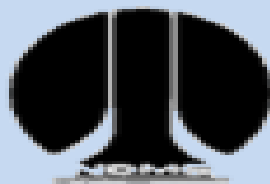


**BEFORE THE
HON'BLE DELHI ELECTRICITY REGULATORY COMMISSION,
DELHI**

Volume I

Final True up Petition for FY 2013-14 as per the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011, revised Annual Revenue Requirement for FY 2014-15 as per the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 and corresponding determination of tariff for FY 2015-16



Submitted By:

NEW DELHI MUNICIPAL COUNCIL

PALIKA KENDRA, NEW DELHI-110001

MARCH 2015





**Before The
Delhi Electricity Regulatory Commission, Delhi**

IN THE MATTER OF: Filing of True up petition for FY 2013-14, review of Aggregate Revenue Requirement (ARR) for the FY 2014-15, and corresponding determination of tariff for FY 2015-16 under Section 62 of the Electricity Act, 2003

AND

IN THE MATTER OF: New Delhi Municipal Council
Palika Kendra, Sansad Marg,
New Delhi - 110001
("THE PETITIONER")

The applicant respectfully submits as hereunder:-

- 1.1 That the Petitioner (hereinafter referred to as "NDMC" or "Petitioner") is a Municipal Council entrusted with 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.
- 1.2 That NDMC has the powers and obligations of a Licensee under the Indian Electricity Act 1910 in respect of the New Delhi area.
- 1.3 That under Section 200 of the New Delhi Municipal Council Act 1994, NDMC has the power to fix charges to be levied for the electricity supplied by it, subject to the provisions of any law for the time being in force.
- 1.4 That the Govt. of India notified the Electricity Act, 2003 on 10th June, 2003 repealing the Indian Electricity Act-1910, the Electricity (Supply) Act 1948 and the E.R.C. Act, 1998. Among the tariff related provisions, the State Electricity Regulatory Commission (SERC) has to be guided by National Electricity Policy and



National Tariff Policy. The generation, transmission and distribution tariff have to be determined separately. The Delhi Electricity Regulatory Commission (DERC) has framed Regulations specifying the terms and conditions for determination of tariff. With the expiry of Policy direction period (2002-2007), the Delhi Electricity Regulatory Commission (hereinafter referred as “The Commission”) issued regulations vide notification dated 30th May, 2007 specifying Terms and Conditions for Determination of Tariff for Generation, Transmission and Distribution of electricity under the Multi Year Tariff (MYT) framework for the period FY08 – FY11. The Hon’ble Commission subsequently issued a letter no. F.3 (312)/Tariff/DERC/2011-12/4481 dated 24.02.2011, intimating all the distribution utilities in Delhi for filing of ARR petition for the FY 12 and true up for the FY 10 as per the terms and conditions for determination of tariff for distribution of electricity under the first Multi Year Tariff (MYT) framework.

- 1.5 The Hon’ble Commission subsequently issued regulations vide notification dated 2nd December 2011, specifying Terms and Conditions for Determination of Tariff for Generation, Transmission and Distribution of electricity under the Multi Year Tariff (MYT) framework for the second control period i.e. period FY13 – FY15.
- 1.6 In accordance with the provisions of the DERC MYT Regulation, 2011 for the second control period, NDMC is submitting the True-up of FY 2013-14, revised ARR for 2014-15 and corresponding determination of tariff for FY 2015-16.
- 1.7 While submitting this Tariff Petition, NDMC has made efforts to adhere to most of the regulations framed by the Hon’ble Commission.
- 1.8 That this Petition includes the following documents:
 - i. Affidavit verifying the Petition and the Power of Attorney for filing the same (attached in Volume I of this Petition).
 - ii. Demand Draft No. 498575 dated 19.02.2015 drawn on State Bank of India for an amount of Rs. One lakh towards filing fee.



- iii. MYT Formats (Volume II of this petition)
 - iv. Soft copy of the Petition
- 1.9 NDMC requests the Hon'ble Commission to approve True Up for FY 2013-14, revised Annual Revenue Requirement for FY 2014-15 and tariff for FY 2015-16.

Prayers to the Hon'ble Commission

1.10 NDMC respectfully prays that the Hon'ble Commission may:

- (a) Condone delay in submitting the tariff petition owing to initiatives being undertaken to segregate the accounts at NDMC, which is being done by SBI Caps. NDMC wanted to have segregated accounts before filing the petitions but since the completion of the activity got delayed and the process is still continuing, consequently the process of petition filing also got impacted and delayed.
- (b) Examine the proposal submitted by NDMC for a favorable dispensation as detailed in this petition.
- (c) Consider the request made to the Hon'ble Commission vide letter dated 14.10.2014 related to the decision regarding pension trust payment. NDMC would like to bring to the kind notice of the Hon'ble Commission that NDMC is not the Successor Company of the erstwhile DVB and no man, material and assets of erstwhile DVB were transferred to NDMC. Further, the Tariff Order of DERC for DTL indicates that the pension trust contribution is to be released by the successor companies.
- (d) Consider allocation of power to NDMC in twelve-hour duration instead of existing twenty four hour duration. Since, NDMC is in VVIP area having all the offices of Government of India viz. North Block, South Block, Nirman Bhawan, Udyog Bhawan, Rail Bhawan etc. and also Parliament House and Rashtrapati Bhawan, Supreme Court of India, hence, it has a unique pattern of Power



consumption. The power demand during day time is double than that during night time, but the allocation is same for 24 hours. Also, for all these VVIP buildings/establishments/offices NDMC has to maintain a buffer during day time as load-shedding of these VVIP buildings cannot be implemented. However, this buffer is not required during night time.

- (e) Consider the submissions and approve true up for FY 2013-14, review the annual revenue requirement for FY 2014-15 as per the provisions of MYT Regulation 2011 and corresponding tariff for FY 2015-16.
- (f) Consider retaining of Rebate amount by NDMC in lieu of payment of bills of Power Purchase and Transmission Charges. NDMC makes a humble request not to consider benefits of these rebates in the ARR and pass through to the consumers since penalty, if any, applicable in this regard on NDMC, will not be passed through.
- (g) Condone any inadvertent omissions/errors/shortcomings and permit NDMC to add/change/modify/alter this filing and make further submissions as may be required at a future date.
- (h) Pass such further order, as the Hon'ble Commission may deem fit and proper keeping in view the facts and circumstances of the case.

New Delhi Municipal Council

New Delhi

Dated: 11.03.2015



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Introduction

1.1 NDMC Overview

New Delhi Municipal Council (NDMC) is a Municipal Council entrusted with 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. The NDMC has the obligations of a Licensee under the Indian Electricity Act 1910 in respect of the New Delhi Area.

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

Till 31st March, 2007, Delhi Transco Limited (DTL) was the sole entity responsible for the bulk procurement and bulk supply of power in Delhi. All the DISCOMs in Delhi had to purchase power from DTL at an approved Bulk Supply Tariff (BST) based on their capacity to pay. On 28th June, 2006, GoNCTD issued a set of Policy Directions for making power supply arrangements in Delhi from 1st April, 2007. These Policy Directions were issued under Section 108 of the Electricity Act 2003 (hereinafter referred to as the 'Act').

With effect from 1st April, 2007, the responsibility for arranging supply of power in Delhi for its own licensed area rests with the NDMC in accordance with the provisions of the Electricity Act 2003 and also the National Electricity Policy.

The business of Bulk Supply of electricity is no longer a part of the business of DTL, and the same is now vested with the NDMC & other Distribution Licensees (DISCOMs) of the State, w.e.f 1st April, 2007.

1.2 Procedural History

NDMC had submitted its Aggregate Revenue Requirement (ARR) and tariff petition for FY 2005-06, FY 2006-07 and the Hon'ble Commission passed the tariff order on these petitions.



Subsequently, NDMC had submitted its first Multi Year tariff petition for FY 2007-08 to FY 2010-11 along with True Up petition for FY 2006-07. The Hon'ble Commission passed the tariff order on 07th March 2008.

NDMC submitted its provisional True Up petition for FY 2007-08 and Annual Revenue Requirement for FY 2010-11 and the Hon'ble Commission passed the tariff order in June, 2009.

NDMC submitted its provisional True Up petition for FY 2008-09 & ARR for FY 2010-11 in December 2009. Also, NDMC submitted its provisional True Up petition for FY 2009-10 & ARR for FY 2011-12 in March 2011. The Hon'ble Commission passed the tariff order on the same in August, 2011.

Subsequently, NDMC had submitted its second Multi Year tariff petition for FY 2012-13 to FY 2014- 15 along with annual performance review of FY 2011-12 and True Up for FY 2010-11 in February 2012. The Hon'ble Commission passed the tariff order in July 2012.

NDMC had also submitted true-up petition for FY 2011-12 and ARR and tariff petition for FY 2013-14 in month of January 2013. Subsequently, Hon'ble Commission passed the tariff order in July 2013.

In the previous year NDMC submitted true-up petition for FY 2012-13 and ARR and tariff petition for FY 2014-15 in the month of January 2014. The Hon'ble Commission passed the tariff order in July 2014.

1.3 Current Petition

NDMC is required to file petition for review of ARR for FY 2014-15 as per the DERC MYT Regulations, 2011 issued by the Hon'ble Commission for the second control period. In compliance of this regulatory obligation, NDMC is filling this petition for truing of expenses of FY 2013-14, revised ARR for FY 2014-15 and corresponding determination of ARR for FY 2015-16.

The objective of the petition is to seek the approval of the Hon'ble Commission for True up of ARR of NDMC for the FY 2013-14 and review of annual revenue requirement for FY 2014-15 and tariff proposal for FY 2015-16.



NDMC has made genuine efforts for compiling all relevant information relating to the tariff petition as required by the regulations issued by the Hon'ble Commission and has also made every effort to ensure that information provided to the Hon'ble Commission is accurate and free from material errors. However, there may be certain deficiencies. Hence, NDMC prays to the Hon'ble Commission that the information provided be accepted for the current filing. Any additional information required by the Hon'ble Commission shall be made available to the extent the same is available with NDMC.

