



DELHI ELECTRICITY REGULATORY COMMISSION

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

F.11(2155)/DERC/2023-24/7918

Petition No. 17/2024

In the matter of: **Petition for approval for True up for FY 2022-23.**

Tata Power Delhi Distribution Limited,
Through its: **Managing Director**
Sub-Station Building, Hudson Lines,
Kingsway Camp,
Delhi 110 009

...Petitioner/Licensee

Coram:

Sh. Ram Naresh Singh, Member and Sh. Surender Babbar, Member

ORDER

(Date of Order: 31.12.2025)

M/s Tata Power Delhi Distribution Limited (TPDDL) has filed the instant Petition for approval of True-up of expenses for FY 2022-23. The Petition was admitted by the Commission vide Order dated 07.06.2024. The Petition along with Executive summary was uploaded on the website of the Commission and publicised through advertisement in newspapers for seeking response of the stakeholders.

The comments/suggestions of the stakeholders including the submissions made during the public hearing held on 27.03.2025 and the arguments advanced by the Petitioner have been duly considered by the Commission.

In exercise of the powers conferred under the Electricity Act, 2003 and considering Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017 & DERC (Business Plan) Regulations, 2019, this True-up Order is hereby passed and issued on this 31st day of December' 2025.


(Surender Babbar)
Member


(Ram Naresh Singh)
Member

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CHAPTER-1 INTRODUCTION

- 1.1 This Order relates to the Petition filed by Tata Power Delhi Distribution Limited (TPDDL) (*hereinafter referred to as 'TPDDL' or the 'Petitioner'*) for True-Up of FY 2022-23 for Distribution Business in terms of *Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017* (*hereinafter referred to as 'Tariff Regulations, 2017'*) and *Delhi Electricity Regulatory Commission (Business Plan) Regulations, 2019* (*hereinafter referred to as 'Business Plan Regulations, 2019'*).

TATA POWER DELHI DISTRIBUTION LIMITED (TPDDL)

- 1.2 Tata Power Delhi Distribution Limited (TPDDL) is a Company incorporated under Companies Act, 1956 and is engaged in the business of Distribution and Retail Supply of Electricity within its area of supply (as defined in the licensee) in the National Capital territory (NCT) of Delhi.

DELHI ELECTRICITY REGULATORY COMMISSION

- 1.3 Delhi Electricity Regulatory Commission (*hereinafter referred to as the 'DERC' or the Commission'*) was constituted by the GoNCTD on 3/03/1999 and it became operational from 10/12/1999.
- 1.4 The Commission's approach to Regulation is driven by the Electricity Act, 2003, the National Electricity Plan, the National Tariff Policy and the Delhi Electricity Reform Act 2000 (*hereinafter referred to as 'DERA'*). The Electricity Act, 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 the formulation of Tariff Regulations and Tariff Determination.

MULTI YEAR TARIFF REGULATIONS

- 1.5 The Commission issued the Tariff Regulations, 2017 vide Gazette notification dated 31/01/2017 specifying Terms and Conditions for Determination of Tariff for Transmission of Electricity under the Multi Year Tariff (MYT) framework. Further the operational norms for Distribution utilities have also been approved by the

Commission in Business Plan Regulations, 2019 under Tariff Regulations, 2017 for the period FY 2020-21 to FY 2022-23.

FILING OF PETITION FOR TRUE-UP OF FY 2022-23 FILING AND ACCEPTANCE OF PETITION

- 1.6 TPDDL filed its Petition for the approval of the Truing up of Expenses upto FY 2022-23 before the Commission on 01/11/2023.
- 1.7 The Commission admitted the Petition for True up of ARR for FY 2022-23 vide its Order dated 7/06/2024, subject to clarifications / additional information, if any, which would be sought from the Petitioner from time to time. Copy of the Admission Orders dated 7/06/2024 is enclosed as Annexure I to this Order.
- 1.8 The complete copy of the True-up Petition filed by the Petitioner along with additional information was uploaded on the website of the Commission (www.derc.gov.in).
- 1.9 The Executive Summary and one-page snapshot Summary of True-up of FY 2022-23 was also prepared and uploaded on Commission's website (www.derc.gov.in) for quick glance of Tariff Petitions and for ease to consumers.

INTERACTION WITH THE PETITIONER AND PUBLIC HEARING

- 1.10 The Order has referred to various actions taken by the "Commission" at numerous places. For the sake of clarity, it may be mentioned that the term "Commission" in most of the cases refers to the officers of the Commission for carrying out the due diligence on the Petition filed by the Petitioner for obtaining and analyzing information/clarifications received from the Petitioner and submitting all issues for consideration by the Commission.
- 1.11 The Commission relied on the analysis conducted by various concerned Divisions of the Commission for the preparation of the Order.
- 1.12 A preliminary scrutiny/analysis of the Petition submitted by the Petitioner was carried out. Additional information/clarifications were sought from the Petitioner as and when required. The Commission and the Petitioner discussed key issues raised in the

Petition, which included details of Long Term & Short Term Power Purchase, Sales, Billing, Collection, Capital expenditure and capitalisation plan etc.

- 1.13 The Commission also conducted multiple validation sessions with the Petitioner during which discrepancies in the Petition and additional information as required by the Commission were sought. Subsequently, the Petitioner submitted replies to the issues raised and provided details and documentary evidence to substantiate its claims regarding various submissions.
- 1.14 The Commission decided to conduct a Public Hearing for issuance of Tariff Order related to True up of FY 2022-23 and communicated the same through Public Notice published in leading newspapers on 6/03/2025 and uploaded the same on Commission's website. Stakeholders were given additional time-period until 27/03/2025 for submitting comments/suggestions on the Tariff Petition filed by the utilities.
- 1.15 A soft copy of the Petition was made available in CD form on payment of Rs. 25/- per CD or a copy of the Petition was also made available for purchase from the respective Petitioner head-office on working day till 27/03/2025 between 11 A.M. to 4 P.M. on payment of Rs.100/- either by Cash or by Demand Draft/Pay Order.
- 1.16 To help the stakeholders in understand the Petition and file their comments, officers of the Commission viz. Executive Director (Engineering/Tariff), Joint Director (Tariff-Engineering), Joint Director (Tariff-Finance), Joint Director (Engineering), Deputy Director (Tariff-Economics) and Deputy Directors (Tariff-Engineering) were nominated for discussion on the Petition. This was mentioned in the Public Notices published by the Commission.
- 1.17 The Commission decided to conduct Public Hearing on 27/03/2025 on Tariff Petitions for True Up of FY 2022-23.

- 1.18 Accordingly, the Commission scheduled a Public Hearing on Tariff Petitions for True Up of FY 2022-23 on 27/03/2025 to take a final view with respect to various issues concerning the principles and guidelines for Tariff determination.
- 1.19 The Commission also received written comments from the stakeholders. The comments of the stakeholders were also forwarded to the Petitioner who responded to the comments of the stakeholders with a copy of its replies to the Commission.
- 1.20 The Commission examined the issues and concerns raised by various stakeholders. The major issues raised by the stakeholders, the responses of the Petitioner thereon and the views of the Commission, are summarized in **Chapter 2**.
- 1.21 The Commission has therefore considered the inputs/comments received from various stakeholders along with the due diligence conducted by the officers of the Commission in arriving at its final decision.

PUBLIC NOTICE

- 1.22 The Commission published Public Notice in the following newspapers inviting comments/suggestions from stakeholders on the Tariff Petition filed by the Petitioner latest by 16/12/2024 or the date of Public Hearing, whichever is later:

(a)	Hindustan Times (English)	:	3/12/2024
(b)	The Times of India (English)	:	3/12/2024
(c)	Indian Express (English)	:	3/12/2024
(d)	Millennium Post (Hindi)	:	3/12/2024
(e)	Navbharat Times (Hindi)	:	3/12/2024
(f)	Punjab Kesari (Hindi)	:	3/12/2024
(g)	Taasir (Urdu)	:	3/12/2024
(h)	Quami Patrika (Punjabi)	:	3/12/2024

- 1.23 Public Notice was also uploaded on the Commission's website www.derc.gov.in.

1.24 The Commission issued a Public Notice in the following newspapers (*on dates mentioned alongside*), indicating the date and time of Public Hearing scheduled on 27/03/2025 for comments by stakeholders on the Tariff Petition filed by the Petitioner latest by 27/03/2025 and also indicated the conducting of Public Hearing.

(a)	Hindustan Times (English)	:	8/03/2025
(b)	The Times of India (English)	:	8/03/2025
(c)	Indian Express (English)	:	8/03/2025
(d)	Millennium Post (Hindi)	:	8/03/2025
(e)	Navbharat Times (Hindi)	:	8/03/2025
(f)	Punjab Kesari (Hindi)	:	8/03/2025
(g)	Taasir (Urdu)	:	8/03/2025
(h)	Quami Patrika (Punjabi)	:	8/03/2025

1.25 A Public Notice related to the process for Public Hearing (PH) was also uploaded on Commission's website. The platform for PH was as follows:

Dates	27/03/2025
Timings	11:30 AM onwards
Last date for registration	24/03/2025 at 05:00 PM
Platform	Google Meet
Email ID for Registration	dercpublichearing@gmail.com

LAYOUT OF THE ORDER

1.26 This Order is organized into following Chapters:

- Chapter 1** provides details of the Tariff setting process and the approach of the Order.
- Chapter 2** provides brief overview of the comments of various stakeholders, the Petitioner's response and Commission's views thereon.
- Chapter 3** provides details/analysis of the True up of FY 2022-23 and impact of past period true up.

