013-14 based on the formula specified in the MYT Regulations, as shown below.

Table 59: Proposed RRB for the Control Period (Rs Cr.)

Sr. No	Particulars	FY 12	FY 13	FY 14
1	Opening Balance of OCFA	1050.03		
2	Opening Balance of Working Capital	114.97		
3	Opening Balance of Accumulated Depreciation	360.05		
4	RRB (Opening)		804.95	855.83
5	Δ AB		29.67	(9.20)
6	Investments in the Year		68.71	31.64
7	Depreciation		39.04	40.84
8	Consumer Contribution		-	-
9	Change in WC		21.20	12.86
10	RRB (Closing)	804.95	855.83	859.48
11	Regulated Rate Base (RRBi)		840.99	864.09
12	Equity		30%	30%
13	Debt		70%	70%
14	Rate of return on Equity		16.00%	16.00%
15	Rate of Return on Debt		11.50%	11.50%
16	WaCC		12.85%	12.85%
17	Return on Capital Employed		108.07	111.04

Commission's Analysis

4.80 The Commission has approved the RoCE for FY 2013-14 based on the WACC derived and the regulated rate base approved for the Control Period in the MYT Order. The table below summarises the RoCE approved by the Commission for the Control Period.

Table 60: Approved RoCE for the FY 2013-14 (Rs Cr.)

Sr. No	Particulars	FY 12	FY 13	FY 14
1	Opening Balance of OCFA	1050.03		
2	Opening Balance of Working Capital	101.62		
3	Opening Balance of Accumulated Depreciation	358.70		
4	RRB (Opening)		761.13	795.62
5	Δ AB		30.82	(8.06)
6	Investments in the Year		68.71	31.64
7	Depreciation		37.89	39.70
8	Consumer Contribution		-	-
9	Change in WC		3.68	8.56
10	RRB (Closing)	761.13	795.62	796.12
11	Regulated Rate Base (RRBi)		780.21	800.15
12	Equity		30%	30%
13	Debt		70%	70%
14	Rate of return on Equity		16.00%	16.00%
15	Rate of Return on Debt		11.50%	11.50%
16	WaCC		12.85%	12.85%
17	Return on Capital Employed		100.26	102.82

Non Tariff Income

Petitioner's Submission

4.81 The Petitioner has submitted Rs 21.41 Cr as Non Tariff Income (NTI) for FY 2013-14 same as that approved by the Commission in the MYT Order for the second Control Period.

Table 61: Proposed Non-Tariff Income for the Control Period (Rs Cr)

Particulars	FY 2013-14
Non-Tariff Income	21.41

Commission's Analysis

4.82 The Commission has analysed the submission made by the Petitioner in detail and approves the NTI for FY 2013-14 as provided in the table below.

Table 62: Approved Non-Tariff Income for FY 2013-14 (Rs Cr)

Particulars	FY 2013-14
Non-Tariff Income	21.41

Aggregate Revenue Requirement

Petitioner's Submission

4.83 The table given below provides a summary view of the Aggregate Revenue Requirement (ARR) as proposed by the Petitioner for FY 2013-14.

Table 63: Proposed ARR for FY 2013-14 (Rs Cr)

Particulars	FY 2013-14
Power Purchase Cost	864.71
Intra-State Transmission Charges(incld SLDC charges)	90.92
Operations & Maintenance Costs	151.14
Administrative & Civil Engineering Department Expenses allocated to electricity	131.71
RoCE including supply margin allowed	111.04
Depreciation	40.84
Less: Non Tariff Income	21.41
Aggregate Revenue Requirement	1368.95

Commission's Analysis

4.84 The table given below provides a summary view of the Revenue Requirement as approved by the Commission for FY 2013-14. Detailed analysis of each expense head has already been provided in the above sections.

Table 64: Approved ARR for FY 2013-14 (Rs Cr)

Particulars	FY 2013-14
A. EXPENSES	
Cost of power purchase*	684.19
Inter-State Transmission charges*	18.52
Intra-state Transmission charges including SLDC charges*	27.98
Operation & Maintenance (O&M)	151.14
Depreciation	39.70
Administrative Deptt. & Civil Engg. Deptt.	45.37
RoCE	102.82
A. Total Expenses	1069.72
B. Non Tariff Income	21.41
Total Revenue Requirement (A-B)	1048.31

** After considering rebate of 2%*

A5: TARIFF DESIGN

Components of Tariff Design

5.1 The Commission has considered the following components for tariff designing of the DISCOMs.

a) Cross-subsidization in tariff structure

b) Cost of Service

c) Consolidated Sector Revenue Gap/(Surplus)

Cross-subsidisation in Tariff Structure

5.2 The Electricity Act, 2003 provides for reduction of cross subsidies by moving the category wise tariffs towards cost of supply. The Commission also recognises the need for reduction of cross subsidy. However, it is equally incumbent on the Commission to keep in mind the historical perspective for the need to continue with cross-subsidy for some time.