1.4 Contents of the Petition

NDMC is submitting true up petition for FY 2013-14 on the basis of the principles outlined in the MYT Regulations, 2011 notified by DERC along with review of its ARR for 2014-15 and Tariff petition for the determination of tariff for FY 2015-16 on the basis of the principles outlined in the Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff Regulations, 2011 notified by DERC. NDMC has studied the past trends and taken cognizance of other internal and external developments to estimate the likely performance for FY 2015-16.

The following sections explain in detail truing-up of the various expenses for the FY 2013-14, assess all requisite elements to revised the ARR for FY 2014-15 and the basis of forecasts of the following elements for determination of tariff for FY 2015-16:

- Category wise Energy Sales & Revenues at existing tariffs
- T&D Losses, AT&C Losses and Energy Requirement
- Determination of Annual Revenue Requirement by forecast of the following costs, other income & returns:
 - Power Purchase Cost
 - Operation and maintenance Expenses
 - Admin & Civil Engineering Department Cost



- Depreciation
- Return on Capital Employed
- Non-Tariff Income



True up Petition

2.1 Background

NDMC in its petition has sought for truing up of the expenditure and revenue for FY 2013-14, determined in line with MYT Regulations, 2011. The gap derived from this year has been carried forward to the Aggregate Revenue Requirement of FY 2015-16.

2.2 Energy Sales

As per the directives of the Hon'ble Commission NDMC provides Category-wise monthly sales data for each month of FY 2013-14. Total sales of 1307.23 MU for FY 2013-14 as against 1346.88 MU approved by the Commission in its Tariff Order dated July 31, 2013.

2.3 Enforcement

There have been sales of 1307.23 MU in FY 2013-14 and Revenue collected Rs 918.92 Crores excluding arrears in the previous years prior to FY 2013-14 and electricity tax in FY 2013-14. In FY 2013-14, NDMC is taking 12 months average billing to assess need for MVA increase or decrease.

2.4 Other Adjustments

In the FY 2013-14 an amount of Rs 0.015 Crores was adjusted against 0.044 MU as per the Form 2.1(a) submitted. The adjustments occur due to cases of errors in meter reading and billing in few cases. There are few cases wherein NDMC is forced to raise provisional billing and when the actual billing is done, adjustments occur.

The following table represents the energy sales for the year 2013-14.

TABLE 1: TRUED UP ENERGY SALES FOR FY 2013-14 (MU)

S. No.	Category	Approved in Tariff Order dated July 31,2013	Actual
A	Domestic	273.28	251.62
B	Non- Domestic	1019.47	1001.11
i	Non- Domestic Low Tension (NDLT)	260.44	249.16
ii	Non- Domestic High Tension (NDHT)	759.03	751.95
C	Industrial	0.25	0.21
D	Public Lighting	8.33	8.32
E	DMRC	35	36.23
F	Others	10.55	9.74
	Total	1346.88	1307.23

2.5 AT&C Losses

AT&C actual loss level of 9.58 % for FY 2013-14 as against the target AT&C loss level of 10.10% prescribed in the Tariff Order dated 13 July, 2012 (hereinafter referred to as MYT Order July 2012).

- NDMC would like to make a humble plea to the Hon'ble Commission that the organisation is not registered under Company Act and thus the reports are not audited by Chartered Accountants. All the reports are audited first internally and subsequently by CAG. Owing to this reason NDMC will not be able to furnish Auditor's Certificate and requests the Hon'ble Commission to accept the petition without the Auditor's Certificate.
- The computation of AT&C loss level of NDMC during FY 2013-14 is summarized below:

TABLE 2: AT&C LOSS FOR FY 2013-14

Particulars	Approved in MYT Order July 2012	Submission
AT&C Loss Target	10.10%	9.58%

NDMC has over achieved the AT&C loss target against 10.10% approved by the Hon'ble commission in the MYT Order July 2012. The achievement is the result of efficient networks and operations. The collection efficiency has been a significant contributor to this achievement.

- As indicated in the Table below the surcharge amount of Rs 3.63 Cr. has been taken into consideration. Total Revenue Billed for AT&C True Up amounts to Rs 931.87 Crore.

TABLE 3: REVENUE BILLED FOR AT&C TRUE UP FOR FY 2013-14 (RS. CRORE)

S.No.	Particulars	Amount True Up for FY 2013-14	Remarks
A	Revenue Billed (excluding Electricity Duty)	935.52	Form 2.1 a)
B	Less: Surcharge	3.63	Form 2.1 a)
C	Less: Other Adjustment	0.015	
D	Revenue Billed for AT&C True Up	931.87	A-B-C

- The actual revenue collected contains fixed charges, variable charges, fuel surcharge and taxes collected for consumers. NDMC would like to request Hon'ble Commission to approve the revenue billed and collected for FY 2013-14 as indicated in the Table above, Rs. 931.87 Crore and Rs. 918.92 Crore respectively.

TABLE 4: REVENUE COLLECTED FOR AT&C TRUE UP FOR FY 2013-14 (RS. CRORE)

S.No.	Particulars	Amount True Up for FY 2013-14	Remarks
A	Revenue Collected	962.92	Revenue collected for 2013-14 - arrears recovered which were due prior to 2013-14
B	Less: Surcharge	1.18	Late payment surcharge as per form 2.1 a
C	Less: Electricity Tax	42.82	Form 2.1 a
D	Revenue Collected for AT&C True Up	918.92	A-B-C

- The Table below presents the calculation for AT&C loss for the FY 2013-14 for approval under the true-up for the year.

TABLE 5: COMPUTATION OF AT&C LOSS FOR FY 2013-14

S.No.	Particulars	Unit	Amount	Remarks
A	Energy Input at Petitioner	MU	1425.69	
B	Units Billed	MU	1307.23	As per Commercial Department, NDMC (ARR summary 2013-14)
C	Amount Billed	Rs. Crore	931.87	Form 2.1 a) (Revenue Billed excluding E-tax)
D	Average Billing Rate	Rs/kWh	7.13	(C/B)*10
E	Distribution loss	%	8.31%	(1-B/A)
F	Amount Collected	Rs. Crore	918.92	(Revenue collected for 2013-14 excluding arrears due prior to 2013-14 and E-tax for 2013-14) E-tax as per Form 2.1 a)
G	Collection Efficiency	%	98.61%	F/C
H	Units Realized	MU	1289.06	(B*G)
I	AT&C Loss Level	%	9.58%	(1-H/A)

- Owing to over achievement in AT&C loss target there will be an additional Return on Equity to the tune of 2.07%, as indicated in the Table below. The Hon'ble Commission is requested to consider the benefits in the True-up for FY 2013-14.

TABLE 6: IMPACT OF OVER ACHIEVEMENT IN AT&C LOSS TARGETS FOR FY 2013-14 (%)

S.No.	Particulars	FY 2013-14 for true up purpose
A	Target AT&C loss level for 2013-14	10.10%
B	Actual AT&C loss level for 2013-14	9.58%
C	Target AT&C loss level for 2012-13	10.35%
D	Additional Return on Equity (%)	2.07%

2.6. Power Purchase Quantum

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

TABLE 7: POWER PURCHASE QUANTUM FOR FY 2013-14 (MU)

S.No.	Particulars	Approved in Tariff Order dated July 31, 2013	Submission	Remarks
A	Power Purchase			
i	Gross Power Purchase Quantum	2824.17	2122.69	As per SLDC
ii	Power Sold to Other Sources	657.63	655.78	SLDC Data
iii	Net Power Purchase	2166.54	1466.90	i-ii
B	Transmission Loss			
i	Inter-State Transmission Loss	30.71	24.34	
ii	Intra-State Transmission Loss	18.35	16.87	
iii	Total Transmission Loss	49.06	41.21	i+ii
C	Net Power Available After Transmission Loss	2117.48	1425.69	B-A

The Net Power Available after Transmission Loss as approved in Tariff Order dated July 31, 2013 is 2117.48 MUs and the actual Net Power Available after Transmission Loss and surplus power sale is 1425.69 MUs as the Actual Power available through Dadri (CGS) was 724.37 MUs as compared to the approved 798.45 MUs and Actual Power available through PPS-III Bawana was 47.12 MUs as compared to the approved 722.97 MUs.

2.7. Short Term Power Purchase

NDMC has purchased power in short term through Bilateral, Inter-Discom Sale and Unscheduled Interchange as per following details:

TABLE 8: DETAIL OF SHORT TERM POWER PURCHASE

S. No.	Particulars	FY 2011-12		FY 2012-13		FY 2013-14	
		Energy (MU)	%	Energy (MU)	%	Energy (MU)	%
A	Bilateral	26.23				12.58	
B	Banking						
C	Exchange			16.55			
D	Intra State						
	Inter-Discom Sale			9.19		0.09	
E	Unscheduled Interchange					29.44	
F	Total	26.23		25.74		42.11	

2.8 Short Term Power Sales

NDMC has sold 655.78MUs Power in Short Term through Bilateral sale, sale through exchanges IEX and PXIL and Inter-Discom Transfers in the FY 2013-14 as per the table below:

TABLE 9: DETAIL OF SHORT TERM POWER SALES

S. No.	Particulars	FY 2011-12		FY 2012-13		FY 2013-14	
		Energy (MU)	%	Energy (MU)	%	Energy (MU)	%
A	Bilateral	310.8		669.01		18.93	
B	Banking						



C	Exchange					628.85	
	IEX					482.91	
	PXIL					145.94	
D	Intra State						
	Inter Discom Transfer					8.00	
E	Unscheduled Interchange			71.7			
F	Total	310.8		740.71		655.78	

Station wise power purchase quantum verified by SLDC is as follows:

TABLE 10: DETAIL OF POWER PURCHASE QUANTUM STATION WISE (MU) (VERIFIED BY SLDC)

S.No.	Stations	Petitioner Share
		(MU)
i	BTPS	635.41
ii	Dadri	724.37
iii	Rajghat	0.496
iv	Gas Turbine	1.136
v	Pragati-I	671.71
vi	CCGT Bawana	47.12
vii	Solar Power	0.33
	Grand Total	2080.57

2.9. Power Purchase Cost

NDMC purchased power from Dadri (CGS), BTPS, Pragati Station, Bawana TPP and other sources. The total power purchase cost of NDMC for FY 2013-14 consists of power purchase cost from various sources and transmission charges payable to PGCIL/DTL/SLDC, etc.