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

- Annexure I** - Admission Order.
- Annexure II** - List of stakeholders who submitted their comments on True-up of expense for FY 2022-23.

- c) **Annexure III** – List of Stakeholders/consumers who attended the public hearing.

APPROACH FOR TRUE UP OF FY 2022-23

- 1.28 The Commission, in its Business Plan Regulations, 2019 has indicated that Regulations shall remain in force for a period of three (3) years, as follows:
- “1(2) These Regulations shall remain in force for a period of 3 (three) years i.e., for FY 2020-21, FY 2021-22 and FY 2022-23, unless reviewed earlier.”*
- 1.29 The Commission in its Tariff Regulations, 2017, specified that Regulations shall be deemed to have come into effect from 1st February, 2017, as follows:
- “(4) These Regulations shall be deemed to have come into force from 1st February, 2017 and shall remain in force till amended or repealed by the Commission.”*
- 1.30 Accordingly, the ARR for FY 2022-23 has been Trued up as per Tariff Regulations, 2017 and Business Plan Regulations, 2019.

CHAPTER 2: RESPONSE FROM THE STAKEHOLDERS, PETITIONER'S RESPONSES AND COMMISSION'S VIEWS

RESPONSE FROM STAKEHOLDERS

- 2.1 Pursuant to the Commission's invitation seeking comments from the stakeholders, responses were received concerning the True-Up Petition for FY 2022-23 as well as the ARR Petition for FY 2024-25. However, since the present Order is confined to the true-up of the expenses for FY 2022-23 only, this Chapter addresses exclusively those comments that pertain to the True-Up Petition for FY 2022-23.
- 2.2 Summary of objections/suggestions from stakeholders, response of Utilities and the Commission's view.

INTRODUCTION

- 2.3 Section 64(3) of the Electricity Act, 2003, provides that tariff determination for Distribution Licensees shall be carried out in accordance with Section 62 of the Act, after due consideration of all objections and suggestions received from the public and the responses of the DISCOMs thereto. Thereafter, the Commission shall issue a tariff Order, accepting the applications with such modifications or conditions as may be specified in the Order.
- 2.4 The Commission has examined the issues, taking into consideration the comments/suggestions offered by various stakeholders in their written statements and also the responses submitted by the Petitioners thereon.
- 2.5 The Commission endeavours to issue Tariff Orders in accordance with the provisions of the Electricity Act, 2003.
- 2.6 The Commission decided to conduct a Public Hearing for the issuance of the True-up Order of FY 2022-23 and communicated the same through Public Notice published in leading newspapers and uploaded the same on the Commission's website.
- 2.7 The Commission, vide its Public Notice dated 8/03/2025, scheduled Public Hearing on True-up Petitions of FY 2022-23 on 27/03/2025 to take a final view on various issues concerning the principles and guidelines for Tariff Determination.

- 2.8 Accordingly, all stakeholders were given additional time-period until 27/03/2025 to submit comments/suggestions on additional information filed by the utilities.
- 2.9 The comments/suggestions of various stakeholders, the replies/responses by the Petitioner and the Commission's views are summarized under various subheads below.

ISSUE 1: DISTRIBUTION INFRASTRUCTURE

STAKEHOLDER'S VIEW:

- 2.10 DMRC's network spreads across length and breadth of the city, and DMRC is taking power supply at 17 locations within Delhi crisscrossing across the jurisdiction of all the DISCOMs. DMRC has been allotted Contract Demand at each of the drawl point, and is penalised for breach of admissible drawl, even though the overall demand of DMRC remains stable / unchanged. The admissible drawl at a particular point of connection is generally breached only when the power supply from the adjacent sub-station is disrupted, which is beyond the control of DMRC.
- 2.11 At present, metering is done separately for each drawl point of DMRC and for taking power through open access. DMRC is required to submit power schedule for each drawl point separately. However, Delhi SLDC considers DISCOM wise cumulative schedule for DMRC. Even in the drawl schedule of DISCOM, cumulative schedule of DMRC is considered. But, for the purpose of billing, DISCOMS are considering drawl point-wise for open access demand. This methodology creates complications and leads to non-realistic accountable of energy which often leads to overestimation of energy consumed through DISCOMS.
- 2.12 Keeping this in view, the Commission is requested to permit DISCOM wise cumulative/ single billing for DMRC.
- 2.13 Further, it is also to state that there are two circuits at every receiving substation of DMRC for better reliability of supply and one separate meter is installed for each circuit. The reading of each meter is individually recorded for billing cycle and then manually added to arrive at the total Consumption and demand for billing purpose. To make the system reliable and more precise/ accurate, it is requested to allow the installation of summation meters at each grid substation, so that manual intervention during billing

may be avoided.

- 2.14 There should be flexibility to the consumer to purchase meter from any of the DISCOMs to avoid delay in release of connection.
- 2.15 Overhead lines may be converted to underground cables in phases. In case of DISCOMs, Poles are often clustered with telecom companies' /cable companies, Wi-Fi wires etc. These wires should be properly clustered to avoid any mishaps.
- 2.16 Further in the villages, Galis being congested, the safety rules are difficult to be met with. DISCOMs may be asked to consider underground connectivity instead of overhead lines.
- 2.17 There are difficulties in release of new connections from the existing wires in the congested area leading to accidents.
- 2.18 For certain buildings where there is separate entrance for multiple floors, connections may be issued by a separate meter.
- 2.19 Installation of street lights in improper manner was raised which was advised to be referred to MCD.

PETITIONERS' RESPONSE:

BRPL

- 2.20 For each of its supply point, DMRC has unique CA Number, The Petitioner considers each CA number as its individual consumer and, therefore, individual consumers could not be clubbed for billing purpose.
- 2.21 Further, the Petitioner agrees with installation of summation meters as proposed by DMRC in case of two feeders being billed under single CA. In similar case, BRPL has allowed to install summation meter at DTL Mehrauli Grid.

TPDDL

- 2.22 TPDDL follows the DERC (Supply Code and Performance Standards) Regulations, 2017, and Tariff Orders issued by the Commission for the billing of the consumers. There is no

concept of cumulative billing and each connection of consumer is treated and serviced separately by distribution utilities. Further, the issue of summation meters is not related to Tariff petition.

NDMC

2.23 Query does not pertain to NDMC.

COMMISSION'S VIEW:

2.24 Regulation 11 (1) (iii) of DERC (*Supply Code and Performance Standards*) Regulations, 2017 specifies that:

“11. New Electricity Connection:-

The Licensee shall process the application for new connection, within the time frame as specified in these Regulations

(1) Submission of application along with all documents:-

(i) The Applicant shall make application for new connection to the Licensee in the form notified in the Commissions Orders:

Provided that a non-refundable registration cum processing fee as notified in the Commission's Orders shall be levied on the applicant applying connection at Extra High Tension or High Tension voltage level.

(ii) The applicant can also make application for new connection online on the website of Licensee: Provided that the applications for new connection for 50 kVA and above, unless any other lower value as may be notified by the Commission from time to time, shall be submitted through online system only.

(iii) If the Applicant wishes to provide his own meter of approved specifications, he shall explicitly inform the same to the Licensee at the time of making the application.

.....”

2.25 It is stated that above-quoted Regulation 11(1)(iii) specifies that the consumer can purchase a meter of approved specifications on his own. However, there is no provision specifying that the consumer can purchase the meter from any of the DISCOMs.

2.26 Any addition to or deletion of the provisions of above-stated clauses shall require an amendment to the Regulations, in consultation with stakeholders.

2.27 The above referred issues shall form part of ARR proceedings and shall accordingly be taken up for review at the time of hearing the ARR Petitions.

ISSUE 2: REGULATORY ASSET SURCHARGE

STAKEHOLDER'S VIEW:

2.28 DISCOMs have mentioned in their Petitions that the 8% Regulatory Asset Surcharge

towards recovery of past accumulated deficit is not sufficient to recover the Regulatory asset.

- 2.29 DISCOMs have proposed for increase of Regulatory Surcharge. Since the carrying cost is already included in the ARR for Tariff determination and Principal amount needs to be recovered through 8% regulatory surcharge, therefore, there is no ground for increasing regulatory surcharge or imposition of new surcharge as proposed by the DISCOM.
- 2.30 Tata Power-DDL's request of allowing 8% surcharge (DRS) on another surcharge (i.e. PPAC) is not justified and cannot be accepted.
- 2.31 DMRC may be exempted from payment of regulatory surcharge.
- 2.32 From October 2012 a new surcharge under the head Deficit Revenue Recovery Surcharge @ 8 % was imposed on the consumers of electricity in Delhi without assigning any reason and this surcharge is continued and now increased to 18.3 % in February 2023. Such type of surcharge has never been imposed by any Power Utility in the entire country but as a special case it was imposed to the consumers of Delhi and it was allowed without assigning any reason. Even in executive summary issued by the respondent aforesaid surcharge was not shown in the summary and hence it is not known how much money was collected on this account and where it is gone, there is no accountability. It is respectfully requested to this Commission to drop Deficit Revenue Recovery Surcharge because each and every citizen of Delhi is affected from this surcharge and the respondent company was allowed to charge such amount without showing the recovery on the amount under any head.
- 2.33 Regulatory surcharge should not be levied on PPAC in the Consumer Bills.
- 2.34 The Commission may restrain BRPL & BYPL from collecting 8% surcharge from consumers of Delhi, as these entities are collecting money from consumers but not making payments to DTL. This will reduce the burden on consumers of Delhi. Commission may provide for the opening of Escrow Account wherein these entities will deposit all its receivables and the payment be released to DTL for current as well as past dues.