5.3 Regarding cross subsidy, clause 8.3 of the National Tariff Policy states,

"... Direct subsidy is a better way to support the poorer categories of consumers than the mechanism of cross subsidizing the tariff across the board. Subsidies should be targeted effectively and in transparent manner. As a substitute of cross subsidies, the State Government has the option of raising resources through mechanism of electricity duty and giving that subsidy to only needy consumers. This is a better way of targeting subsidies effectively."

5.4 In line with the above provision of the National Tariff Policy, Regulation 9.1 of the MYT Regulations states that any consumer desirous of getting subsidized tariff shall approach the State Government and if the request for subsidy is found justified, the State Government may give subsidy to that class of consumers so that these consumers get electricity at concessional tariff.

5.5 At present, there are a number of consumer classes such as some slabs of domestic consumers, Government Schools/Colleges, Hospitals, etc. which are being cross subsidized by other consumers. Several stakeholders have raised serious concern over cross subsidization of some categories and argued that electricity distribution is purely commercial operation and there is no justification for making some consumers pays for others. If any class of consumers is to be given concessional tariff on socio-economic ground, the State government shall bear the cost on this count as supporting weaker sections of society is the responsibility of the government and this responsibility cannot be thrust upon other sections of consumers.

5.6 The Commission is of the view that in an ideal case electricity tariff for all categories of consumers should be fixed on cost to serve basis. In accordance with the Act and the policies prescribed from time to time, the Commission has made an attempt in this Tariff Order to reduce the prevailing cross-subsidy as detailed in the subsequent sections.

Revenue (Gap)/ Surplus for NDMC

Revenue (Gap)/ Surplus till FY 2011-12

5.7 The Commission has approved the revenue (gap)/surplus for the Petitioner for FY 2011-12 (as discussed in detail in Chapter A3 of this Order) as summarised in the table below:

Table 65: Net Revenue (Gap)/ Surplus of NDMC for FY 2007-08 to FY 2011-12 (Rs. Cr)

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Opening (Gap)/Surplus	21.89	192.74	502.40	412.91	241.48
Annual Revenue Requirement for the year	300.46	241.53	650.76	799.74	1,055.73
Revenue for the year	483.46	519.67	519.76	598.64	661.19
Surplus/(Gap) for the year	161.11	278.14	(131.00)	(201.10)	(394.55)
Closing Revenue (Gap)/ surplus	183.00	470.88	371.40	211.80	(153.07)
Carrying Cost (%age)	9.50%	9.50%	9.50%	9.50%	9.50%
Carrying Cost for the year	9.73	31.52	41.51	29.67	4.20
Closing Revenue (Gap)/ surplus	192.74	502.40	412.91	241.48	(148.87)

5.8 It can be seen from the above that the accumulated revenue gap till FY 2011-12 for NDMC is Rs 148.87 Cr.

Revenue (Gap)/ Surplus for FY 2013-14 at Existing Tariffs

5.9 The Summary of net revenue (gap)/ surplus approved for NDMC at existing tariffs for the current year, FY 2013-14 is shown below:

Table 66: Approved Revenue Gap for FY 2013-14 at existing Tariff (Rs Cr)

Particulars	FY 2013-14
Revenue Requirement for the year	1048.31
Revenue available at existing tariffs	920.91
(Gap)/ Surplus for the year	**(127.40)**

Treatment of Revenue (Gap)/Surplus

Petitioner's Submissions

5.10 The revenue deficit for FY 2013-14 as submitted by the Petitioner for FY 2013-14 is Rs. 386.29 Cr at existing tariff and the Petitioner has proposed a 20% hike in tariff to cover a part of the revenue gap. Keeping in view the significant deficit with NDMC and in an attempt to make tariffs cost reflective, the Commission has decided to revise the tariff for all consumer categories in order to enable the Petitioner to, at the least, recover a part of the approved revenue requirement for FY 2013-14.

Commission's Analysis

5.11 The total revenue at existing tariff for the Petitioner is estimated at Rs 920.91 Crore as compared to ARR of Rs 1048.31 Crore, leaving a net revenue gap of Rs 127.40 Crore.

5.12 The Commission has undertaken a provisional true up of capitalisation for the first MYT Control Period from FY 2007-08 to FY 2011-12 in respect of DTL and for the Petitioner. The capitalisation of DTL based on audited accounts has been lower than the projected capitalisation considered by the Commission in its MYT Order for FY 2007-08 to FY 2010-11 and Tariff Order for FY 2011-12 for FY 2011-12. This has resulted in downward revision in the provisions for depreciation and RoCE for each of the above entities.