The variation in the approved and the actual power purchase expenses is on account of various reasons including, change in cost of power, change in quantum of power purchased, consequent changes in the transmission charges payable and the difference in the transmission charges considered by the Commission and the actual paid by NDMC.

TABLE 11: DETAILS OF POWER PURCHASE COST STATION WISE FOR FY 2013-14 (RS. CR)

S.No.	Stations	Petitioner Share	Total Cost	Average Rate	Remarks
		MU	Rs Cr	Rs./kWh	
1	2	3	4	5	6
A	State Generating Stations (SGS)				
	BTPS	635.41	692.51	5.09	
	Dadri (CSGS)	724.37			
	Rajghat	0.496	0.909	5.57	
	Gas Turbine	1.136			
	Pragati-I	671.71	307.23	4.27	
	CCGT Bawana	47.12			
	Total SGS				
B	Solar	0.33			
	Grand Total	2080.57	1000.90	4.81	H+I

The Hon'ble Commission is requested to allow the power purchase cost of Rs. 1000.90 Crores for FY 2013-14. The power purchase cost is calculated net of rebate.

2.10. Short Term Power Purchase

NDMC purchased short term power from Exchange, Unscheduled Interchange and other sources in FY 2013-14.

TABLE 12: DETAILS OF SHORT TERM POWER PURCHASE

S. No.	Particulars	FY 2012-13		FY 2013-14	
		Rate per Unit (Rs./kWh)	Amount (Rs. Cr)	Rate per Unit (Rs./kWh)	Amount (Rs. Cr)
A	Bilateral		9.2	4.92	6.23
B	Banking				
C	Exchange				
	IEX				
D	Intra State				
	IDT-I				
E	Unscheduled Interchange			0.61	1.78
F	Total				8.01



The Hon'ble Commission is requested to allow the Short Term Power Purchase Cost of Rs. 8.01 Crores for FY 2013-14. The short term power purchase cost is calculated net of rebate.

2.11 Short Term Power Sales

NDMC has sold surplus power through Short Term at Exchange, Bilateral, Unscheduled Interchange and other sources for Rs. 155.67 Crores in FY 2013-14.

TABLE 13: DETAILS OF SHORT TERM POWER SALES

S. No.	Particulars	FY 2012-13		FY 2013-14		
		Rate per Unit (Rs./kwh)	Amount (Rs. Cr)	Units (MU)	Amount (Rs. Cr)	Rate per Unit (Rs./kwh)
A	Bilateral	2.88	192.76	18.93	155.67	2.37
B	Banking			0.00		
C	Exchange			628.85		
	IEX			482.91		
	PXIL			145.94		
D	Intra State			0.00		
	Intra Discom Transfer			8.00		
E	Unscheduled Interchange	4.29	30.74			
F	Total		223.5	655.78	155.67	

2.12 Rebate on Power Purchase and Transmission Charges

With regard to rebate on Power Purchase and Transmission charges the MYT Regulations, 2011 states that:

“Distribution Licensee shall be allowed to recover the net cost of power it procures from sources approved by the Commission viz. Intra-state and Inter-state Trading Licensees, Bilateral Purchases, Bulk Suppliers, State generators, Independent Power Producers, Central generating stations, non-conventional energy generators, generation business of the Distribution Licensee and others, assuming maximum normative rebate available from each

source for payment of bills through letter of credit on presentation of bills for supply to consumers of Retail Supply Business.”

TABLE 14: DETAILS OF REBATABLE AND NON-REBATABLE AMOUNT (RS.CRORES)

S.No.	Company	Maximum Normative Rebate (in %)	Rebatable Amount	Non-Rebatable Amount	Total Amount Claimed Against FY 2013-14
A	NTPC	2	14.13	692.51	706.65
B	NHPC				
C	DVC				
D	SJVNL				
E	PGCIL	2	0.50	24.35	24.85
F	DTL	2	1.01	49.37	50.38

2.13 Trued up Power Purchase cost

TABLE 15: TRUED UP POWER PURCHASE COST FOR FY 2013-14 (RS. CRORE)

S.No.	Particulars	Submission	Approved in Tariff Order dated July 31, 2013
A	Power Purchase Cost	After deducting 2% rebate	(2% rebate subtracted from Approved cost)
i	Total Power Purchase Cost	1008.91	940.57
ii	Power Sold to Other Sources	155.67	257.789
iii	Net Power Purchase Cost	853.24	682.79
B	Transmission Charges		
i	Inter-State Transmission Charges	24.35	30.10
ii	Intra-State Transmission Charges	49.37	17.98
iii	Total Transmission Charges	73.72	48.08
C	Rebate		



i	Power Purchase Rebate @ 2%	17.41	13.93
ii	Rebate on Transmission Charges @ 2%	1.50	0.98
iii	Total Rebate	18.92	14.92
D	Net Power Purchase Cost including Rebate	926.96	730.86

NDMC has incurred Rs. 1008.91 Crores as the total Power Purchase Cost net of rebate inclusive of cost of power purchased from long term sources and short-term purchase.

2.14 Operation and Maintenance Expense

Operation and Maintenance (O&M) Expenses of NDMC consists of the following cost elements:

Employee Expenses

Administrative and General Expenses

Repairs and Maintenance Expenses

Employee Expenses comprises of Salaries, dearness allowances, Leave Travel Assistance, Earned Leave Encashment, Other allowances & Relief bonus and Honorarium/Overtime.

Administrative and General Expenses mainly comprises of rents, telephone and other communication expenses, professional charges, conveyance and travelling allowances, other debits.

Repair and Maintenance Expenses go towards day to day upkeep of distribution functions of NDMC and form an integral part of NDMC's efforts towards reliable and quality power supply to its consumers and reduction of losses in its system.

TABLE 16: O&M EXPENSES SUBMITTED (RS. CRORE)

S.No.	Particulars	Approved in Tariff Order dated July 31,2013	Submission	Remarks
A	Employee Expenses			
B	A&G Expenses			
C	R&M Expenses			
D	Gross O&M Expenses	151.14	151.14	A+B+C
E	Efficiency Factor (%)	2.0%	2.0%	
F	Less: Efficiency Improvement	3.02	3.02	D*E
G	SVRS Pension			
H	Net O&M Expenses	148.12	148.12	D-F+G

2.15 Other Expenses

Regarding the allocation of Civil Engineering Department expenses to electricity supply business; the Commission in its tariff order for NDMC for FY 2005-06 dated 02/11/2005 mentioned the following:

“..... As the exact details of the cost of the works carried out by the Civil

Engineering Department for Electricity Department are not available at this stage, the Commission, for the purpose of determination of ARR for FY 2005-06, has considered a Lump sum amount of Rs. 1000 Lakh on provisional basis towards this expenditure. 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.....”

Further to the above and in respect of allocation of the Administrative Department expenses, Commission in the same tariff order has mentioned the following:

“.....Thus, while 19% of total administrative department expenses have been considered to be allocated to electricity department, an amount”

Accordingly, NDMC has considered an allocation of 19% of the Administrative department expenses towards its electricity distribution business for FY 2013-14. The allocation of expenses

against this head comes out to be Rs. 143.54 Crores. The Hon'ble Commission is requested to approve the actual Administrative Expenses and Civil Engineering Department Expenses of Rs.143.54 Crores for FY 2013-14 for the electricity business of NDMC.

TABLE 17: OTHER UNCONTROLLABLE COSTS/EXPENSES SUBMITTED BY PETITIONER (RS. CRORE)

S.No.	Particulars	Submission	Remarks
1	Allocation of Administrative and Civil Engineering Expenses	143.54	As per Calculations based on NDMC Budget Book 2014-15

2.16 Non - Tariff Income

NDMC has considered the non-tariff income from the sale of electricity as per actuals of FY 2013-14. NDMC request the Hon'ble Commission to approve Non-Tariff Income of Rs. 6.89 Crores for FY 2013-14.

TABLE 18: NON-TARIFF INCOME SUBMITTED FOR FY 2013-14 (RS. CRORE)

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



N	Total	6.89	
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*Other receipts includes bank charges and sundry

2.17 Capital Expenditure and Capitalisation

NDMC has considered the opening value of Gross Fixed assets (GFA), Capitalisation during the year, De-Capitalisation for FY 2013-14 same as that approved by the Hon'ble Commission in its tariff order. Actual capital expenditure and capitalization has been considered to arrive at the Gross fixed assets of the year. Opening fixed assets, Capitalisation during the year, De-Capitalisation and closing fixed assets for the year on actual basis has been given in the table below:

TABLE 19: GROSS FIXED ASSETS FY 2013-14 (RS. CRORE)

S. No.	Particulars	Submission	Remarks
A	Opening GFA (as per Tariff Order dated 31 July, 2013)	1086.94	
B	Capitalisation during the year	9.56	
C	De-Capitalisation		
D	Closing GFA	1096.50	A+B-C
E	Average GFA	1091.72	(A+D)/2

2.18 Approved Financing of new Investment Capitalised

NDMC has considered Approved financing of new investment capitalised in FY 2013-14; Capitalisation, Consumers Contribution, Balance- Capitalisation , Equity and Debt.

TABLE 20: APPROVED FINANCING OF NEW INVESTMENT CAPITALIZED IN FY 2013-14 (RS. CRORE)

S.No.	Particulars	Submission	Remarks
A	Capitalisation	9.56	
B	Consumers Contribution	8.34	NDMC Budget book 2014-15
C	Balance Capitalisation	1.22	A-B
D	Equity	0.37	30% of C
E	Debt	0.85	70% of C

2.19 Consumer's Contribution

NDMC has taken into account Consumer's Contribution by Opening balance for FY 2013-14, Additions during the years and closing balance as per table below:

TABLE 21: CONSUMER'S CONTRIBUTION FOR FY 2013-14 (RS. CRORE)

S. No.	Particulars	Submission
A	Opening Balance	2.63
B	Additions during the year	8.34
C	Closing Balance	10.97
D	Average Consumers Contribution	5.49

The Average Consumer's Contribution comes out to be Rs.5.49 Crores in FY 2013-14.