PETITIONERS' RESPONSE:

BRPL

- 2.35 Tariff Policy dated 28/01/2016, notified under Section 3 of the Electricity Act, 2003 requires Regulatory Asset to be created only as a very rare exception in case of natural calamity or force majeure conditions. It further provides that the recovery of outstanding Regulatory Assets along with carrying cost of Regulatory Assets should be time bound and within a period not exceeding seven years.
- 2.36 The Commission vide its Tariff Order dated 13/07/2012 had introduced 8% Regulatory surcharge (on fixed & energy charges) for liquidation of accumulated Revenue Gap. The rationale given by the Commission in its Tariff Order dated 13/07/2012 is as under:
- "5.9 The revenue deficit for FY 2012-13 of the three DISCOMs is Rs.1402.32 Cr. While, the accumulated revenue deficit till FY 2010-11 (along with carrying cost) is Rs. 6,919 Cr. Keeping in view the significant deficit with all three DISCOMs 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 DISCOMs to at least recover the approved revenue requirement for FY 2012-13.*
- 5.10 For meeting carrying cost of the revenue gap till FY 2010-11 and liquidation of revenue gap, the Commission has decided to introduce a surcharge of 8% over the revised tariff."
- 2.37 The above mentioned Regulatory Surcharge of 8% was decided by the Commission in Tariff Order dated 13/07/2012 for meeting carrying cost of the revenue gap till FY 2010-11 and liquidation of revenue gap. However, there is continuous creation of Regulatory Asset in further Tariff Orders. Eventually, Regulatory Surcharge of 8% is continued by the Commission till date without any increase.
- 2.38 Further, as per Rule 23 of the Electricity Rules, 2005 (amended on 10/01/2024), notified by Ministry of Power, Regulatory Asset shall be liquidated in maximum seven numbers of equal yearly installments starting from the next financial year as provided below:
- "Provided also that any gap between approved Annual Revenue Requirement and estimated annual revenue from approved tariff existing on the date of notification of these rules, along with the carrying costs at the base rate of Late Payment Surcharge as specified in the Electricity (Late Payment Surcharge and Related Matters) Rules, 2022, as amended from time to time shall be liquidated in maximum seven numbers of equal yearly installments starting from the next financial year."*

- 2.39 Hence, the present surcharge of 8% as levied is not enough to recover even the entire carrying cost on approving Regulatory Assets. The surcharge ought to be revised appropriately in consonance with various judgments of the Hon'ble Supreme Court so that the RA is recovered speedily without burdening the future consumers with the past costs.
- 2.40 In case, exemption from payment of regulatory surcharge is allowed to the stakeholder, not only BRPL's cash flow will be adversely affected, the burden of such exemption will fall on the other consumers.
- 2.41 PPAC is levied to recover the incremental Power Procurement Cost on quarterly basis, over and above the Power Procurement Cost approved in the Tariff Order of the relevant year.
- 2.42 Now, the Commission vide its Tariff Order dated 30/09/2021 has subsumed the revenue of Rs 626.57 Crore from PPAC for meeting the ARR requirement for the FY 2021-22. Thus, the PPAC has been subsumed in the Tariff Charges by the Commission. Hence, the Tariff was notified for various consumer categories by utilizing this PPAC amount in revenue of ARR. Thus, PPAC has already become part of Base Fixed Charge or Variable / Energy Charge as the revenue is considered against both as a whole.
- 2.43 Since DRS is levied on basic tariff and PPAC has become part of base Energy Charge and Fixed Charge Tariff (excluding Taxes surcharges etc), hence DRS should be applicable on PPAC Charges.
- 2.44 The surcharge of 8% for recovery of Regulatory Asset being allowed to BRPL & BYPL by the Commission is inadequate as itself acknowledged by the Commission in its Statutory Advise dated 1/02/2013 given to the GoNCTD under Section 86(2)(iv) of the Electricity Act wherein it was *inter alia* noted that M/s SBI Capital Markets Ltd. in their presentation have assessed that liquidation of pending Revenue Gap will require a surcharge of 20% for BRPL and 25% for BYPL on the applicable tariff from 2012-13 up to 2018-19. Issue of insufficiency of 8% surcharge has been raised by BRPL & BYPL before this Commission, in matters before Hon'ble APTEL as well as before the Hon'ble Supreme Court.

TPDDL

- 2.45 Regulatory surcharge is levied to recover the carrying cost of Regulatory assets built up during the last 15 years due to non-cost reflective tariff. DMRC was also part of the consumers where the tariff was non-cost reflective and hence cannot be exempted from the Regulatory surcharge.

NDMC

- 2.46 Query does not pertain to NDMC.

COMMISSION'S VIEW:

- 2.47 The Commission in terms of the National Tariff Policy, 2016 and in accordance with the APTEL judgment and has allowed carrying cost to DISCOMs. For liquidation of the past accumulated revenue gap, the Commission introduced a surcharge of 8% over the Tariff, in Tariff Order dated 13/07/2012, and has been fixing Tariff every year to a reasonable level to provide additional revenue to DISCOMs and also to reduce the burden of carrying cost on the consumers of Delhi.
- 2.48 The build-up of the revenue gap commenced in 2009-10 when power purchase costs went up substantially and the rate of sale of surplus power steeply declined due to stringent frequency controls imposed by CERC.
- 2.49 The Tariff Order for FY 2010-11 was not issued due to court proceedings. Therefore, while the tariff increase from FY 2011-12 onwards has to some extent offset the incremental increase in revenue gap, however, cumulative revenue gap along with applicable carrying costs still remained uncovered. Thus, the formula evolved by the Commission i.e., including carrying costs in the ARR every year, for tariff determination and using 8% surcharge for liquidating the principal over time is expected to liquidate the Regulatory Assets in a reasonable period of 6 to 8 years.
- 2.50 The Commission has submitted before the Hon'ble Supreme Court of India in Civil Appeal No. 884 of 2010 that additional surcharge of 8% shall liquidate the principal amount of the accumulated revenue gap within 6 to 8 years.
- 2.51 The Commission determines the ARR for the DISCOMs as per the provisions of Regulation 154 & 155 of *Tariff Regulations, 2017* along with *Business Plan Regulation*,

2019, as follows.

“REGULATORY ASSETS

154. The accumulated revenue gap, if approved by the Commission in the relevant Tariff Order shall be treated as

Regulatory Assets:

Provided that such revenue gap shall be computed on the basis of excess of ARR over Revenue approved after true up of the relevant financial year.

155. Carrying cost on average balance of accumulated revenue gap shall be allowed to the Utility at carrying cost rate approved by the Commission in the ARR of the relevant financial year:

Provided that average balance of accumulated revenue gap shall be determined based on opening balance of accumulated revenue gap and half of the Revenue Gap /Surplus during the relevant year.”

- 2.52 The Hon’ble Supreme Court of India vide its Judgment dated 06/08/2025 with amendment vide Order dated 28/10/2025 directed to liquidate the Regulatory Assets within 7 years and directed the Hon’ble APTEL to monitor the same. The Commission endeavour to implement the directions of higher court and submitted the liquidation plan of existing Regulatory Assets before the Hon’ble APTEL. Further, as per the plan submitted before the Hon’ble APTEL in O.P. No.1 of 2025, the liquidation of Regulatory Assets will start from 1/04/2026 in line with Hon’ble Supreme Court’s Order dated 6/08/2025 read with 28/10/2025.

ISSUE 3: PENSION TRUST SURCHARGE

STAKEHOLDER’S VIEW:

- 2.53 A tripartite agreement was entered into between the Government of NCT of Delhi. DVB and The Delhi Vidyut Board Joint Action Committee on 28th day of October, 2000 and as per the agreement the Government shall create a Pension Fund in the form of a Trust and the pensionary benefits of absorbed employees shall be paid out of such pension fund.
- 2.54 The Principal Secretary (Power) of the GNCT of Delhi shall be the Chairperson of the Board of Trustees which shall include representatives of the Departments of Finance, Personnel, Labour, the employees and experts in the relevant field to be nominated. The procedure and the manner in which pensionary benefits are to be sanctioned and disbursed from the Pension Fund shall be determined by the Govt. on recommendation of the Board of Trustees.