5.13 The True Up in respect of DTL on the above basis is provisional to the extent that the methodology regarding apportionment of employee expenses, A&G expenses and capitalisation of interest during construction adopted by DTL is still under review. The provisions made in this Tariff Order on account of the above could undergo further downward revision after the process of validation undertaken by the Commission is completed over the next few months.

5.14 The provision for capitalisation in respect to the Petitioner may undergo downward revision based on the physical verification of assets presently being undertaken by the Commission, which would in turn impact the provisions for depreciation and RoCE of the Petitioner.

5.15 The Commission is also aware that the proposed pooling of coal cost between domestic and imported coal could reduce the fuel cost at several stations from which Delhi receives bulk of its power entitlements. This would have downward impact on the cost of power purchased by the distribution utilities as compared to the provision made in the Tariff Order based on the prevailing power purchase costs.

5.16 The Commission is also encouraging the Distribution Utilities to take various DSM measures which would have the impact of reducing the peak demand of Delhi and consequently reduction in the purchase of costly peak power.

5.17 IPGCL is yet to furnish the details regarding the disposal of the assets of IP Station which has been closed down. The sale proceeds are expected to be significantly higher than the depreciated cost. This could result in a significant surplus in the hands of IPGCL, which would have to be accounted for in FY 2013-14 and beyond.

5.18 Considering all the factors listed above, the Commission has decided to take a conservative view and limit the quantum of tariff increase by 5% and not to allow the total revenue gap being accumulated.

5.19 Further, the Commission in this Tariff Order has made an effort to reduce the prevailing cross subsidy level in the existing tariff structure. The prevailing tariff structure in Delhi contains a large degree of cross subsidy, with some categories of consumers paying well above the cost of supply. It has to be recognized that low and subsidised tariffs initiate inefficient high demand for power, which puts pressure on the system capacity and the quality of service. As per Section 61 (g) of the Electricity Act 2003, the tariff should progressively reflect the cost of supply of electricity and also reduce and eliminate cross-subsidies within the period to be specified by the Commission.

5.20 The Commission has also incentivised the category of consumers availing power at higher voltages since the incidence of loss at a higher voltage is lower as compared to the loss level of consumers connected at lower voltages.

5.21 With respect to Public Lighting, DMRC and Railway Traction, the Commission proposes to same fixed and energy charges as determined in case of BRPL, BYPL and TPDDL.

5.22 The consumption slabs for the domestic category have been re-categorised from the existing slabs of "*0-200, 0-400 and above 400 units*" to "*0-200, 201-400, 401-800 and above 800 units*" (as detailed in the Tariff Schedule).

5.23 Further, in case of Public lighting the Commission has approved a higher tariff for unmetered public light and has reduced tariff for metered public lighting. This has been done so that the tariff encourages consumers to get their public lighting metered.

Revenue (Gap)/Surplus at Revised Tariffs

5.16 The summary of revenue billed at existing tariffs for NDMC for FY 2013-14 is shown below:

Table 67: Revenue at existing tariffs for FY 2013-14 (Rs. Cr)

Category	Revenue Billed
Domestic	130.34
Non Domestic	760.07
Supply on Low Tension	359.63
Supply on 11kV	400.44
Small Industrial Power	0.15
Public Lighting	6.04
Others	4.50
DMRC	19.80
Total	**920.91**
Total Revenue Realized @100% Collection Efficiency	**920.91**

5.17 After revision of the tariff, the summary of revenue at the tariff approved now is shown below:

Table 68: Revenue at revised tariffs for FY 2013-14 (Rs. Cr)

Category	Revenue Billed
Domestic	135.34
Non Domestic	790.00
Supply on Low Tension	375.65

Category	Revenue Billed
Supply on 11kV	414.35
Small Industrial Power	0.16
Public Lighting	5.91
Others	4.68
DMRC	21.10
Total	**957.19**
Total Revenue Realized @100% Collection Efficiency	**957.19**

5.18 After revision of the tariff, the net revenue (gap)/ surplus for NDMC for FY 2013-14 is shown below:

Table 69: Net Revenue (Gap)/ Surplus of NDMC at Revised Tariffs (Rs. Cr)

Particulars	FY 2013-14
Revenue Requirement for the year	1048.31
Revenue available at revised tariffs	957.19
(Gap)/Surplus for the year	(91.12)

5.19 The Commission has not bridged the entire revenue gap of FY 2013-14 in view of the final truing up of Capital additions actually done by NDMC during the Control Period.