2.20 Depreciation

Depreciation is charged on the basis of straight-line method, on the average Gross Fixed Assets at the beginning and at the end of each year. The depreciation is based on the original cost, estimated life and residual life. Depreciation for the control period is determined by applying depreciation rate as approved by the Hon'ble Commission in its tariff order for the control period. As per the methodology adopted by the Hon'ble Commission, depreciation has been computed at 3.6% of average GFA during the year. The Table below summarizes the depreciation claimed by NDMC.

TABLE 22: COMPUTATION OF AVERAGE RATE OF DEPRECIATION FOR FY 2013-14 (RS. CRORE)

S.No.	Particulars	Submission	Remarks
A	Opening GFA as per audited accounts	1086.94	
B	Closing GFA as per audited accounts	1096.50	
C	Average of GFA	1091.72	(A+B)/2
D	Depreciation as per audited accounts	39.30	
E	Average Depreciation Rate	3.60%	(D/C)*100

The Depreciation as per audited accounts comes out to be Rs. 39.30 Crores with Average Depreciation Rate as 3.60% for FY 2013-14.

2.20.1 Depreciation for FY 2013-14

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

TABLE 23: DEPRECIATION FOR FY 2013-14 (RS CRORE)

S.No.	Particulars	Submission	Remarks
A	Average GFA	1091.72	
B	Average Consumer Contribution	5.49	
C	Average Assets net of consumer contribution	1086.24	A-B
D	Average Depreciation Rate as above	3.60%	
E	Depreciation	39.10	C*D

2.21 Cumulative Depreciation on Fixed Asset

The Closing balance of Cumulative Depreciation is Rs.438.87 Crores with Rs.39.10 Crores addition during FY 2013-14.

TABLE 24: CUMULATIVE DEPRECIATION ON FIXED ASSETS AT THE END OF FY 2013-14 (RS. CRORE)

S.No.	Particulars	Submission	Remarks
A	Opening Balance of Cumulative Depreciation	399.77	
B	Addition during FY 2013-14	39.10	
C	Impact of decapitalization		
D	Closing balance of Cumulative Depreciation	438.87	A+B-C

2.22 Utilisation of Depreciation for FY 2013-14

TABLE 25: UTILISATION OF DEPRECIATION FOR FY 2013-14 (RS. CRORE)

S.No.	Particulars	Submission	Remarks
A	Depreciation for FY 2013-14	39.10	
B	Depreciation utilized for Debt repayment in FY 2013-14		

The Depreciation is not being utilized for Debt Repayment in FY 2013-14.

2.23 Working Capital

The Hon'ble Commission has specified the norms for determining working capital requirement for the Distribution Licensee in its MYT Regulation 2011 of the second control period. NDMC has calculated the same as per the norms specified in the MYT Regulations. For calculation of the working capital requirement actual net power purchase expenses for the one month, receivables for the two months and actual O&M expenses for one month of electricity business of NDMC has been considered. Based on the norms specified, working capital requirement is computed below:

TABLE 26: WORKING CAPITAL REQUIREMENT FOR FY 2013-14 (RS. CRORE)

S.No.	Particulars	Submission	Remarks
1	2	3	4
A	Receivables from sale of electricity	935.52	
B	Receivables equivalent to 2months of revenue from sale of electricity	155.92	(A/12)*2
C	Net Power Purchase Expenses (inclusive Transmission Charges)	926.96	
D	Less: One month Power Purchase Expenses (including Transmission charges)	77.25	C/12
E	Total	78.67	B-D
F	Less: Opening Working Capital	101.59	
G	Change in Working Capital for FY 2013-14	-22.92	E-F



The change in Working Capital as per the computation above comes out to be Rs. -22.92 Crores in FY 2013-14.

2.24 Debt and Equity

The Average of Debt and Equity has been computed below taking into consideration the Additions based on Capitalisation during the year, Impact of De-capitalisation, Change in Working Capital during the FY 2013-14

TABLE 27: DEBT AND EQUITY FOR FY 2013-14 (RS. CRORE)

S.No.	Particulars	Equity	Debt	Remarks
A	Opening Balance	326.08		
B	Additions based on Capitalisation during the year	2.87		
C	Less: Impact of Decapitalisation			
D	Add: Change in Working Capital for FY 2013-14	-22.92		
E	Closing Balance	306.03		A+B-C+D
F	Average	316.06		(E+A)/2

2.25 Regulated Rate Base (RRB)

The Regulated Rate Base and Return on Capital Employed have been computed below for FY 2013-14.

TABLE 28: REGULATED RATE BASE AND ROCE FOR FY 2013-14 (RS. CRORE)

S. No.	Particulars	Submission	Remarks
A	Opening Balance of Original Cost of Fixed Assets	1086.94	
B	Opening Balance of Working Capital	101.59	
C	Accumulated Depreciation	399.77	
D	Accumulated Consumers contributions	2.63	
E	RRB Opening	786.13	A+B-C-D
F	Investments capitalised	9.56	
G	Depreciation	39.10	(i+ii)-(iii+iv+v+vi)

H	Consumers Contribution	8.34	
I	Change in Working Capital	-22.92	
J	Closing RRB	725.33	E+F-G-H+I
K	ΔAB (Change in Regulated Base)	-41.86	
L	RRB considered for RoCE of FY 2013-14	744.27	

2.26 Weighted Average Cost of Capital (WACC)

The Weighted Average Cost of Capital (WACC) has been computed based on the Cost of Debt corresponding to the Debt amount and Return on Equity corresponding to the Equity amount.

TABLE 29: WEIGHTED AVERAGE COST OF CAPITAL FOR FY 2013-14

S.No.	Particulars	Submission	Remarks
A	Average Debt (Rs Cr)	520.99	
B	Average Equity (Rs Cr)	223.28	
C	Total	744.27	A+B
D	Cost of Debt	11.50%	
E	Return on Equity	16.00%	
F	Weighted Average Cost of Capital	12.85%	$((A*D)+(B*E))/C*100$

2.27. Return on Capital Employed (RoCE)

NDMC submits before the Hon'ble commission that capital expenditure incurred by it for creation of assets has been entirely incurred through its budgetary support and internal accruals. It has not used any type of loan for creation of assets. NDMC has considered normative debt-equity ratio of 70:30 for calculating RoCE. The Rate of Return on Equity for the first control period is kept at 16% as per the Terms and Conditions MYT Regulation 2011. Rate of Return on the Debt for first control period is kept at the same level as approved by the Commission in its MYT tariff order for the first control period. Detailed calculation of Regulated Rate Base, Change in Working Capital, Weighted average cost of capital (WACC) leading up to estimation of RoCE is shown in the table below:

TABLE 30: RETURN ON CAPITAL EMPLOYED FOR FY 2013-14 (RS. CRORE)

S.No.	Particulars	Submission	Remarks
A	Weighted Average Cost of Capital (WACC)	12.85%	
B	RRB (i)	744.27	
C	RoCE	95.64	A*B
D	Additional RoE if applicable	2.07%	
E	AT&C Loss reduction incentive on equity	4.61	(B*30%)*D
F	Total Return (RoCE + Incentive)	100.25	C+E

2.28. Income Tax

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

TABLE 31: INCOME TAX FOR FY 2013-14 (RS. CRORE)

S.No.	Particulars	Submission	Remarks
A	Average RRB	755.73	
B	Average Equity	223.28	
C	Average Debt	520.99	
D	% of Equity	29.55%	B/A*100
E	RRB (i)	744.27	
F	Equity considered for Income Tax	219.90	F=E*D
G	Rate of Return on Equity	18.1%	
H	Return on Equity	39.73	H=F*G
I	Income Tax Rate	33.99%	I
J	Income Tax	20.46	J=(H/(1-I))-H

2.29 Aggregate Revenue Requirement approved in the Truing up for FY 2013-14

NDMC submits before the Hon'ble Commission the Aggregate Revenue Requirement for FY 2013-14.

TABLE 32: AGGREGATE REVENUE REQUIREMENT FOR 2013-14 (RS. CRORE)

S.No.	Particulars	MYT Order July 2012 (Table 64 of T.O. 2013-14)	FY 2013-14	Remarks
A	Purchase of power including transmission and SLDC Charges	730.69	926.96	
B	O&M	151.14	148.12	
C	Other Expenses/ Statutory Levies	45.37	143.54	Allocation of Administrative and Civil Engineering Expenses
D	Depreciation	39.7	39.10	
E	Return on Capital Employed (RoCE)	102.82	100.25	
F	Income Tax		20.46	
G	Sub-total	1069.72	1378.43	A+B+C+D+E+F
H	Less: Non-tariff income	21.41	6.89	
I	Less: Interest on CSD		0.00	
J	Aggregate Revenue Requirement	1048.31	1371.54	G-H-I
K	Add: Impact of DERC/ APTEL/ High/ Supreme Court Judgements			
L	Net Aggregate Revenue Requirement	1048.31	1371.54	J+K

The Aggregate Revenue Requirement for FY 2013-14 is Rs. 1371.54 Crores against Rs.1048.31 as per MYT order July 2012 (Table 64 of T.O. 2013-14).The Hon'ble Commission is requested to allow the Net Aggregate Revenue Requirement of Rs 1371.54 Crores for FY 2013-14 and allow the Average Revenue requirement accordingly.

2.29.1. Revenue available towards ARR

The Revenue available towards ARR comes out to be Rs. 918.92 Crores for FY 2013-14.