- 2.55 Pension Trust Surcharge should be completely withdrawn as GoNCTD is liable to pay pension to its employees.
- 2.56 Till August'2017, no pension trust surcharge was charged from the consumer but suddenly in Oct.2017 the consumers were billed with 3.7% surcharge on account of pension surcharge, thereafter it was increased to 3.8% in Oct. 2020 during the COVID, then it was increased to 5 % in Nov. 2020 knowing very well that the whole world is dying due to COVID but the Govt. Of NCT and DISCOMs have increased the pension trust surcharge to 7% in December 2021, illegally and arbitrarily and gradually the surcharge is increasing, which required to be either reduced and completely withdrawn.
- 2.57 BRPL has Collected Rs. 355.66 Cr. during the financial year 2021-22 from the area of the BRPL company. Similarly, other DISCOMs have collected the huge amount from the consumers on account of the Pension Trust for the year 2022-23, whereas it was not the responsibility of the Consumers to make the payment of the pension to the employees of the erstwhile DVB and it was the responsibility of the Govt. of NCT of Delhi or the DISCOMs.
- 2.58 The Pension Trust Surcharge should not form part of electricity bills and it should be borne by the GoNCTD as the liability belongs to erstwhile DVB employees.
- 2.59 Before unbundling, if there are any unsettled dues from the consumers, that should be independently audited and recovered.

PETITIONERS' RESPONSE:**TPDDL**

- 2.60 Pension Trust Surcharge has been made applicable vide the Commission's various Tariff Orders and the same may be re-looked by the Commission.

BRPL

- 2.61 With regard to comment on levy of Pension Trust Surcharge, we submit that the Pension trust surcharge is being levied in terms of the surcharge rate determined by the Commission in the Tariff Order dated 30/09/2021. As per the Directives 6.2 and 6.3 of the Tariff Order dated 30/09/2021, the Petitioner deposits the entire collected amount on account of such surcharge to the Pension Trust.

NDMC

2.62 Query does not pertain to NDMC.

COMMISSION'S VIEW:

- 2.63 The Pension Trust was established as a part of Transfer Scheme Rules, 2001 framed under Delhi Electricity Reform Act, 2000 (DERA) and the Tripartite Agreement executed by GoNCTD with Unions of employees and Associations of officers of the erstwhile DVB. In terms of the aforesaid Rules and Tripartite Agreement, the Pension Trust was funded at the time of unbundling of the DVB by way of one lump sum payment by GoNCTD. Subsequent contributions from the date of unbundling have to be made to the Pension Trust by the successor entities of DVB. The Commission has been releasing ad-hoc payments in DTL Tariff Orders from FY 2011-12 onwards up to FY 2015-16. Further, in the Tariff Order dated August'2017, the Commission has directed the DISCOMs for submitting the reconciliation statement and deposit the amount directly to the pension trust, instead of the past practice of routing it through DTL.
- 2.64 Section 86 of the Electricity Act, 2003, which defines the functions of the State Commission, does not empower it to frame or issue Regulations governing the Pension Trust. This position has also been affirmed by the Hon'ble APTEL in Appeal No. 238 of 2013 (Mahendra Gupta & Others Vs DERC), wherein it has held that "the learned State Commission has no jurisdiction to go into disputes between the Appellants and the Pension Trust with regard to release of terminal benefits in their favour. The grievances of individual employees/appellants relating to service matters relating to the terminal benefits including pension are not under the jurisdiction of the State Commission". Accordingly, the Commission reiterates its view that it is beyond its jurisdiction to regulate the Pension Trust or to frame any Regulations in this regard.
- 2.65 The Hon'ble Supreme Court in the matter of NDPL Vs. GoNCTD & Ors. in Civil Appeal no. 4269 of 2006 (Judgement dated 3/05/2010) had *inter alia* held that any liability towards DVB employees and existing pensioners are the responsibility and liability of the successor utility or employer.
- 2.66 The Commission vide letter no. F.17(44)/Engg./DERC/201213/C.F. No.3481/3320 dated 11/09/2012 has issued Statutory Advice under Section 86(2) of the Electricity Act, 2003

to Govt. of NCT of Delhi to constitute an Oversight Committee to look into the issues related to pensioners of erstwhile DVB. The subject matter is presently *sub judice* before the Hon'ble High Court of Delhi and the parties to the dispute should expedite the matter before the Court and explore other avenues for settlement of the dispute.

- 2.67 The Commission vide letters dated 8/12/2016 and 13/7/2020 have requested the GoNCTD for conducting a forensic audit of Pension Trust for authentication of the data of pension disbursement from FY 2002-03 to till date to ascertain the actual liability of Pension Trust.

ISSUE 4: TARIFF HIKE

STAKEHOLDER'S VIEW:

- 2.68 The Commission is requested to reduce the tariff for DMRC so that the agreed principle for fixing tariff for DMRC (i.e. cost of purchase to DISCOM plus reasonable service cost) is adhered to. Tariff for DMRC may be decided separately.
- 2.69 That as the tariff rate in Haryana is around Rs.6.65 per units/ fixed charges Rs.165/- per KVA with no additional surcharge, whereas in Delhi it is Rs.7.75 per units+ more than 50% surcharge / Rs.250 as fixed charges and due to this reason the Cold Storage from Delhi are shifting to Haryana and thus slowly all the Cold storages are forced to close down from Delhi. Also, due to this reason the industries from Delhi are shifting to the Haryana or to Uttar Pradesh.
- 2.70 That in Haryana per unit rate of electricity is less than Rs.7/- per unit but in Delhi it is more than Rs.11.50 per units beside the fixed charges and in both the states the electricity is received from the almost same sources but due to reason that the distribution in Delhi is under the head of Private Companies they are earning huge profit by charging surcharge more than 50% under the garb of different surcharges illegally.

PETITIONERS' RESPONSE:

TPDDL

- 2.71 Tariff Determination and tariff design for all consumer categories is the sole prerogative of the Commission.

- 2.72 Further, DMRC is covered under Tariff of Public Utility and is given benefit of lower tariff along with other public utilities in comparison to other industrial & commercial consumers.

BRPL

- 2.73 The determination of electricity tariff to be charged from a consumer is the sole prerogative of the Commission under Section 45 of the Electricity Act, 2003.

NDMC

- 2.74 Query does not pertain to NDMC

COMMISSION'S VIEW:

- 2.75 The Commission determines the ARR for the DISCOMs as per the provisions of the relevant Regulations. The Commission in its Tariff Order has provided the break-up of the major components considered for projecting costs of supply like power purchase cost, O&M costs, CAPEX, financing cost, the gap in True up to FY 2022-23 and carrying cost for the Regulatory Assets etc. This forms the basis for the projection of the gap/surplus between present requirement in terms of ARR and revenue available at existing Tariff. It is in the consumer's overall interest, that the gap between these two figures is filled by adjusting the Tariffs so as to reduce the accumulated Revenue Gap/Regulatory Assets and the Carrying Cost thereof, which otherwise would impose an additional burden on the average consumer. The Tariff Order is issued after prudence check of the Petitions submitted by the DISCOMs and after considering each element of cost projected in the Petitions with due analysis and ensuring proper justification.

ISSUE 5: TARIFF CATEGORY**STAKEHOLDER'S VIEW:**

- 2.76 DMRC should be treated as special category and tariff based upon the Actual Cost of Supply (i.e cost of purchase to DISCOMs plus reasonable service cost), at 220 / 66 kV without either the cross subsidy or subsidy elements should be charged. Therefore, Electricity tariff of DMRC is to be decided as per Agreed Principle i.e. cost of purchase to DISCOM plus reasonable service cost.

- 2.77 The Commission is requested to direct the DISCOMS to provide separate ACoS for DMRC without considering distribution loss & wheeling charges and reduce the tariff of DMRC so that the “Agreed Principle for fixing electricity tariff of DMRC (i.e. cost of purchase to DISCOM plus reasonable service cost) as decided and reiterated from time to time, is adhered to.
- 2.78 Tariff for Public Utility Category (applicable to DMRC) may be decided upon actual cost of supply (i.e. cost of purchase to DISCOMs plus reasonable service cost), keeping in view the facts.
- 2.79 Retail Tariff (i.e. the tariff at which a distribution licensee supplies electricity to consumers) is determined by the State Commissions under Section 62 of the Electricity Act, 2003 (“EA 2003”). While determining such Retail Tariff, the State Commission enjoys an absolute discretion in terms of Section 62(3) to differentiate between consumers by specifying separate categories, where each category has a separate tariff.
- 2.80 Classification of consumers into different categories under EA 2003 can be done as per the stipulation provided under Section 62(3) on the basis of the following:
- (i) the consumer's load factor;
 - (ii) power factor;
 - (iii) voltage;
 - (iv) total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area;
 - (v) the nature of supply; and
 - (vi) the purpose for which the supply is required
- 2.81 It is further submitted that creation of a different category for a particular class of consumers can only be undertaken within the scope and ambit of Section 62(3) of EA 2003.
- 2.82 All material activities/ processes which consume electricity for the purpose of providing telecommunication and data services should be levied industrial category tariff as the telecom sector is considered as an “industry” and is engaged in a public utility function being an essential service.