Tariff Structure

Domestic Tariff

5.20 Domestic Tariff is applicable for power consumption of residential consumers, hostels of recognised/aided educational institutions and staircase lighting in residential flats, compound lighting, lifts and water pumps or drinking water supply and bonafide domestic use in farm houses, etc.

5.21 All the cattle/dairy farms and Dhobi Ghat across Delhi with a total consumption of not more than 200 units in a month and connected load of upto 2 kW shall be charges at domestic tariff, However, in case the consumption in a month exceeds 200 units, the total consumption including the first 200 units shall be charged non-domestic rates as applicable to the consumers falling under the Non Domestic category.

5.22 The Commission in its Tariff Order dated June 26, 2003 introduced two part tariff for domestic consumers, i.e., fixed charges and energy charges and abolished minimum charges and meter rent. The fixed charge in two part tariff represents the fixed component of charges, which is independent of consumption level and depends on the fixed cost incurred by the utility in supplying electricity.

5.23 Under Domestic category, the slab above 400 units has been changed into 401-800 units and above 800 units.

Non Domestic Tariff

5.20 Non-Domestic category of consumers comprises two sub-categories, viz., Supply on low tension and Supply on high tension (11kV and above).

Non Domestic Low Tension

5.21 This category covers LT non-domestic consumers having contract demand or sanctioned load (whichever is applicable) up to 100kW/108kVA.

5.22 For the consumers with sanctioned load up to 10 kW in this category, the Commission had specified the kWh based tariff only. The Commission has decided to continue with the existing practice.

5.23 For Non-Domestic consumers having contract demand or sanctioned load more than 10 kW (11kVA) and up to 100 kW (108 kVA), the Commission has specified kVAh based energy charges.

Non Domestic High Tension

5.24 Non Domestic Consumers with contract demand or sanctioned load more than 100 kW/108kVA shall avail supply on 11 kV.

5.25 Non Domestic consumers availing supply on 33kV/66kV or 220 kV will be entitled for rebate of 2.50% and 4% respectively on the applicable energy charges on 11 kV tariff.

5.26 For existing consumers having sanctioned load/contract demand, whichever is applicable, in kW, the actual power factor of the consumer in the relevant billing cycle shall be considered for converting kW to kVA for computing the fixed charges. For new consumers, the sanctioned load/contract demand shall be in terms of kVA only.

Industrial Tariff

5.27 In the Petitioner area only small industrial consumers are present and therefore under this category only one sub category has been mentioned as Small Industrial

Power (SIP)

Public Lighting

5.28 The Commission as a progressive step towards 100% metering of all the public lighting systems has decided to differentiate tariff for metered and unmetered public lighting systems in a manner that the metered public lamps shall pay lower tariff as compared to unmetered public lighting. The Commission has accordingly fixed different tariffs for metered and unmetered public lighting.

5.29 As regard to the maintenance charges for street lighting, the Commission would like to clarify that the maintenance charges and other conditions of maintenance of street lights as approved in the Commission's Order dated September 22, 2009 will continue till such time it is amended.

Railway Traction

5.30 This Category is applicable to Indian Railways for traction purpose for loads more than 100kW/108kVA.

DMRC

5.31 This category is applicable to Delhi Metro Rail Corporation (DMRC) to run its operations (other than construction projects). The Commission has decided to increase the applicable energy charges for DMRC to meet the cost of supply. The commercial load at DMRC stations shall be metered and billed separately as per the relevant tariff category.

Temporary Supply

5.32 The Commission does not propose any change in the existing tariff methodology for temporary supply.

Advertisements and Hoardings

5.33 This category will be applicable for supply of electricity for lighting external advertisements, external hoardings and displays at departments store, malls, multiplexes, theatres, clubs, hotels, bus shelters, Railway/Metro Stations shall be separately metered and charged at the tariff applicable for "Advertisements and Hoardings" category, except such displays which are for the purpose of indicating/displaying the name and other details of the shop, commercial premises itself. Such use of electricity shall be covered under the prevailing tariff for such shops or commercial premises.

Time of Day (ToD) Tariff

5.34 The Commission believes that Time of Day (ToD) tariff is an important Demand Side Management (DSM) measure to give a tariff signal so that peak hour consumption is charged at higher rates which reflect the higher cost of power purchase during peak hours. At the same time, a rebate is offered on consumption during off-peak hours. This is also meant to incentivise consumers to shift a portion of their loads from peak time to off-peak time, thereby improving the system load factor and even out the load curve. The ToD tariff is aimed at optimizing the cost of power purchase, which constitutes over 80% of the tariff charged from the consumers. It also assumes importance in the context of propagating and implementing DSM and achieving energy efficiency. This is important in Delhi situation as load varies from 3000 MW to 6000 MW in summer causing problem of surplus during off peak hours.