TABLE 33: REVENUE AVAILABLE TOWARDS ARR (RS. CRORE)

S.No.	Particulars	Submission	Remarks
A	Total Amount Realized	918.92	(Excluding LPSC and E-tax)
B	Less: Electricity Duty		
C	Revenue Available for Expenses	918.92	

2.29.2. Revenue (Gap) / Surplus

During FY 2013-14, Aggregate revenue requirement for the electricity business is Rs. 1363.53 Crores. NDMC's actual revenue from sale of power amounted to Rs 918.92 Crores. NDMC submits that the overall gap based on the actual expenses and revenue during FY 2013-14 is Rs.444.61 Crores. The same is provided in the table below:

TABLE 34: REVENUE (GAP)/ SURPLUS FOR 2013-14 (RS. CRORE)

S.No.	Particulars	MYT Order July 2012	Submission	Remarks
A	ARR for FY 2013-14	1048.31	1371.54	
B	Revenue available towards ARR	920.91	918.92	
C	Revenue (Gap)/ Surplus	(127.40)	(452.62)	A-B



Review of ARR for FY 2014-15 and Aggregate Revenue Requirement for FY 2015-16

3.1 Background

NDMC is filing petition for review of ARR for FY 2014-15 as per the DERC MYT Regulations, 2011 issued by the Hon'ble Commission for the second control period. In compliance of this regulatory obligation, NDMC is filing this petition for review of ARR for FY 2014-15 and corresponding determination of tariff for FY 2015-16.

3.2 Energy Sales

The energy sales for the FY 2014-15 have been estimated as per the sales approved by the Hon'ble Commission. The energy sales for the FY 2015-16 have been projected at a 3 year CAGR for different consumer categories. NDMC expects the energy sales to DMRC will rise up to 41.10 MUs in 2015-16. For the year 2014-15 and FY 2015-16 the energy sales in the licensed area has been projected at 1337.15 MUs and 1375.19 MUs respectively. In order to provide reliable and quality power to the key installations in the licensed area, the Petitioner requests the Commission to kindly approve the same. The estimated category wise sales for FY 2014-15 based on sales approved by the Hon'ble Commission for 2014-15 and projected category wise sales FY 2015-16 are given in the table below:

TABLE 35: CATEGORY WISE ENERGY SALES (MU)

S. No.	Category	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	3 year CAGR	FY 2015-16
		Actual	Actual	Actual	Actual	Actual	Actual	Actual	(Estd)		
A	Domestic	220.0	208.98	223.41	239.13	243.89	259.01	251.62	265.43	1.71%	269.97
B	Non-Domestic	850.9	839.916	902.086	944.41	961.47	975.5	1001.11	1025.67	1.96%	1045.80
C	Industrial	0.32	0.27	0.35	0.32	0.31	0.26	0.21	0.21	-13.10%	0.18
D	Public Lighting	7.63	8.73	9.19	8.37	12.95	8.21	8.32	8.32	-0.20%	8.30
E	DMRC	-	-	-	-	20.23	38.7	36.23	18		41.1
F	Others	4.08	6.50	7.08	9.50	7.69	9.53	9.74	9.75	0.84%	9.83
	Total	1083.0	1064.40	1142.12	1201.73	1246.5	1291.25	1307.23	1337.15	2.84%	1375.19

3.2.1. Revenue in FY 2015-16 at Existing Tariff

The revenue for FY 2014-15 and FY 2015-16 has been estimated at current tariff with proportionate changes in revenue for revised sales projected in this petition for these years. Revenue from sale of power for the FY 2014-15 and FY 2015-16 is as given in the table below:

TABLE 36: REVENUE FROM SALE OF POWER (RS. CRORE)

S. No.	Category	FY 2014-15 (Estimated)	FY 2015-16 (Projected)
1	2	3	4
A	Domestic	126.05	128.21
B	Non- Domestic	801.18	816.91
C	Industrial	0.13	0.11
D	Public Lighting	6.18	6.17
E	DMRC	10.36	23.66
F	Others	2.88	2.91
	Total	946.79	977.96

3.3 A T & C Losses

NDMC has projected the transmission and distribution losses for 2014-15 and 2015-16 at the same level as the actual T&D losses for 2013-14. NDMC has projected the collection efficiency at 100% as projected in the 2nd MYT Order by the Hon'ble Commission. The table below highlights the comparison of AT&C losses of NDMC approved by the Hon'ble Commission and projected by the NDMC.

TABLE 37: AT&C LOSSES

S.No.	Particulars	Approved in 2nd MYT Order	2014-15 (Estimated)	2015-16 (Projected)
A	T&D Losses	9.85%	8.31%	8.31%
B	Collection Efficiency	100%	100%	100%
C	AT&C Loss	9.85%	8.31%	8.31%

The Hon'ble Commission is requested to allow the projected AT&C losses of 8.31% for FY 2014-15 and FY 2015-16 and accordingly approve the power purchase requirement and revenue from sale of energy.

TABLE 38: IMPACT OF OVER-ACHIEVEMENT OF AT&C LOSS

S.No.	Particulars	FY 2014-15
A	Target AT&C loss level for 2014-15	9.85%
B	Actual AT&C loss level for 2014-15	8.31%
C	Target AT&C loss level for 2013-14	10.10%
D	Additional Return on Equity (%)	6.16%

NDMC requests the Hon'ble Commission to approve the estimated additional RoE of 6.16% for over achievement of AT&C loss reduction beyond the AT&C target set by the Hon'ble Commission for 2014-15.

3.4 Energy Requirement & Energy Balance

NDMC has considered the quantum of Power purchase from different sources for FY 2014-15 and FY 2015-16 as per the anticipated details of scheduled power purchase for FY 2014-15 provided by Delhi SLDC. The interstate and intrastate transmission losses have been considered at 3.36% and 0.95% respectively for FY 2014-15 and FY 2015-16. The energy balance for NDMC is as follows:

TABLE 39: ENERGY BALANCE

S. No.	Particulars	UoM	FY 2013-14 (Actual)	FY 2014-15 (Estimated)	FY 2015-16 (Projected)
1	2	3	4	5	6
A	Energy Availability				
i	Total Energy Available (excluding BTPS, SGS TOWMCL & Solar)	MU	724.37	664.89	664.89
ii	Inter-State Transmission Losses	%	3.36%	3.36%	3.36%
		MU	24.34	22.34	22.34
iii	Energy available from BTPS and SGS	MU	1355.87	1272.69	1272.69



iv	Short Term Purchase	MU	12.67	10.59	0.00
v	Surplus Power Sold	MU	655.78	478.26	426.12
vi	Energy available at State Transmission Periphery	MU	1412.79	1447.56	1489.13
vii	UI Purchase	MU	29.44	0.00	0.00
viii	Net Energy Available at State	MU	1442.23	1447.56	1489.13
B	Energy Requirement				
i	Energy Sales	MU	1307.23	1337.15	1375.19
ii	Distribution Loss	%	8.31%	8.31%	8.31%
		MU	118.46	121.17	124.62
iii	Energy injected from RE source at DTL	MU	0.33	24.51	24.83
iv	Energy requirement at distribution periphery	MU	1425.69	1458.32	1499.80
v	Intra-State Transmission Loss	%	1.17%	0.95%	0.95%
		MU	16.87	13.75	14.15
vi	Energy requirement at Transmission periphery	MU	1442.23	1447.56	1489.13
C	Surplus Energy	MU	655.78	478.26	426.12

The Energy requirement for NDMC for FY 2015-16 based on the energy balance for 2014-15 and 2015-16 after computing the inter and intra state transmission loss is as follows:

TABLE 40: ENERGY REQUIREMENT

S.No.	Particulars	Unit	Energy Requirement FY 2014-15	Energy Requirement FY 2015-16	Remarks/ Reference
A	Energy Sales	MU	1337.15	1375.19	
B	Distribution Loss	%	8.31%	8.31%	
C	Energy Requirement	MU	1458.32	1499.80	A/(1-B)
D	Distribution Loss	MU	121.17	124.62	C-A

The Hon'ble Commission is also requested to consider the energy balance as shown above for FY 2014-15 and FY 2015-16 and accordingly approve the power purchase cost.

3.5 Power Purchase

NDMC has allocations of power from thermal power plants Dadri TPS, Rajghat Power House, IPGCL Gas Turbine and Pragati Stations. The rate of power purchase for 2014-15 and 2015-16 has been kept same as actual rate of power purchase for 2013-14 determine the annual power purchase cost for the year 2014-15 and 2015-16.

NDMC has entered into PPA with Ministry of Environment for 930kWp solar power project at roof top of Indira Paryavaran Bhavan at Aliganj, Jorbagh for a period of 25 years and procurement of 6.5 MW green power from Timarpur Okhla Waste Management Company Pvt Limited through Mittal Processor Private Limited. The total power purchase cost of NDMC for FY 2014-15 and FY 2015-16 consists of power purchase cost from various sources and the transmission charges payable to PGCIL/DTL and other charges payable to SLDC/RLDC.

TABLE 41: POWER PURCHASE COST FROM VARIOUS SOURCES (CALCULATED AS NET OF REBATE)

S.N o.	Stations	FY 2014-15			FY 2015-16		
		Energy (MU)	Cost (Rs. Crore)	Avg Rate (Rs./kWh)	Energy (MU)	Cost (Rs. Crore)	Avg Rate (Rs./kWh)
I	BTPS	598.84	650.03	5.14	598.84	650.03	5.14
li	Dadri*	664.89			664.89		
lii	Rajghat	0.496	0.92	5.63	0.496	0.92	5.63
iv	Gas Turbine	1.14			1.14		
v	Pragati-I	545.03	290.18	4.32	545.03	290.18	4.32
vi	PPS -III Bawana	127.186			127.186		
A	Gross Power Purchase	1937.582	941.13	4.86	1937.58	941.13	4.86
I	Power from Solar	1.26	0.97	7.72	1.58	1.22	7.72
li	Power from Waste to Energy	23.25	9.88	4.25	23.25	9.88	4.25
B	Power from RE	24.51	10.85	4.43	24.83	11.10	4.47
C	Grand Total	1962.09	951.98	4.85	1962.41	952.23	4.85

NDMC estimates an increase in rate of power purchase from long term sources for the FY 2014-15 at a rate of 1%. NDMC has projected the same rate of power purchase cost for FY

2015-16. The Hon'ble Commission is requested to allow the power purchase cost of Rs. 951.98 Crores and Rs. 952.23 Crores for FY 2014-15 & FY 2015-16 respectively. The power purchase quantum in terms of MUs is computed on pro-rated basis for 2014-15 and the same quantum is considered for long term sources for FY 2015-16. The power purchase cost is calculated net of rebate.