- 2.83 The mobile towers are to be considered as part of telecommunication equipment which are used for the purpose of effectively transmitting and receiving communication signals, and hence, the same is to be considered as “Industry”. Thus, it is clear that no differentiation can be made between mobile tower and other telecom infrastructure/ equipment which is material for providing telecommunication and data services, and these all have been considered as part of telecommunication.
- 2.84 Mobile telecommunication and data services provided by Airtel are essential public utility services and the installations comprising in the mobile telecommunication network have been declared and recognized as part of the infrastructure industry as demonstrated above. Apart from the same, it must also be taken into consideration that the telecom sector as a whole performs a critical public function which relates to providing an essential and public utility services.
- 2.85 Mobile/ telecom towers do not function in isolation and as such, certain other infrastructure is also required so as to ensure effective transmission of signals. Therefore, such associated infrastructure cannot be subjected to a different tariff rate, when the function performed is one and the same. In fact, the Judgment dated 12/02/2020 passed by the Hon'ble APTEL is also premised on the same interpretation that when the service/ function does not change, there is no justification to subject similarly placed entities differently.
- 2.86 Thus, not granting the benefit of Industrial Tariff to the telecom infrastructure/ equipment, which are material in providing telecommunication and data services would be completely unjust, arbitrary, illegal and contrary to the legislative intent of Section 62(3) of the EA 2003, and would result in making telecom services expensive for the end consumers.
- 2.87 The Commission should categorize all the telecommunication infrastructures/ equipment's under the Industry (General) Tariff Category, as applicable to mobile towers, by prescribing a new category/ sub-category for IT and IT enabled services.
- 2.88 There should be re-look in the tariff provision and Cold Storage be kept under the Agriculture tariff or a separate category under the head Agriculture be created and

some benefit may kindly be extended to the Cold Storage.

- 2.89 Municipal Corporation of Delhi is providing essential services to the urban and rural populations. Accordingly, the Commission may please re-look in the tariff provision for the Public Utilities Services and put the pumping load and water treatment plants of the MCD at par with the DJB and same be kept under the head Public Utilities Services.

PETITIONERS' RESPONSE:

BRPL

- 2.90 In view of the role of DMRC as a public utility service, BRPL has special consideration for maintaining quality of power supply to DMRC. BRPL endeavours to maintain the uninterrupted power supply to all its consumers including DMRC. These arrangements ensure uninterrupted and better quality of service to all its consumers. To maintain this level of quality power supply, associated costs (i.e., other than Power Purchase cost) are also borne by the Petitioner, which needs to be factored by the Commission in the Tariff Determination for supply to DMRC and other consumers.
- 2.91 In order to provide reliable power supply to all consumers and to meet the continuously increasing peak demand, BRPL has entered into long term Power Purchase Agreements (PPAs) with various Central Govt, /State Govt. owned Generating stations & IPPs, In addition to this, the Petitioner also purchases power from other sources such as Power Exchanges, Bilateral & Banking arrangements etc, to meet the energy demand/rate variations, Thus, the cumulative cost of power procurement from all these sources is applicable to all consumers of BRPL including DMRC.
- 2.92 Considering DMRC as an essential utility service for transportation of passengers, we have been making consistent efforts to ensure supply of reliable and consistent power. In every critical situation, the crucial responsibility of providing quality and reliable power supply to DMRC lies on the shoulders of the Petitioner, for which it has to even arrange power from power market at higher prices.
- 2.93 In addition to the above, determination of electricity tariff to be charged from a certain category of consumers is the sole prerogative of The Commission under Section 61, 62

and Section 45 of the Electricity Act, 2003.

BYPL

- 2.94 In response to the issue raised regarding the shifting of pumping load and water treatment plants of MCD from Non-domestic category to Public Utility Category (at par with DJB), we would like to submit that the determination of tariff, including categorization, solely under the sole prerogative of The Commission under Sec.45 of the Electricity Act, 2003. BYPL is required to comply with the Tariff Schedule issued by The Commission in Tariff Order dated 30/09/2021, applicable till date.
- 2.95 With regard to the concern raised by the stakeholder, we would like to clarify that Delhi Jal Board (DJB) is classified as Public Utility based on the distinct functions, which are different from MCDs. Therefore, MCD's categorization under the Non-domestic tariff is in line with the current regulatory framework. Accordingly, the Petitioner requests that the Commission may take an appropriate view on the concern raised by Stakeholder regarding categorization of its pumping loads and water treatment plants.

TPDDL

- 2.96 Tariff Determination and tariff design for all consumer categories is the sole prerogative of The Commission.
- 2.97 However, even in Haryana and Punjab which are major agricultural states, cold storage is not considered under Agricultural Tariff.
- 2.98 Further, the State Electricity Regulatory Commissions have been given power to frame regulations under Section 181 of the Electricity Act 2003 with regard to methods and principles by which charges for electricity shall be fixed. Under Section 62(3) of the Act, it is for the State Electricity Regulatory Commission to decide as to under which category a consumer should be placed.
- 2.99 TPDDL is billing all its consumers as per the Tariff Order FY 2021-22. The Commission may decide the tariff differentiating it on the basis which have been provided for in the Electricity Act, 2003.

- 2.100 Section 62(3) of the Electricity Act, 2003 provides that the Commission while determining the tariff may differentiate according to the purpose for which the supply is required as reproduced below:

“62(3) The Appropriate Commission shall not while determining the tariff under this Act, show undue preference to any consumer of electricity but may differentiate according to the consumer’s load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required.”

NDMC

- 2.101 NDMC submits that though Telecom services play a significant role in providing seamless connectivity for digital banking, e-governance, healthcare and other crucial services, and Central Government and Government of NCT of Delhi have recognized telecom as part of the Infrastructure Industry, they may be entitled to get promotional benefits by the Government in that category but the aforesaid provisions do not support the claim for special power tariff to the sector on that ground. If the commercial consumers are brought into the subsidized tariff category and the subsidy is not given by the Government, the level of cross-subsidy paid by the other consumers would increase and that would be contrary to provisions of the Electricity Act.
- 2.102 According to the provisions of Section 61 (d) & (g) of the Electricity Act 2003, tariff of any consumer should be reflective of the cost of supply of electricity and it should reduce cross-subsidies. The tariff is determined by adopting rationalization measures allowing almost equal tariff to all consumers barring a few such as Agriculture, Domestic and other subsidized consumers.
- 2.103 The National Tariff Policy 2016 also provides for bringing tariff within +/- 20% of average cost of supply and as such any preferential tariff at a reduced rate would be against the said policy. As per the Section 62(3) of the Electricity Act 2003, differentiating between consumers by specifying separate categories is under the complete jurisdiction and purview of the Commission.

COMMISSION’S VIEW:

- 2.104 This is beyond the purview of True-up Petition and shall form part of ARR proceedings and accordingly shall be taken up at the time of hearing of the ARR Petitions and any

change in Tariff Category will be discussed during finalization of Tariff Schedule.

ISSUE 6: FIXED CHARGE

STAKEHOLDER'S VIEW:

- 2.105 DMRC has been paying Rs. 61.05 Cr. per year as fixed charges against the contract demand/ admissible drawl of 203.5 MVA. The fixed charge constitutes approx. 8-10% of energy bill of DMRC.
- 2.106 Fixed charges should be reduced for DMRC as there is no significant deviation in actual and projected energy consumption of DMRC and also no DISCOM network is being used.
- 2.107 Fixed charges should be reduced and charged based on MDI only and not on sanctioned load since the peak is 7500 MW and total sanctioned load of Delhi is 25000 MW. DISCOMs should be allowed to charge fixed charges only to the extent they pay fixed charges.
- 2.108 In many state fixed charges are not charged from domestic consumers e.g. in Haryana no fixed charge is charged from domestic consumer and from single point consumer fixed charges of Rs.80 is charged from the housing societies based on MDI and hence in Delhi also fixed charges are required to be charged based on MDI only.
- 2.109 TPDDL is charging fixed charges for 6215 MW load amounting to Rs.1111.60 crore, similarly in Delhi other companies i.e. BRPL, BYPL, NDMC and so on are charging separately fixed charges from their consumers and total sanctioned load in Delhi is more than 25000 MW , whereas the peak load of Delhi never excess 7500 MW during summer and in winter it is very less and thus against maximum demand of 7500 MW charging for 25000 MW on account of fixed charges is illegal and hence the fixed charges if at all allowed to be charged then it should be allowed to be charged on MDI load only and not on sanctioned load. Moreover, the fixed for all category should be reduced because in Haryana the maximum fixed charges is Rs. 165 per KVA.
- 2.110 The DISCOMS should not be allowed to charge more than the fixed charges they are paying.
- 2.111 Presently sanction load is being increased based on 3 Months average billing whereas

during balance of the year period the consumption is quite low, there may be mechanism for reduction in the consumption load considering the same.

- 2.112 Whenever there is an increase in sanction load, proper intimation should be given to the consumers.

PETITIONERS' RESPONSE:

BRPL:

- 2.113 Retail tariff has been divided into two parts, viz. Fixed Charge and Energy Charge. Further, Regulation 130 of the Tariff Regulations, 2017 provides that fixed components including capacity charge of generating stations and transmission licensees, return on capital employed, depreciation and O&M expenses of distribution licensee are required to be recovered through Fixed Charge of Tariff. Similarly, Regulation 131 of the Tariff Regulations, 2017 provides that cost components including energy charges (Power Purchase Cost excluding Capacity Charges), trading margin and open access charges are required to be recovered through Energy Charge of Tariff. However, during FY 2022-23, the ratio of fixed and variable components of ARR are 46:54, while the fixed and energy charges component in revenue are 16:84, The detailed working of the same is already submitted by the Petitioner at ARR Petition for FY 2024-25.