5.21 Introduction of higher peak hour tariff would initially generate additional revenue which would compensate for the reduction in revenue on account of lower tariff during off-peak hours.

5.22 In the long run, this would provide signals to the consumers to reduce load during peak hours and, where possible, shift this consumption to off-peak hours. Any loss of revenue to the utility on account of shifting of load from peak to off-peak hours in the long run would be compensated by way of reduction of off-peak surplus to the extent of increase in off-peak demand.

5.23 The ToD Tariff would thus have immediate as well as long term benefits for both consumers as well as the utility and contribute towards controlling the rise in power purchase costs.

5.24 The Commission in its MYT Order for second Control Period dated July 13, 2012 had decided to introduce TOD Tariff on a pilot basis for large industrial and non domestic consumers (300 kW and above). This was targeted to the consumer segment which has capacity to bear a higher burden for peak hour consumption and also at least partly (if not fully) offset the impact of this increase through higher off-peak consumption at lower rates. The Commission as a progressive step in this direction and to further encourage demand shift from peak hours to off-peak hours has decided to lower the applicability limit for ToD tariff.

5.25 Time of Day (ToD) Tariff shall now be applicable on all consumers (other than domestic) whose sanctioned load/MDI (whichever is higher) is 100 kW/108kVA and above as shown below:

Month	Peak Hour	Surcharge on Energy Charges	Off-Peak Hour	Rebate on Energy Charges
April to September	1500-2400 Hrs.	15%	0000-0600 Hrs.	15%

October to March	1700-2300 Hrs.	10%	2300-0600 Hrs.	15%

**For other than peak and off-peak hours, normal energy charges will be applicable.*
Note: The additional impact due to ToD tariff on the bill received by the management of commercial complexes may be recovered by the SPD manager by spreading this component of tariff on pro-rata basis on the users of the complex.

Tariff Schedule:

	Category	**Fixed Charges[1]**	**Energy Charges[2]**
1	**Domestic**		
	0-200 Units	20 Rs/kW/month	325Paisa/kWh
	201-400 Units	20 Rs/kW/month	435 Paisa/kWh
	401-800 Units	20 Rs/kW/month	540 Paisa/kWh
	Above 800 Units	20 Rs/kW/month	570 Paisa/kWh
2	**Non Domestic**		
2.1	**Non-Domestic (Low Tension) up to 100kW/108kVA**		
a)	Upto 10 kW	50 Rs/kW/month	685 Paisa/kWh
b)	More than 10kW and less than and up to 100 kW/108 kVA	60 Rs/kVA/month	735 Paisa/kVAh
c)	More than 100kW/108kVA		
I	Where supply is given from NDMC sub-station	150 Rs/kVA/month	760 Paisa/kVAh
II	Where applicant provides built up space for sub-stations	135 Rs/kVA/month	715 Paisa/kVAh
2.2	**Non-Domestic High Tension (NDHT)* Supply at 11 kV**		
	More than 100kW/108kVA	125 Rs/kVA/month	650 Paisa/kVAh[3]
	**The single point delivery supplier shall charge the NDHT tariff to its LT Consumers and in addition shall charge an extra 5% of the bill amount at NDHT Tariff to cover losses and all expenses.*		

	Category	Fixed Charges[1]	Energy Charges[2]
3	**Small Industrial Power[4]**	50 Rs/kW/month	630 Paisa/kVAh
4	**Public Lighting**		
4.1	Metered		700 Paisa/kWh
a	Street Lighting[5]		700 Paisa/kWh
b	Signals and Blinkers		
4.2	Unmetered		
a	Street Lighting[5]		750 Paisa/kWh
b	Signals and Blinkers		750 Paisa/kWh
5	**Railway Traction[6]**	150 Rs/kVA/month[7]	610 Paisa/kVAh[3]
6	**Delhi Metro Rail Corporation (DMRC**		
6.1	DMRC (Supply at 220 kV and 66 kV)	125 Rs/kVA/month	550 Paisa/kVAh
7	**Advertisements and Hoardings**	500 Rs/ month/hoarding	1000 Paisa/kVAh
8	**Temporary Supply**		
8.1	For a total period of		
8.1.1	Less than 16 Days	50% of the relevant category	Higher by 30% (Temporary Surcharge) of the relevant category
8.1.2	More than or equal to 16 days	Same as that of relevant category	Same as Domestic Category without Temporary Surcharge

	Category	Fixed Charges[1]	Energy Charges[2]
a	For religious functions of traditional and established characters and cultural activities	Same as Domestic Category	Same as Domestic Category without Temporary Surcharge
b	For Major Construction projects	Same as that of relevant category	Higher by 30% (Temporary Surcharge) of the relevant category

Note:

1. The distribution licensee should levy Power Purchase Adjustment Charges (PPAC) after considering rebate on energy charges available to the customers.
2. In case of pre-paid consumers, the rebate is applicable on the basic energy and fixed charges and all other charges should be calculated on the tariff applicable after rebate.