3.6 Short Term Power Purchase

NDMC has calculated the Short-term power purchase for 2014-15 as per the pro-rated purchase for 2014-15. However, NDMC has not considered purchase of power from other sources under short-term arrangement for 2015-16. In case of excess demand, NDMC may first utilize the quantum of Banked Energy and in case of further shortage they may purchase from Bilateral/Exchange etc. so as to keep the short term power purchase cost at minimum level.

TABLE 42: SHORT TERM POWER PURCHASE

S. No.	Source	For 2014-15		
		Energy Purchase Projection	Cost Per Unit	Total Cost
		MU	Rs./Unit	Rs. Crore
1	2			
A	Bilateral			
B	Banking	-4.66		0.37
	J&K	7.47	0.35	0.26
	TRIPURA	3.17	0.35	0.11
	ASSAM	-15.30		0.00
C	Exchange	15.25	6.23	9.50
D	Intra State			
E	Unscheduled Interchange			
	Total	10.59		9.87

3.7 Transmission Losses and Charges

NDMC has pro-rated the transmission charges for 2014-15 based on actual payments made up to January 2015. The transmission charges for 2015-16 have been projected at an increased rate of 5% with respect to transmission charges calculated for 2014-15. The cost is calculated net of rebate.

TABLE 43: TRANSMISSION LOSSES AND CHARGES (CALCULATED AS NET OF REBATE)

S.No.	Particulars	2014-15	FY 2015-16	Remarks
1	2	3	4	5
A	Transmission Losses (MU)			
i	Inter-State Transmission (MU)	22.34	22.34	3.36%
ii	Intra-State Transmission (MU)	13.75	14.15	0.95%
iii	Total Transmission Losses (MU)	36.09	36.49	
B	Transmission Charges (Rs. Crore)			
i	Inter-State Transmission * (Rs. Crore)	24.85	26.09	
ii	Intra- State Transmission ** (Rs. Crore)	60.33	63.35	
iii	Total Transmission Charges (Rs. Crore)	85.18	89.44	

*including Open Access Charges

**including SLDC

3.8 Sale of Surplus Power

NDMC has projected the rate of sale of surplus power at Rs.4/kWh for FY 2014-15 as per the rate of sale of surplus power as approved by the Hon'ble Commission for 2014-15 and Rs. 4.20/kWh for FY 2015-16. NDMC has projected an increase of 5% on rate of surplus power sale for 2014-15 for calculation of rate of surplus power sale for 2015-16. The following table represents the rate of sale of surplus power for 2014-15 and 2015-16:

TABLE 44: SALE OF SURPLUS POWER

S.No.	Particulars	2014-15			2015-16		
		Surplus Energy (MU)	Average Sale Price (Rs./kWh)	Total Cost (Rs. Crore)	Surplus Energy (MU)	Average Sale Price (Rs./kWh)	Total Cost (Rs. Crore)
1	2	3	4	5=3*4	6	7	8=6*7
A	Bilateral	478.26	4.00	191.31	426.12	4.20	178.97
B	Banking						
C	Exchange						
D	Intra State						
E	Unscheduled Interchange						
	Total	478.26	4.00	191.31	426.12	4.20	178.97

3.8. Rebate on Power Purchase and Transmission Charges

The rebate is calculated at the rate of 2% owing to prompt payments made by NDMC towards Power Purchase cost and Transmission Charges.

TABLE 45: REBATE ON POWER PURCHASE AND TRANSMISSION CHARGES

S.No.	Particulars	Amount (Rs. Crore) FY 2014-15	Amount (Rs. Crore) FY 2015-16
A	Power Purchase		
i	Cost of Power Purchased	971.41	971.66
ii	Rate of Rebate (%)	2%	2%
iii	Net Power Purchase Cost	951.98	952.23
B	Transmission		
i	Cost of Transmission	86.92	91.26
ii	Rate of Rebate (%)	2%	2%
iii	Net Transmission Cost	85.18	89.44



TABLE 46: TOTAL POWER PURCHASE COST (CALCULATED AS NET OF REBATE)

S.No.	Source	Quantity (MU) FY 14-15	Amount (Rs. Crore) FY 14-15	Average Cost (Rs./kWh) FY 14-15	Quantity (MU) FY 15-16	Amount (Rs. Crore) FY 15-16	Average Cost (Rs./kWh) FY 15-16
A	*Power Purchase from NTPC (including Dadri and BTPS)	1263.73	650.03	5.14	1263.73	650.03	5.14
B	*Inter-State Loss	22.34	24.85		22.34	26.09	
C	Power Available at Delhi Periphery	1241.39			1241.39		
D	*Power Purchase from SGS (including Renewable)	698.36	301.95	4.32	698.36	302.20	4.33
E	*Intra-State Loss and Charges including SLDC Charges	13.75	60.33		14.15	63.35	
F	Short Term Power Purchase	10.59	9.87				
G	Power Available to DISCOM	1936.58			1925.61		
H	Sales	1337.15			1375.19		
I	Distribution Loss	8.31%			8.31%		
J	Required Power for the DISCOM	1458.32			1499.80		
K	Surplus Power Available at DISCOM boundary	478.26	191.31	4.00	426.12	178.97	4.20
L	Additional Cost on RPO		9.42			12.76	
M	Less: Power Purchase Rebate		19.43			19.43	
N	Less: Rebate on Transmission Charges		1.74			1.83	
O	Net Power Purchase Expense including Transmission Charges and RPO		865.14			875.45	

*Calculated net of rebate



The Hon'ble Commission is requested to allow the net power purchase cost of Rs. 865.14 Crores for 2014-15 and Rs. 875.45 Crores for FY 2015-16.

3.9 Renewable Power Purchase Obligation (RPO)

3.9.1 Solar

NDMC has entered into PPA between Ministry of Environment and NDMC for 930 kWp solar power project at roof top of Indira Paryavaran Bhavan at Aligung, Jorbagh for a period of 25 years. Plant has generated 1.26 MU of energy in the FY 2014-15 (on pro-rated basis). NDMC has an overall Solar RPO target of 4.13 MU for 2015-16. Thus to meet the required target of Solar RPO NDMC would require Solar REC equivalent to 2.08MU for 2014-15 and 2.55 MU for 2015-16. This would require Rs 0.97 Cr for 2014-15 and Rs. 1.19 Cr for 2015-16 assuming an average rate of Rs 4.65 per Solar REC(as per CERC). The solar generation for 2015-16 has been escalated at 5% with reference to solar generation considered in 2014-15.

TABLE 47: COST OF REC PURCHASE FOR MEETING SOLAR RPO

S.No.	Particulars	UoM	FY 2014-15	FY 2015-16
1	2	3	4	5
A	Energy Sales	MU	1337.15	1375.19
B	RPO target- Solar	%	0.25%	0.30%
C	RPO target- Solar	MU	3.34	4.13
D	Availability from Solar	MU	1.26	1.58
E	Required to be met through RECs	MU	2.08	2.55
F	REC rate	Rs./kWh	4.65	4.65
G	Cost for REC purchase	Rs. Crore	0.97	1.19

3.9.2. Non-solar

NDMC has been procuring 6.5 MW green power from Timarpur Okhla Waste Management Company Pvt. Limited through Mittal Processor Private Limited. The Table below shows that

the cost of REC purchase to meet the non-solar RPO target through REC will be Rs. 8.45 Crores for 2014-15 and Rs 11.57 Crores for 2015-16.

TABLE 48: COST OF REC PURCHASE FOR MEETING NON-SOLAR RPO

S.No.	Particulars	UoM	FY 2014-15	FY 2015-16
1	2	3	4	5
A	Energy Sales	MU	1337.15	1375.19
B	RPO target- Non-Solar	%	5.95%	7.30%
C	RPO target- Non-Solar	MU	79.56	100.39
D	Availability from Non-Solar	MU	23.25	23.25
E	Required to be met through RECs	MU	56.31	77.14
F	REC rate	Rs./kWh	1.5	1.5
G	Cost for REC purchase	Rs. Crore	8.45	11.57

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

3.10 Operation & Maintenance Expenses

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

TABLE 49: O&M EXPENSES (RS. CRORE)

S.No.	Particulars	FY 2014-15	FY 2015-16	Remarks
1	2	3	4	5
A	O&M Expenses			
i	Employee Expenses			
ii	A&G Expenses			
iii	R&M Expenses			a*b
a	Opening GFA			
b	K Factor			

B	Gross O&M Expenses	151.14	151.14	(i+ii+iii)
C	Efficiency Factor (%)	4%	4%	
D	Efficiency Improvement	6.05	6.05	B*C
E	Add: SVRS Pension			
F	Net O&M Expenses	145.09	145.09	B-D+E

3.11. Administrative Expenses and Civil Engineering Department Expenses

Regarding the allocation of Civil Engineering Department expenses to electricity supply business; the Commission in its tariff order for NDMC for FY 2005-06 dated 02/11/2005 mentioned the following:

“..... As the exact details of the cost of the works carried out by the Civil Engineering Department for Electricity Department are not available at this stage, the Commission, for the purpose of determination of ARR for FY 2005-06, has considered a Lump sum amount of Rs. 1000 Lakh on provisional basis towards this expenditure. 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.....”

Since NDMC is yet to segregate the expenses shared by its Civil Engineering Department on account of electricity distribution business, hence NDMC requests the Hon’ble Commission to consider the amount of Rs. 10 Crore against this head for FY 2014-15 and FY 2015-16 as per the amount approved by the Hon’ble Commission in the MYT Order for the second control period.