TPDDL

- 2.114 Fixed charges are part of Total tariff and is used for part recovery of fixed cost of DISCOMs. Further, the levy of Fixed charges is in line with Section 45(3) of the Electricity Act, 2003. Fixed charges are levied so as to be able to cover the fixed expenses / costs of DISCOMs. DISCOMs need to establish and maintain infrastructure and network so as to ensure uninterrupted power supply irrespective of the fact whether such load demand is actually used or not. DISCOMs also needs to establish its network in N-1 configuration to maintain the redundancy in electrical network in case of fault. Further, the Peak of the different category of consumer varies in time and period and all consumer demand doesn't peak at same time and period. So Peaks for different types of consumptions do not occur simultaneously and hence network is to be maintained in accordance to local peak of network. It is because of above reasons, the installed

capacity of network is higher than the peak load. Further, one of the objectives of the Tariff Policy is to ensure creation of adequate capacity including reserves in generation, transmission and distribution in advance for reliability of supply of electricity to consumers as per Section 4 (i) of the Tariff Policy. Lower recovery of fixed costs of a distribution utility from the Fixed Charges increases the variability of recovery of its costs as recovery of Energy Charges depends on the consumption thereby pushing the distribution utility to cut down on building efficient network. Recovery from fixed charges as per Tariff Order for FY 21-22 is only around 17% against around 60% fixed cost of the ARR. In the interest of consumer and financial viability of the Delhi DISCOMs, the Commission is requested to kindly revert to the fixed charges of FY 2018-19 and specify a trajectory in increase in Fixed Charge so as to ensure full recovery of fixed costs from fixed charges and ensure that the ensuing tariff should be cost reflective for each category of consumer as well as recover fixed cost of DISCOMs from fixed part of Tariff.

- 2.115 For all categories other than domestic, fixed charges are levied based on billing demand. For Domestic consumers, there is no timely updation by the consumer of enhanced load being used by them since there is no surcharge levied on excess load. This leads to excessive use of electricity which has a definitive impact on the electricity network. DISCOMs have to arrange for network augmentation since network has to be in conformity with load being supplied. Such excessive load at times leads to burning of meter and enhances consumer indiscipline.
- 2.116 Fixed charges for Domestic consumers if levied on billing demand will help recover costs according to the actual usage of the consumer. Also, the surcharge on excess load will help ensure discipline amongst Domestic consumers. We welcome this suggestion to bill fixed charges on billing demand.

NDMC

- 2.117 Query does not pertain to NDMC.

COMMISSION'S VIEW:

- 2.118 Aggregate Revenue Requirement (ARR) of DISCOMs recoverable through Electricity Tariff has two parts i.e., Fixed Cost and Variable Cost. The Fixed Cost raised to DISCOMs

from Generating Companies/ Transmission Companies includes Capacity Charges to Generating Companies/ Transmission Companies, Depreciation, O&M Expenses, Interest on Loan Expenses related to Infrastructure Cost of DISCOMs based on Sanctioned Load of consumers etc. and Variable Cost raised to DISCOMs from Generating Companies mainly includes Fuel cost of Generating Companies.

- 2.119 The Fixed Charges, as determined by the Commission mandated under Section 45 of the Electricity Act, 2003, are levied by DISCOMs so as to recover their above mentioned Fixed Costs. These Fixed Costs have to be paid uniformly to Generating Companies and Transmission Companies irrespective of electricity consumption. Any under-recovery on account of these Fixed Charges shall have severe impact on cash inflows of DISCOMs and may disturb timely payments to Generation Companies and Transmission Companies.
- 2.120 Further, the non-payment of Fixed Charges by consumers leads to non-payment of Fixed Cost to Generation Companies and Transmission Companies by DISCOMs. It results into creation of vicious circle and disturbs the equilibrium of the Power Sector which may lead to non-availability of 24X7 uninterrupted power supply.
- 2.121 As the distribution company needs to pay the fixed cost to Generating Stations and Transmission Companies uniformly during the year, this erratic cash inflow makes it difficult to make timely payments to Generation Companies and Transmission Companies which derails the entire system. The Commission in its DERC (Terms and Conditions for determination of Tariff) Regulations, 2017 has specified the components which are part of fixed charges and the variable charges separately.
- 2.122 Further, the issue is beyond the purview of the True-up Petition shall form part of the ARR proceedings and accordingly will be taken up at the time of hearing of the ARR Petitions and any change in Tariff Category will be discussed during finalization of Tariff Schedule.

ISSUE 7: TRANSMISSION LOSS & CHARGES**STAKEHOLDER'S VIEW:**

- 2.123 The average cost of supply for DMRC ought to be lesser than that for other consumer due to the following two reasons:
- 2.124 DMRC Receiving sub-stations (RSS's) are directly connected to the Intra-State Transmission Network of DTL at 66 kV or 220 kV. Being a public transport utility, DMRC has done huge investment from beginning in laying their own distribution network which is directly connected to DTL network for ensuring reliability of the system. Also, DMRC is doing maintenance of all distribution network system laid by DMRC and DISCOM is not having any role between DTL and DMRC except billing. Therefore, DISCOMS are primarily only billing entities.
- 2.125 Rather, the distribution losses in DMRC's network are already being billed to DMRC and are being borne/ paid by DMRC, since the energy meters for DMRC's connections are at DTL Grid substation feeders. Since Distribution network system of DISCOMs is not involved / utilized for wheeling of conventional / open access power by DMRC, therefore the question of Distribution losses cannot arise technically and hence, are not applicable for accounting of power being availed by DMRC for tariff determination.
- 2.126 It is submitted to the Commission for kind consideration that over past 20 years, DMRC has created an extensive 33 kV distribution system spread across the entire city through cable network along the metro route and at every station, the voltage is stepped down to 415 V, 3-phase, which is being utilized for passenger facilities and safety services viz. lifts, escalators, air-conditioning, lighting, water pumps, fire detection & suppression system, signalling etc. The 25 KV, 1-phase power supply is distributed along the route through extensive overhead catenary network of DMRC.
- 2.127 All these arrangements have been made by DMRC by investing a substantial cost of more than Rs. 1,500 crores to ensure reliable and economic power supply. Thus, there are no significant expenses being incurred by DISCOMs in case of DMRC, except the cost of purchase of power.
- 2.128 Hence, as the Distribution network system of DISCOMs is not involved / utilized for

wheeling of power by DMRC, hence the Wheeling charges are also not applicable on DMRC.

- 2.129 TPDDL for FY 2022-23 has claimed Rs. 390.07 Cr. as DTL Wheeling Charges, against the bills raised by DTL amounting to Rs. 352.65 Cr. towards wheeling charges. Further, FY 2024-25, TPDDL has projected an amount of 360 Cr. as DTL & SLDC charges.
- 2.130 As per SLDC data, the actual. Intra-state Transmission Losses is 0.84% for FY 2022-23, however TPDDL has not specified any percentage for Intra-State Transmission Losses and has considered Intra-State Transmission Losses as 98.09 MU for FY 2022-23.
- 2.131 NDMC in its True-up Petition for FY 2022-23 has claimed Rs. 48.09 Cr. towards intra-state transmission losses/ charges against the bills raised by DTL amounting to Rs. 47.72 Cr. towards wheeling charges (including incentive / disincentive).
- 2.132 As per SLDC data, the actual Intra-State Transmission Losses are 0.84% for FY 2022-23, however, NDMC has considered the Intra-State Transmission Loss as 11.31 MU @ 0.88% (Table No. 12) for FY 2022-23. This needs to be considered while passing orders on True up Petitions.

PETITIONERS' RESPONSE:

TPDDL

- 2.133 For FY 22-23 total bill of Rs. 390.07 Cr. was raised by DTL against the wheeling charges Break up is : Rs. 352.96 Cr. for FY 2022-24 & Rs.37.12 Cr. arrears for previous Financial Year. Similarly, Tata Power-DDL has considered Rs. 360 Cr. for FY 2024-25 on account of DTL wheeling charges and SLDC charges etc. on the basis of the past trend.
- 2.134 Tata Power-DDL computes the losses as difference of the actual power scheduled and energy received at Tata Power-DDL periphery and the losses are prorated under Intra state and Interstate losses as follows:
1. For Intra State Losses: - DTL losses have been factored in as per the data shown on the Delhi SLDC Website i.e 0.84% approx. (Delhi STU Loss).
 2. For Inter State Losses: - Remaining difference is booked under Interstate head.
- 2.135 Tariff determination and tariff design for all consumer categories is the sole prerogative

of the Commission.

- 2.136 Further, DMRC is covered under Tariff of Public Utility and is given benefit of lower tariff along with other public utilities in comparison to other industrial & commercial consumers.

NDMC

- 2.137 NDMC has verified bills for Rs. 47.04 Cr. from DTL (wheeling charges) for FY 2022-23. NDMC has made payment against DTL Wheeling Charges bills amounting to Rs. 41.25 Cr.
- 2.138 The intra-state transmission charges including DTL Wheeling Charges (Rs. 41.25 Cr.) + SLDC Charges (Rs. 34,73,177/-), 1% rebate (on Wheeling Charges bills) and Income Tax & Surcharges (on both Wheeling & SLDC Charges bills) + Reactive Charges (Rs. 64,24,779/-). The amount considered in the Petition is Rs. 48.09 Cr. The Projected amount of Rs. 45.40 Cr. for FY 2024-25 is based on the anticipated power purchase through intra-state transmission system. Transmission Losses for FY 2022-23 are (-11.31) MUs @ 0.88% of 1,455.98 MUs. The projected Transmission Losses for FY 2024-25 as 0.88% i.e. 20.88 MU of 1435.12 MUs in ARR is based on the anticipated power purchase through intra-state transmission system.