Notes on superscripts:

1. For all categories other than Domestic, Fixed charges are to be levied on billing demand on per kW/kVa or part thereof, basis. Where the MDI reading exceeds sanctioned load/contract demand, a surcharge of 30% shall be levied on the fixed charges corresponding to excess load in kW/kVa for such billing cycle only. Wherever, sanctioned load/ contract demand is in kW/HP the kVa shall be calculated on the basis of actual power factor of the consumer for the relevant billing cycle.
2. Time of Day (TOD) Tariff-# - TOD tariff shall be applicable on all consumers (other than domestic) whose sanctioned load/MDI (whichever is higher) is 100kW/108 kVA and above as shown below:

Month	Peak Hour	Surcharge on Energy Charges	Off-Peak Hour	Rebate on Energy Charges
April to September	1500-2400 Hrs.	15%	0000-0600 Hrs.	15%
October to March	1700-2300 Hrs.	10%	2300-0600 Hrs.	15%

[#] *For other than peak and off-peak hours normal energy charges will be applicable.*

Note: The additional impact due to ToD tariff on the bill received by the management of commercial complexes may be recovered by the SPD manager by spreading this component of tariff on pro-rata basis on the users of the complex.

3. The incumbent shall be entitled for a rebate of 2.5% on the energy charges on 11 kV rates for availing supply on 33/66 kV and 4% for supply at 220 kV.
4. For industrial consumers having valid NDMC factory license.
5. Maintenance Charges on street lights would be additional to the specified tariff @ Rs. 84/light point/month and material cost at the rate Rs 19/point/month as per the Commission's order dated 22 September 2009 till further amended by the Commission. These charges will be payable to the DISCOM only if maintenance services are provided by the DISCOM.
6. Tariffs for northern railways Traction are based on the supply being given through a single delivery and metering point at single voltage. An additional capacity blockage charge is also applicable to be calculated as Rs 1260 x (2.97 A+5) where A is contract/maximum demand, whichever is higher, in MVA subject to a minimum of Rs 25000.
7. The simultaneous maximum demand, for all metering points, shall be considered for levy of demand violation charges

Other Terms and Conditions of the Tariff

	Category	Availability	Character of Service
1. Domestic	1.1 Domestic Lighting/Fan and Power (Single Delivery Point and Separate Delivery Points/Meters)	A) Available to following categories of consumers: Residential consumers Hostels of recognized/aided institutions of Government of the NCT of Delhi Staircase lighting on residential flats separately metered. Compound lighting, lifts and water pumps etc., for drinking water supply and fire fighting equipment in residential complexes, if separately metered. (B)It is available to following consumers. Dispensary / Hospitals / Public Libraries / School / College / Working Women's Hostel /Orphanage/Charitable homes run by the Government of the NCT of Delhi. Small Health Centers approved by the Department of Health, Government of NCT of Delhi for providing Charitable Services only. Recognized Centers for welfare of blind, deaf and dumb, spastic children, physically handicapped persons, mentally retarded persons, as approved by the Government of NCT of Delhi. (C) Bed and Breakfast Establishments (Residential Premises) registered u/s 3 of the National Capital Territory of Delhi (Incredible India) Bed and Breakfast Establishments (Registration & Regulations) Act, 2007. (D) Places of worship. (E) Cheshire homes/orphanage.	AC 50 Hz, single phase, 230 Volts for load up to 10 kW & AC 50 Hz, three phase, 400 Volts for loads beyond 10 kW AC 50 Hz, 3 phase, 11 kV beyond 100 kW (108 kVA)

	Category	Availability	Character of Service
		(F) Shelter Homes (including Night Shelters) approved by Delhi Urban Shelter Improvement Board, GoNCTD. (G)Electric crematoriums. (H) Professionals i.e. individuals engaged in those activities involving services based on professional skills, viz. Doctor, Lawyer, Architect, Chartered Accountant, Company Secretary, Cost & Work Accountant, Engineer, Town Planner, Media Professional and Documentary Film Maker may utilize the domestic connection at their residence for carrying out their professional work in the nature of consultancy without attracting non-domestic tariff for the electricity consumed, provided the area used for professional activity does not exceed the area permitted to be used for such activity in residential area under the Master Plan for Delhi, 2021 (MPD-2021), which as per MPD-2021 is permissible on any one floor only but restricted to less than 50% of the permissible or sanctioned FAR whichever is less on that plot or dwelling unit. (I) Available, for loads up to 21 kW, to farm houses for bonafide domestic self use and bounded farm houses having minimum 50% of the total land for agriculture/vegetable cultivation. (J) The consumers running small commercial establishments from their households in JJ Clusters shall be charged domestic tariff provided that the total consumption of electricity in a month does not exceed 200	