Further to the above and in respect of allocation of the Administrative Department expenses, the Hon’ble Commission in the same tariff order has mentioned the following:

“.....Thus, while 19% of total administrative department expenses have been considered to be allocated to electricity department, an amount”

Accordingly, NDMC has considered an allocation of 19% of the salary head of its Administrative department towards its electricity distribution business. The Administrative Expenses and Civil Engineering Department Expenses for FY 2014-15 and 2015-16 are considered as per the amount approved by the Hon’ble Commission in the MYT Order for the second control period.

TABLE 50: ADMINISTRATIVE AND CIVIL ENGINEERING DEPARTMENT EXPENSES (RS. CRORE)

S.No.	Particulars	FY 2014-15	FY 2015-16
1	Civil Engineering Department expenses	10.00	10.00
2	Administrative department expenses	35.37	35.37
3	Administrative and Civil Engineering Department	45.37	45.37

3.12. Capital Asset and Capitalisation

NDMC has considered the Capital expenditure and Capitalization as approved by the Commission in its order for the FY 2014-15 and an increase of 5% in these has been proposed for the FY 2015-16.

TABLE 51: CAPITAL EXPENDITURE AND CAPITALIZATION (RS. CRORE)

S. No.	Particulars	FY 2014-15	FY 2015-16
A	Capital Expenditure	11.43	12.00
B	Capitalisation	14.56	15.29

3.13. Consumer Contribution

NDMC has not taken into consideration any addition in consumer contribution for the FY 2014-15 and FY 2015-16. For the FY 2014-15 and FY 2015-16 NDMC requests the Hon'ble Commission to consider an amount of Rs 10.97 Crore towards average Consumers Contribution.

TABLE 52: CONSUMER'S CONTRIBUTION (RS. CRORE)

S. No.	Particulars	FY 2014-15	FY 2015-16
A	Opening Balance	10.97	10.97
B	Additions during the year	0.00	0.00
C	Closing Balance	10.97	10.97
D	Average Consumers Contribution	10.97	10.97

3.14. Depreciation

Depreciation is charged on the basis of straight-line method, on the average Gross Fixed Assets based on Gross fixed assets at the beginning and at the end of the financial year. The depreciation is based on the original cost, estimated life and residual life. Depreciation for FY 2014-15 and FY 2015-16 is determined by applying depreciation rate as approved by the Hon'ble Commission in its tariff order for the second control period. As per the methodology adopted by the Hon'ble Commission, depreciation has been computed at 3.6 % of average GFA during the year. The Table below summarizes the depreciation claimed by NDMC.

TABLE 53: DEPRECIATION (RS. CRORE)

S.No.	Particulars	FY 2014-15	FY 2015-16
1	2	3	4
A	Gross Fixed Assets (GFA)		
i	Opening Balance	1096.50	1111.06
ii	Additions during the year	14.56	15.29
iii	Closing Balance	1111.06	1126.35
B	Consumers Contribution		
iv	Opening balance	10.97	10.97
v	Additions during the year	0	0
vi	Closing Balance	10.97	10.97
C	Grants		
vii	Opening balance		
viii	Additions during the year		
ix	Closing Balance		
D	GFA Net of Consumers Contribution and Grants		
x	Opening balance	1085.53	1100.09
xi	Closing Balance	1100.09	1115.38
xii	Average Balance	1092.81	1107.74
E	Average Rate of Depreciation	3.60%	3.60%
F	Depreciation	39.34	39.88

3.15. Means of Finance for New Investment

NDMC means of finance has been through internal accruals, which is reflected in the Table below for Hon'ble Commission's consideration.

TABLE 54: MEANS OF FINANCE (RS. CRORE)

S. No.	Particulars	2014-15	2015-16	Remarks
1	2	3	4	5
A	Capitalisation during the year	14.56	15.29	
B	Means of Finance			
i	Consumers Contribution	0.00	0.00	
ii	Grants			
iii	Internal Accruals	14.56	15.29	
iv	Debt			

3.16. Working Capital

The Hon'ble Commission has specified the norms for computing working capital requirement for the Distribution Licensee in its MYT Regulation, 2011 for the second control period. NDMC has calculated the same as per the norms specified in the DERC MYT Regulations, 2011. For calculation of the working capital receivables for two months and power purchase expenses for one month have been taken into account. Wheeling charges are not applicable in the case of NDMC. The norm used and calculation of working capital for FY 2014-15 and 2015-16 is as follows:

TABLE 55: WORKING CAPITAL (RS. CRORE)

S.No.	Particulars	2014-15	2015-16	Remarks
1	2	3	4	5
A	Receivables from wheeling charges and sale of electricity	946.79	977.96	
B	Receivables equivalent to 2months of revenue from wheeling charges and sale of electricity	157.80	162.99	(A/12)*2
C	Net Purchase Expenses (inclusive Transmission Charges)	865.14	875.45	
D	Less: One month Power Purchase Expenses (including Transmission charges)	72.10	72.95	C/12



E	Less: Wheeling Charges for Two Months			NA
F	Total Working Capital	85.70	90.04	B-D-E
G	Less: Opening Working Capital	78.67	85.70	
H	Change in Working Capital	7.03	4.34	F-G

3.17. Regulated Rate Base (RRB)

NDMC has taken Rs 1111.06 Crore as the Opening balance of Original cost of Fixed Assets for the FY 2015-16. Grant and AAD are not applicable in the case of NDMC. No Consumer Contribution has been assumed for FY 2015-16 as was the case in the year FY 2014-15. Capital expenditure has been assumed to be increased by 5% for the FY 2015-16 from the previous year.

TABLE 56: RRB (RS. CRORE)

S. No.	Particulars	2014-15	2015-16	Remarks
1	2	3	4	5
A	RRB- Base			
i	Opening Balance of Original Cost of Fixed Assets	1096.50	1111.06	
ii	Opening Balance of Working Capital	78.67	85.70	
iii	Opening Balance of Depreciation	438.87	478.22	
iv	Opening Balance of AAD			
v	Opening Balance of Consumers contributions	10.97	10.97	
vi	Grant			
A'	Opening RRB	725.33	707.58	(i+ii)-(iii+iv+v+vi)
B	RRB for the Year			
vii	Investments capital expenditure during the year	14.56	15.29	
viii	Depreciation for the year (incl AAD)	39.34	39.88	
ix	Advance Against Depreciation			
x	Consumers Contribution etc. for the year	0.00	0.00	

xi	Grant			
xii	Change in Working Capital	7.03	4.34	
C	Closing RRB	707.58	687.32	A'+vii-viii-ix-x-xi+xii
D	Change in Regulated Rate Base	-5.36	-7.96	(vii-(viii+ix+x+xi))/2)+xii
E	Regulated Rate Base (i)	719.97	699.62	A'+D

NDMC requests the Hon'ble Commission to consider the amount of Rs. 719.97 Crore for 2014-15 and Rs. 699.62 Crore as the Regulated Rate Base for FY 2015-16.

3.18. Equity and Debt

NDMC has taken Equity and Debt on normative basis, i.e. in the ratio of 30:70. No repayment or routing has been taken into consideration in any year. The Table presents the details of Equity and Debt and requests the Hon'ble Commission to take into consideration.

TABLE 57: EQUITY AND DEBT (RS. CRORE)

S.No.	Particulars	FY 2013-14	FY 2014-15	FY 2015-16	Remarks
1	2	3	4	5	6
A	Equity				
i	Opening Equity	235.84	217.60	212.27	
ii	Additions during the year	-18.24	-5.33	-6.08	
iii	Repayment/ Routing				
iv	Closing Equity	217.60	212.27	206.20	(i+ii-iii)
v	Average Equity	226.72	214.94	209.24	(i+iv)/2
B	Debt				
vi	Opening Debt	550.29	507.73	495.30	
vii	Additions during the year	-42.56	-12.43	-14.18	
viii	Deletions during the year				
ix	Closing Debt	507.73	495.30	481.13	vi+vii+viii
x	Average Debt	529.01	501.52	488.22	(vi+ix)/2

3.19. Weighted Average Cost of Capital

NDMC for the FY 2014-15 and FY 2015-16 requests the Hon'ble Commission to consider 12.85% of WACC for consideration and approval. Cost of debt and ROE are as per the approved percentage in its tariff order for the second control period. A detail of the WACC calculation is presented in the Table below:

TABLE 58: WEIGHTED AVERAGE COST OF CAPITAL (RS. CRORE)

S.No.	Particulars	2014-15	2015-16
1	2	3	4
A	Equity	214.94	209.24
B	Debt	501.52	488.22
C	Total	716.45	697.45
D	Equity	30%	30%
E	Debt	70%	70%
F	Return on Equity	16%	16%
G	Cost of Debt	11.50%	11.50%
H	Weighted Average Cost of Capital	12.85%	12.85%

3.20. Return on Capital Employed

NDMC has adopted the Rate of Return on Equity for the FY 2014-15 and FY 2015-16 at 16% as per the Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff Regulations, 2011 notified by DERC. Interest rate on the Debt has been considered at 11.50% which is same as approved by the Hon'ble Commission in its order. Detailed calculation of Regulated Rate Base, Change in Working Capital, Weighted average cost of capital (WACC) leading up to estimation of RoCE is shown in the following table.

TABLE 59: RETURN ON CAPITAL EMPLOYED (ROCE) (RS. CRORE)

S.No.	Particulars	2014-15	2015-16	Remarks
1	2	3	4	5
A	Equity	214.94	209.24	
B	Debt	501.52	488.22	
C	Total	716.45	697.45	(A+B)
D	Rate of Return on Equity	16%	16%	
E	Rate of Return on Debt	11.50%	11.50%	
F	RRB (i)	719.97	699.62	
G	WACC	12.85%	12.85%	(G*F)
H	RoCE	92.52	89.90	
I	Add RoE	13.31		
J	Total RoCE	105.83	89.90	

3.21. Non-Tariff Income

Non-Tariff income for the FY 2015-16 has been projected at the rate of 10% increase in the income for the True-up number of FY 2013-14 being submitted to the Hon'ble Commission for the approval. NDMC request the Hon'ble Commission to approve Non-Tariff Income of Rs. 7.58 Crores for FY 2015-16.