BRPL

- 2.139 In view of the role of DMRC as a public utility service, BRPL has special consideration for maintaining quality of power supply to DMRC. BRPL endeavours to maintain the uninterrupted power supply to all its consumers including DMRC. These arrangements ensure uninterrupted and better quality of service to all its consumers. To maintain this level of quality power supply, associated costs (i.e., other than Power Purchase cost) are also borne by the Petitioner, which needs to be factored by Hon'ble Commission in the tariff determination for supply to DMRC and other consumers.
- 2.140 In order to provide reliable power supply to all consumers and to meet the continuously increasing peak demand, BRPL has entered into long term Power Purchase Agreements (PPAs) with various Central Govt, /State Govt. owned Generating stations & IPPs, In

addition to this, the Petitioner also purchases power from other sources such as Power Exchanges, Bilateral & Banking arrangements etc, to meet the energy demand/rate variations, Thus, the cumulative cost of power procurement from all these sources is applicable to all consumers of BRPL including DMRC.

- 2.141 Considering DMRC as an essential utility service for transportation of passengers, we have been making consistent efforts to ensure supply of reliable and consistent power. In every critical situation, the crucial responsibility of providing quality and reliable power supply to DMRC lies on the shoulders of the Petitioner, for which it has to even arrange power from power market at higher prices.
- 2.142 In addition to above, determination of electricity tariff to be charged from a certain category of consumers is the sole prerogative of the Commission under Section 61, 62 and Section 45 of the Electricity Act, 2003.

COMMISSION'S VIEW:

- 2.143 The Commission determines the transmission charges of DTL as per Tariff Regulations, 2017 & Business Plan Regulations, 2019. Further, the transmission losses and availability are being considered as provided by Delhi SLDC. With regards to the dues to DTL by DISCOMs, it is made clear that in case DISCOMs do not pay State GENCO and DTL as per timelines mandated in the Tariff Regulations, 2017 then they are liable for LPSC as stipulated in the said Regulations. LPSC paid by DISCOMs to State GENCO and DTL is not passed through in their ARR.
- 2.144 Further, Directives has been issued in previous Tariff Order to DISCOMs to make timely payment of bills to all the Generating Companies and Transmission Utilities. No Late Payment Surcharge shall be allowed as a pass through in the ARR on account of delayed payments.

ISSUE 8: TIME OF DAY (TOD) TARIFF**STAKEHOLDER'S VIEW:**

2.145 In the submitted petition, BRPL has submitted following proposal to the Commission regarding applicability of Time of Day (ToD) Tariff

Tariff	May-Sept	(%)	Oct-Apr
Surcharge	14.00 — 17.00 hrs 22.00 - 01.00hrs	30	No ToD
Rebate	04.00 — 10.00 hrs	30	
Normal	01.00 — 04.00hrs 10.00 — 14.00hrs 17.00 — 22.00hrs	-	

2.146 It is important to note that DMRC is an essential utility service for transportation of passengers and is required to run trains according to a time table to meet demand of commuters. Moreover, in order to help in mitigating Delhi's air pollution, DMRC has to operate additional trips based on directions of the statutory authorities. The maximum commuter demand is between 08:00 hours to 11:00 hours during morning and 16.00 to 20.00 hrs during evening which coincides with the period of maximum energy demand.

The general consumption pattern of DMRC is as under:

00:00 hrs to 06:00 hrs — 5%

06:00 hrs to 15:00 hrs — 45%

15:00 hrs to 24:00 hrs — 50%

2.147 Therefore, unlike other industries it is not feasible for DMRC to control the energy consumption during the peak demand of commuter traffic without causing inconvenience to daily commuters. The present rate & time slot of ToD as applicable on DMRC is given in the following table: -

Tariff	May-Sept	(%)	Oct-Apr
Surcharge	14.00 — 17.00 hrs 22.00 - 01.00hrs	20	No ToD
Rebate	04.00 — 10.00 hrs	20	
Normal	01.00 — 04.00hrs 10.00 — 14.00hrs 17.00 — 22.00hrs	-	

- 2.148 From the above table, it is evident that due to application of ToD in Summer months (May to September), DMRC is liable to pay 20% extra during the period from 14.00 hrs to 17.00 hrs and from 22.00 hrs to 24.00 hrs.
- 2.149 DMRC is carrying passenger traffic during the peak hours and thereby de-congesting the roads and therefore contributing in reducing the pollution hence protecting the environment.
- 2.150 The request of BRPL to increase the ToD peak Surcharge & rebate to atleast 30% should not be applicable for Public utility like DMRC since they are serving the general public for 18-20 hrs. every day and load pattern as per the commuters' load cannot be changed to reduce the liability on account of ToD with respect to the peak period.
- 2.151 In view of above, Commission is requested to exempt DMRC from ToD metering to avoid additional burden on energy efficient public transport system being used primarily by common men of Delhi NCR.
- 2.152 The demand of BRPL for increasing regulatory surcharge & introducing new surcharge is not justified.
- 2.153 Time of Day surcharge should not be applicable on DMRC keeping in view the nature of operations of DMRC, which does not allow any flexibility of shifting the loads.
- 2.154 ToD surcharge should not be applicable on DMRC, keeping in view the nature of operations, which does not allow any flexibility of shifting of loads.

PETITIONERS' RESPONSE:**BRPL**

- 2.155 BRPL has proposed in the ARR Petition that ToD peak Surcharge and Rebate to be at least +/-30% so that objective of ToD may be fulfilled by shifting a portion of their loads from peak hours to off-peak-hours thereby improving the system load factor, flatten the load curve and optimize the cost of power purchase which constitute over 80% of the tariff charged from the consumers. Both these steps were envisaged to facilitate flattening of the load curves for the DISCOM.

- 2.156 Further, TOD tariff should reflect the changing power markets and the tariff on offer for peak and off-peak period should reflect the price unpredictability of the market. The marginal impact of power purchase during peak hours as compared to normal hours is considerably higher and not covered under the current margins of TOD tariff. Therefore, the current TOD tariff is not motivating most of the consumers to shift their load to off-peak hours as the current disincentive/incentive for consumption during peak/off-peak hours is having miniscule impact on respective bills and hence is not a decisive factor.
- 2.157 On the contrary it is observed that the cross-subsidising consumers who have opted open access are availing power from the DISCOM during the peak hours as the power from short term markets are higher thus rendering the TOD mechanism futile.
- 2.158 In view of the above, it is requested to make TOD applicable for all the category of consumers irrespective of any load band and re-introduce TOD peak Surcharge and Rebate to at least +/-30% to make it more attractive to the consumers and may be a win-win situation for both consumers and the licensee.
- 2.159 Further, the determination of electricity tariff to be charged from a certain category of consumers is the sole prerogative of the Commission under Section 61, 62 and Section 45 of the Electricity Act, 2003, hence, the DISCOM is bound to levy tariff and charges on consumers for a period as determined and approved by the Commission under the Electricity Act 2003.

TPDDL

- 2.160 Any exemption in tariff is the prerogative of the Commission. However, DISCOM need to purchase High Cost Power up to Rs 10 per unit during the Peak Period and are forced to sell the power in exchange at lower rate during off Peak Period in order to meet the fluctuating Demand of Consumers. Thus, the Tariff of consumer should reflect the actual cost of supply during that period irrespective of its ability to shift the load.
- 2.161 Further, the present ToD Tariff is applicable since last 8 years and hence, Tata Power-DDL requests the Commission to review its performance basis the load curves noticed during the summer months (April – September) and winter months (October – March)

in its distribution area which is as follows:

Two distinct peaks and two distinct off-peak periods are noticed in the load curves for summer as well as winter months:

Summer:

Peak Periods: 0000 — 0100 hrs, 1300 — 1700 hrs. and 2100 — 2400 hrs

Winter

Peak Periods: 0600 — 1200 hrs, and 1700 — 2200 hrs

Off peak Period: 0000 — 0400 hrs

- 2.162 While the average power purchase cost at base load is 1400 MW April — September and is 900 MW during October — March is almost the same based on the Merit Order Despatch (MOD) principles, the power purchase cost increases by —150% to meet the peak load during April — September and 30% to meet the peak load during October — March. Accordingly; Tata Power-DDL has submitted the following proposal for ToD:

Month	Peak Period	Surcharge on energy charges	Off peak period	Rebate on energy charges
Apr. — Sept.	0000 — 0100 hrs 1300 — 1700 hrs 2100 — 2400 hrs	50%	0300 — 0900 hrs	20%
Oct. — Mar.	0600 — 1200 hrs. 1700 — 2200 hrs.	20%	0000 — 0400 hrs.	20%

NDMC

- 2.163 Query does not pertain to NDMC.

COMMISSION'S VIEW:

- 2.164 Currently, ToD surcharge is applicable to as specified in Tariff Schedule issued by the Commission:

“ToD tariff shall be applicable on all consumers (other than Domestic) whose sanctioned load/MDI (whichever is higher) is 10kW/11kVA and above.”

MONTHS	PEAK HOURS (HRS)	SURCHARGE ON ENERGY CHARGES	OFF-PEAK HOURS (HRS)	REBATE ON ENERGY CHARGES
May - September	1400– 1700 & 2200 – 0100	20%	0400 – 1000	20%

- 2.165 Though DMRC being a Public Utility, abolition of above stated ToD Surcharge will form part of ARR proceedings and accordingly will be taken up at the time of hearing the Petitions of ARR.