	Category	Availability	Character of Service
		units. (K) Cattle / Dairy Farms, Dhobi Ghats with a total consumption of not more than 200 units/month and connected load of up to 2kW.	
2. Non-domestic	2.1.1 Non-Domestic (Low Tension) – NDLT	Available to all consumers having load (other than the industrial load) up to 100 kW/108 kVA for lighting, fan & heating/cooling power appliances in all non-domestic establishments as defined below: Hostels (other than those recognized/aided institutions of Government of the NCT of Delhi) Schools/colleges (Other than those run by the Government of NCT of Delhi) Auditoriums, Lawyer Chambers in Court Complexes, Hospitals, nursing homes / diagnostic centers other than those run by the Government of NCT of Delhi. Railways (other than traction) Hotels and restaurants Cinemas Banks Petrol pumps All other establishments, i.e., shops, chemists, tailors, washing, dyeing etc. which do not come under the Factories Act. Cattle farms, fisheries, piggeries, poultry farms, floriculture, horticulture, plant nursery Farm houses being used for commercial activity. DMRC for its commercial activities other than traction. Ice-cream parlours and Any other category of consumers not specified/covered in any category in this Schedule	AC 50 Hz, single phase, 230 Volts up to 10 kW load; AC 50 Hz, 3 phase, 400 Volts for loads above 10 kW and up to 100 kW (108 kVA)

	Category	Availability	Character of Service
	2.1.2 Non-Domestic High Tension (NDHT) Non-Domestic Power on 11 kV Single Delivery Point NDHT for Commercial Complexes	Available to consumers having load (other than industrial load) above 100 kW/108 kVA Non-Domestic establishments including pumping loads of DDA and supply to Delhi Metro Rail Corporation (DMRC) Ltd. for their ongoing construction projects etc and for commercial purposes other than traction. Available to commercial complexes having load more than 100kW for group of consumers for non-domestic use.	AC 50 Hz, 3 phase,11 kV
3. Industrial (For consumer having valid License under Factories Act)	3.1.1 Small Industrial Power (SIP)	Available to Industrial consumers with load up to 100 kW including lighting, heating and cooling load.	AC 50 Hz, single phase, 230 Volts; AC 50 Hz, 3 phase, 400 Volts
4. Public Lighting	4.1 Street Lighting	Available to all street lighting consumers including DDA, PWD/CPWD, Slums department/DSIIDC/MES/CGHS etc.	AC 50 Hz, Single /three Phase, 230/400 Volts
	4.2 Signals and Blinkers	Available for traffic signals and blinkers of Traffic Police	AC 50 Hz, Single Phase, 230 Volts
5. Railway Traction (other than DMRC)		Available for railway traction for connected load above 100 kW/108 kVA.	AC 50 Hz, Three phase, 220/66/33 kV
6. Delhi Metro Rail Corporation		Available to Delhi Metro Rail Corporation (DMRC) (not for construction projects)	AC 50 Hz, 3 phase, 220/66/33 kV
7. Temporary Supply	7.1(a) For less than 16 days	Available as temporary connection under the respective category	AC 50 Hz, single phase, 230 Volts; AC 50 Hz, 3 phase, 400 Volts; AC 50 Hz, three phase, 11 kV
	7.1(b) For more than or equal to 16 days		
	7.2 For residential cooperative group housing	Same as that of relevant category	

	Category	Availability	Character of Service
	connections		
	7.3 For religious functions of traditional and established characters and cultural activities	Provided for religious functions of traditional and established characters like Ramlila, Dussehra, Janmashtami, Nirankari Sant Smagam, Gurupurb, Durga Puja, Id, Christmas celebrations, Easter, Pageants and cultural activities like NCC camps, scouts & guides camps etc. (normally for a period less than 10 days).	
	7.4 For major construction projects	With loads more than 10 kW	
	7.5 For threshers	With loads more than 10 kW	
8. Advertisement/ Hoardings		Electricity for lighting external advertisements, external hoardings and displays at departments stores, malls, multiplexes, theatres, clubs, hotels, bus shelters, Railway/Metro Stations shall be separately metered and charged at the tariff applicable for 'Advertisements and Hoardings' category, except such displays which are for the purpose of indicating/displaying the name and other details of the shops or commercial premises itself. Such use of electricity shall be covered under the prevailing tariff for such shops or commercial premises.	AC 50 Hz, single phase, 230 Volts for loads up to 10 kW; AC 50 Hz, 3 phase, 400 Volts for loads more than 10 kW and up to 100 kW (108 kVA)

Electricity taxes and other levies

5.26 The rates stipulated in the Schedule are exclusive of electricity tax and other taxes and charges, as levied from time to time by the Government or any other competent authority, which are payable extra.