TABLE 60: NON-TARIFF INCOME (RS. CRORE)

S. No.	Particulars	2014-15	2015-16	Remarks
A	Late Payment Surcharge		1.30	
B	Other Penalties & Fines		0.00	
C	MDI		0.67	
D	Misuse	4.13	4.63	

E	New connection/re-connection fees		0.00	
F	Meter Testing Charges		0.00	
G	Meter Rent		0.00	
H	Service Administrative Charges		0.00	
I	Sale & Hire charges		0.00	
J	Burnt Meter	0.06	0.05	
K	Recovery on deposit work		0.00	
L	Other income from lapsed deposit and other receipts	0.56	0.38	
M	other receipts (petty items commercial)	-0.6	0.55	
N	Total	4.15 *	7.58	

*excludes Late payment Surcharge

3.22. Carrying cost of revenue

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

TABLE 61: CARRYING COST ON REVENUE GAP (RS. CRORE)

S. No.	Particulars	2014-15	2015-16	Remarks
1	2	3	4	5
A	Opening Gap for FY (n-2)	-148.87	-121.46	Tariff Order FY 12-13
B	Revenue Requirement for FY (n-2)	1015.58	1371.54	
C	Revenue during FY (n-2)	866.09	918.92	
D	(Gap)/ Surplus for FY (n-2)	-149.49	-452.62	C-B
E	Surcharge for FY (n-2)	0.00%		



F	Net (Gap)/ Surplus for FY (n-2)	-149.49	-452.62	D-E
G	Rate of carrying cost for the year	11.50%	11.50%	2nd MYT order
H	Carrying Cost	-25.72	-39.99	$(A * G) + ((F * G) / 2)$
I	Closing balance of (Gap)/ Surplus at the end of FY (n-2)	-324.08	-614.08	A+F+H
J	Revenue Requirement for FY 'n'	1196.63	1188.12	
K	Rate of carrying cost for the year	11.50%	11.50%	
L	Total Revenue Requirement including 8% Surcharge and Carrying Cost for FY 'n'	1228.25	1252.97	$(J + (I * K)) / (1 + (8\% / 2) * K)$
M	Carrying Cost	31.62	64.86	L-J

3.23. Aggregate Revenue Requirement

Based on the projection of various heads as discussed earlier the Aggregate revenue Requirement for FY 2014-15 and FY 2015-16 is given in the table as follows:

TABLE 62: AGGREGATE REVENUE REQUIREMENT (RS. CRORE)

S.No.	Particulars	2014-15	2015-16	Remarks/ Reference
A	Net power purchase cost including Transmission charges and SLDC charges	865.14	875.45	
B	O&M Expenses	145.09	145.09	
C	Other Miscellaneous Expenses	45.37	45.37	
D	Depreciation	39.34	39.88	
E	Advance Against Depreciation (AAD)			
F	Return on Capital Employed (RoCE)	105.83	89.90	
G	Income Tax	0.00%	0.00	
H	Sub-total	1200.78	1195.70	A+B+C+D+E+F+G
I	Less: Non-tariff Income	4.15	7.58	
J	Add: PPAC Balance		0	
K	Aggregate Revenue Requirement	1196.63	1188.12	H-I+J
L	Carrying Cost of Regulatory Asset	31.62	64.86	
M	ARR with carrying Cost	1228.25	1252.97	K+L



NDMC requests the Hon'ble Commission to kindly consider its submissions and take a holistic view of its financial position and the resources required to improve its operational efficiencies.

Tariff Design

- There is a net gap of Rs 275.01 Crores for FY 2015-16 including the carrying cost as calculated in the Table 65.
- NDMC proposes an average hike of 28.12% in tariff to meet the projected revenue gap for FY 2015-16.
- The Revenue Gap till FY 2013-14 as per the table below stands at Rs. 640.10 Crores.

TABLE 63: REVENUE GAP/ SURPLUS TILL FY 2013-14 (RS. CRORE)

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

- The Existing Tariff for FY 2015-16 would generate Rs. 977.96 Crores as Revenue.

TABLE 64: REVENUE AT EXISTING TARIFF FOR FY 2015-16 (RS. CRORES)

S. No.	Category	Revenue at Existing Tariff	Remarks
A	Domestic	128.21	
B	Non- Domestic	816.91	
C	Industrial	0.11	
D	Public Lighting	6.17	
E	DMRC	23.66	
F	Others	2.91	
	Total	977.96	

- The Existing Tariff would result in Revenue Gap of Rs.281.46 Crore for 2014-15 and Rs. 275.01 Crores for FY 2015-16.

TABLE 65: REVENUE (GAP)/SURPLUS AT EXISTING TARIFF (RS. CRORE)

S.No.	Particulars	FY 2014-15	FY 2015-16	Remarks
A	Revenue Requirement for the year (including carrying cost)	1228.25	1252.97	
B	Revenue at Existing Tariff	946.79	977.96	
C	Revenue (Gap)/Surplus for the year	-281.46	-275.01	

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

TABLE 66: TARIFF HIKE PROPOSED

S.No.	Particulars	Amount (Rs. Crore)	Remarks
A	Revenue (Gap)/Surplus during FY 2015-16	-275.01	
B	Reasons for Revenue Gap		
i	PowerPurchase		
ii	O&M Expense		
iii	R&M Expense		
C	Earlier Revenue Gap proposed to be liquidated during FY 2015-16		
D	Tariff Hike Proposed (%)	28.12%	

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

TABLE 67: EXPECTED CATEGORY WISE TOTAL REVENUE

S. No.	Category	Revenue at Current Tariff	Avg Billing Rate as per Current Tariff	Hike in Tariff	Revised Revenue proposed	Avg Billing Rate as per Revised Tariff
		Rs. Crore	Rs/unit	%	Rs. Crore	Rs/unit
A	Domestic	128.21	4.75	10.00%	141.03	5.22
B	Non- Domestic	816.91	7.81	31.01%	1070.20	10.23
C	Industrial	0.11	6.19	31.01%	0.15	8.11
D	Public Lighting	6.17	7.43	10.00%	6.78	8.17
E	DMRC	23.66	5.76	31.01%	31.00	7.54
F	Others	2.91	2.96	31.01%	3.81	3.87
	Total	977.96		28.12%	1252.97	

TABLE 68: EXPECTED REVENUE CATEGORY WISE

S.No.	Category	Existing Revenue			Revised Revenue		
		Fixed Charges	Energy Charges	Total Revenue	Fixed Charges	Energy Charges	Total Revenue
		Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore	Rs. Crore
1	Domestic	3.27	124.94	128.21	3.60	137.43	141.03
2	Non- Domestic	75.56	741.34	816.91	98.99	971.20	1070.20
3	Industrial	0.00	0.11	0.11	0.004	0.144	0.15
4	Public Lighting	0.00	6.17	6.17	0.00	6.78	6.78
5	DMRC (Supply at 220kV and 66kV)	2.08	21.58	23.66	2.73	28.27	31.00
6	Others	0.08	2.82	2.91	0.11	3.70	3.81
	Total	81.00	896.96	977.96	105.43	1147.54	1252.97

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

TABLE 69: PROPOSED TARIFF SCHEDULE

S. No.	Tariff Categories	Existing Rate Approved as per Tariff Order 2014-15		Proposed hike	Proposed Rate for 2015-16	
		Fixed Charges	Energy Charges		Fixed Charges	Energy Charges
1	Domestic					
1.1	Domestic	Rs/Kw/ Month	Paisa / kWh	%	Rs/Kw/ Month	Paisa / kWh
	0-200 units	20	325	10.00%	22	358
	201-400 units	20	460	10.00%	22	506
	401-800 units	20	600	10.00%	22	660
	801-1200 units	20	675	10.00%	22	743
	Above 1200 units	20	800	10.00%	22	880
1.2	Single delivery point on 11 kv for CGHS					
	First 40%	25	460	10.00%	28	506
	Next 30%	25	600	10.00%	28	660
	Next 20%	25	675	10.00%	28	743
	Balance 10%	25	800	10.00%	28	880
2	Non – Domestic					
2.1	Non – Domestic Low Tension	Rs/Kw/ Month	Paisa / kWh	%	Rs/Kw/ Month	Paisa / kWh
a	Upto 10 kW	75	760	31.01%	98	996
b	More than 10kW and less than and up to 100 kW/ 108 kVA	90	805	31.01%	118	1055
c	More than 100 kW/ 108 kVA					
i	Where supply is given from NDMC sub-station	150	835	31.01%	197	1094
ii	Where applicant provides built up space for sub-stations	135	785	31.01%	177	1028
2.2	Non-Domestic High Tension For supply at 11 kv and above (for load greater than 108kVA)	125	715	31.01%	164	937
3	Small Industrial Power	Rs/Kw/ Month	Paisa / kWh	%	Rs/Kw/ Month	Paisa / kWh
		50	695	31.01%	66	910
4	Public Lighting	Rs/Kw/ Month	Paisa / kWh	%	Rs/Kw/ Month	Paisa / kWh
	Street Lighting (metered)		730	10.00%		803
	Street Lighting (unmetered)		780	10.00%		858



5	DMRC	(Rs/kvA/ month)	(Paisa/k VAh)	%	(Rs/kvA/ month)	(Paisa/k VAh)
		125	610	31.01%	164	799
6	Advertisements and Hoardings	Rs/month/ hoarding	Paisa/ KVAh		Rs/month/ hoarding	Paisa/ KVAh
		500	1120	31.01%	655	1467
7	JJ clusters					
	Flat rate (Rs./month)	250				

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



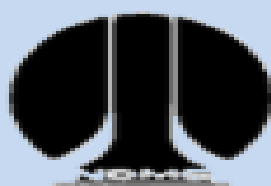
Response to Directives issued by the Hon'ble Commission

Response to Directive will be submitted subsequently.



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

Volume II



Submitted By:

NEW DELHI MUNICIPAL COUNCIL

PALIKA KENDRA, NEW DELHI-110001

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