Surcharges

5.27 All surcharges shall be levied on the basic tariff applicable to the category of use or category of sanction, whichever has higher tariff.

Payments

5.28 In the event of the electricity bill rendered by the licensee, not being paid in full within the time specified on the bill, a surcharge @ 1.5% on the principal amount of bill which has not been paid shall be levied for each 30 days successive period or part thereof until the payment is made in full without prejudice to the right of the licensee to disconnect the supply after due date in the event of non-payment in accordance with Section 56 of Electricity Act, 2003. This will also apply to temporary connections, where payment of final bill amount after adjustment of consumption deposit, is not made by due date.

5.29 The Commission directs the Petitioner, that in case the bill for consumption of electricity is more than Rs. 4000, payment for the bill shall only be accepted by the Petitioner by means of an Account Payee cheque/DD. However, visually challenged consumers shall be allowed to make payment of electricity bills for any amount through cash.

Billing in kVAh

5.30 Wherever the fixed or energy charges are specified in Paisa per kVAh, for the purpose of billing the kVAh as read from the meter in the relevant billing cycle shall be used.

Interpretation/ clarification

5.31 In case of doubt or anomaly, if any, in the applicability of tariff or in any other respect, the matter will be referred to the Commission and Commission’s decision thereon shall be final and binding.

A6: Directives

6.1 NDMC in its Petition has submitted that the average rate of realisation from sale of surplus power for FY 2011-12 has been Rs. 2.42/kWh. The rate of realisation from sale of surplus power is even less than the variable cost of Badarpur Thermal Power Station which as per the March 2012 bills is Rs 3.41/kWh. Therefore, it is quite evident that the Petitioner has been scheduling power from its firm sources even when the rate of realisation from sale of surplus power has been lower than the variable cost of power from the stations which is irrational and only exhibits improper power management policy that had been followed by the Petitioner.

6.2 The Commission, therefore, to streamline such imprudent power purchase is of the view that the Petitioner should only schedule surplus power from its firm sources when it can actually sell the power at a rate which is higher than the highest variable cost of its firm sources. The Petitioner, therefore in a surplus scenario should strive not to schedule power from the stations starting from sources with highest variable cost to the extent of surplus power estimated by it and should only schedule power corresponding to its expected demand.

6.3 Petitioner is directed to post the monthly distribution transformer losses and AT&C loss data giving break up of energy input, energy billed and revenue realization on its website within three weeks from the end of the month.

6.4 The Commission directs the distribution licensee to include power station wise power purchase quantum and cost along with break up under various heads in its audited accounts.

6.5 The Petitioner is directed to prepare asset register and submit it to the Commission by October 31, 2013.

6.6 The Petitioner should submit the scheme wise capital expenditure and capitalisation along with capital work in progress in each year from FY 2006-07 to FY 2011-12 within two months of the issue of this Order.

6.7 The Petitioner is directed to meter electricity consumption in its offices, grid substations, consumer care centres, etc., and submit a compliance report within 2 months from the date of issue of this Order.

6.8 The Commission directs the Petitioner to carry out a safety audit and submit audit report to the Commission within six months from the issue of this Order.

6.9 With respect to AT&C losses, the Commission directs the Petitioner for the following:

(a) Submit Form 2.1(a) on monthly basis.
(b) Submit category wise revenue collection on monthly basis along with the supporting documents within 3 weeks of the following month.
(c) Include the category wise/slab wise consumer details i.e., no of consumer, connected load, sales, power factor, revenue from fixed charges, revenue from demand charges in the quarterly and annual balance sheet.
(d) Submit monthly report to the Commission giving details of category wise consumer addition and their detail within 3 weeks of the following month.
(e) Submit monthly report to the Commission giving details of no. of connection disconnected/reconnected and their detail within 3 weeks of the following month.
(f) Submit monthly report to the Commission on change of consumer category for consumer within 3 weeks of the following month.
(g) The Petitioner is directed to submit the capitalisation of consumer contribution amount details for the period from FY 2007-08 till date.

6.10 The Petitioner is directed to separate its accounts and prepare separate account for Electricity business. The Petitioner in this regards should submit the quarterly progress report to the Commission.

6.11 The Commission directs the Petitioner to separately book the cost of works carried out by civil engineering department for electricity department and provide complete details of such works and associated costs at the end of the year bringing out clearly the percentage expenditure of Civil Engineering Department booked to electricity department vis-à-vis all other departments.