ISSUE 9: POWER PURCHASE ADJUSTMENT CHARGES (PPAC) & OTHER SURCHARGES

STAKEHOLDER'S VIEW:

- 2.166 Various surcharges like pension trust, PPAC, differential PPAC, deficit Revenue Recovery Surcharge be withdrawn and PPAC be charged in amount instead of percentage terms and also reduce it.
- 2.167 DISCOM is allowed to charge Deficit Revenue Recovery Surcharge without assigning any reason but recovery is not shown under any head. This surcharge has increased from 8% in 2012 to 18.3% in Feb. 2023. Hon'ble Commission is requested to drop this surcharge.
- 2.168 Till July 2018 there was neither PPAC surcharge nor differential PPAC surcharge imposed on the consumers but suddenly from September 2018 a 2.7% PPAC surcharge was imposed but there was no differential PPAC, PPAC was then increased to 4.4% in Oct.2018, thereafter reducing it to 1.8% in Nov.2020 and so on, thereafter it was increased to 8.7% from Sept.2022 illegally. In Haryana for the last 2 to 3 years there was no fuel surcharge and from April 2023 it is again imposed and an amount of 0.47p per unit is charged which shows that in Delhi PPAC surcharge is on very higher side. PPAC should not be allowed to be charged on percentage, it should be allowed in terms of money, so that no surcharge can be charged on fixed charges.
- 2.169 Besides PPAC, differential PPAC surcharge was allowed from the consumer from June 2020 starting from 2.63% and it is increased to 13.5%. Such surcharge should not be allowed to be charged from the consumer. Allowing such differential PPAC surcharge is another way to increase the tariff by indirect way as it has no relevance when PPAC was already charged continuously. That differential PPAC surcharge should not be charged continuously because PPAC can be adjusted quarterly and there is no requirement to charge differential PPAC.

PETITIONERS' RESPONSE:**TPDDL:**

- 2.170 Tariff determination and tariff design for all consumer categories is the sole prerogative of the Commission. The PPAC mechanism has been implemented pursuant to the statutory provisions of Electricity Act 2003 and Hon'ble APTEL directions. Timely levy of PPAC / Differential PPAC helps to recover any increase of power purchase in timely manner and minimize the carrying cost burden on consumers.
- 2.171 Tariff determination falls under the purview of the Commission, which considers multiple factors such as past Regulatory Assets, revenue requirements for the current year and other economic considerations while setting tariffs. Regulatory Assets got created due to non-cost reflective tariff for previous years. Therefore, to address this issue the Commission had introduced Regulatory Surcharge of 8% so that the interest burden can be met out to save the consumers from further accumulation of interest.

BRPL

- 2.172 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.
- 2.173 Since the power purchase costs are uncontrollable in nature, any variation in the cost approved by Hon'ble Commission at the time of Tariff fixation and actual cost incurred by DISCOM is a pass through.
- 2.174 Regarding the contention raised by the Stakeholder for PPAC to be charged in terms of money in place of percentage basis, the Petitioner would like to submit that Regulation 135 of DERC Tariff Regulations, 2017 provides that The Commission has to specify a detailed formula for PPAC in the Tariff Orders of the relevant year and that the Distribution Licensees shall be allowed to recover the incremental Power Procurement

Coat on quarterly basis. The PPAC formula as specified by The Commission in applicable Tariff Order dated 30/09/2021 is on percentage basis to be charged on quarterly basis, Moreover, the PPAC formula specified by the Ministry of Power in Schedule II of Rule 14 of the Electricity (Amendment) Rules, 2022 is on percentage basis to be charged on monthly basis without any cap.

NDMC

2.175 Query does not pertain to NDMC.

COMMISSION'S VIEW:

2.176 The DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017, specifies that:

"134. The Distribution Licensee shall be allowed to recover the incremental Power Procurement Cost on quarterly basis, over and above the Power Procurement Cost approved in the Tariff Order of the relevant year, incurred due to the following:

(a) Variation in Price of Fuel from long term sources of Generation;

(b) Variation in Fixed Cost on account of Regulatory Orders from long term sources of Generation;

(c) Variation in Transmission Charges.

135. The Commission shall specify the detailed formula and procedure for recovery of such incremental Power Procurement Cost as Power Purchase Cost Adjustment Charges (PPAC) formula in the Tariff Order."

2.177 The DERC vide its Tariff Orders specifies that:

"e) The percentage increase on account of PPAC will be applied as a surcharge on the total energy and fixed charges (excluding short term arrears, LPSC, Electricity Duty etc.) billed to a consumer of the Utility. Further, PPAC surcharge shall not be levied on the 8% surcharge and also the 8% surcharge towards recovery of past accumulated deficit shall not to be levied on PPAC."

2.178 As seen from above quoted Regulations, PPAC Charges covered variation in Fuel Cost, Fixed Cost on account of Regulatory Orders and variation in Transmission Charges, the same is levied by the Commission on both Fixed and Energy Charges.

2.179 Surcharges levied by the DISCOMs are specified in the Regulations/Tariff Orders as specified above regarding 8% Regulatory Assets Surcharge, Pension Trust Surcharge or PPAC.

2.180 Further, changes in such surcharge is beyond the purview of True-up Petition and will

form part of ARR proceedings and accordingly will be taken up at the time of hearing the Petitions of ARR.

ISSUE 10: CHARGING OF LEADING POWER FACTOR WHILE BILLING

STAKEHOLDER'S VIEW:

- 2.181 BRPL has proposed to charge impact of leading power factor on consumers being billed on kVAh basis so that proper voltage is maintained in the grid. Therefore, BRPL has proposed to include lead reactive power for billing consumption.
- 2.182 DMRC is connected to DISCOM, as a Consumer and is being billed as per DERC Tariff Orders on "kVAh consumption basis" and "Lag only" metering has been accepted by The Commission vide letter dated 27/08/2004 and 1/07/2012. This is in-line with the practice of blocking leading power factor readings in case of Railways and Metro systems being followed by other states as well.
- 2.183 BRPL in its ARR petition has quoted the UPERC's Order dated May 24, 2023 but BRPL has not quoted the last para and thus not produced the complete picture of UPERC's order. The last para of the Order mentioned by M/s BRPL is reproduced as under:
".....However, the aforesaid provision of treating power factor below 0.95 (lead) as the commensurate lagging power factor, for the purposes of billing shall not be applicable on HV-3 category" (applicable for Railway Traction and Metro Rail Corporation) "and shall be treated as unity. Hence, for HV-3, "lag only" logic of the meter should be used which blocks leading kVArh.
- 2.184 The above para clearly indicates that Hon'ble UPERC has directed DISCOM to consider unity power factor for Railway and Metro Rail Corporation (HV- 3) category in case of leading power factor.
- 2.185 It is pertinent to note that being an open access consumer, reactive energy is already being charged / incentivized to DMRC by DISCOMS.
- 2.186 Hence, the request of BRPL to introduce kVAh billing in both lag and lead mode may not be accepted for DMRC and the existing practice of KVAh billing under "lag only" metering may be continued for DMRC. The existing practice of KVAh billing under "Lag only" metering may be continued for DMRC.

PETITIONERS' RESPONSE:**BRPL:**

- 2.187 Existing practice of kVAh billing under "lag only" metering may be continued for DMRC.
- 2.188 BRPL have proposed to include lead reactive power for billing consumption owing to the fact that consumer use fixed capacitors, bulk consumption, HT in fixed mode, use of substandard controllers having erratic and inconsistent performance, thereby, leading to additional Reactive (lead) Power Charges causing burden on the distribution licensee. During off-peak period, voltage become high due to high capacitive injection by high end consumers using fixed capacitors vis-a-vis absence of adequate reactive injection which endanger the system stability. Such overconsumption requires transformer of higher capacity to limit increased burden on the distribution utility. In order to limit such anomaly, Discom has proposed the Commission to introduce kVAh billing in lag as well as lead mode.
- 2.189 Further, determination of electricity tariff to be charged from a certain category of consumers is the sole prerogative of the Commission under Section 61, 62 and Section 45 of the Electricity Act, 2003.
- 2.190 Consumers don't provide its equipment and installation with appropriate and adequate capacitor compensation. Mostly consumer uses fixed capacitors or bulk compensation on HT in fixed mode, thereby leading to additional Reactive (lead) Power Charges, which is causing undesirable unwarranted burden on other Tata Power-DDL consumers. It is important to note that, more particularly, during winter season, there is hardly any reactive injection, and due to high capacitive injection by high end consumers, the voltage becomes very high and sometimes so much so that it becomes difficult to control the same. Further, it has been observed that some of the high end consumers are using fix type capacitors matching with maximum demand. In these cases, the reduction in load/less load, causes excess injection of leading reactive power leading to billing of reactive charges by DTL to DISCOMs. However, actions from only DISCOM will not serve the purpose of reactive power

management in power system as reactive injection and drawl can be from generator as well as transmission system. It is only the distribution companies who are paying for the inefficiency of other entities in power sector value chain. The reactive compensation is effective when it is nearer to the load and the extra reactive compensation by industrial consumers cannot be used / compensated against extra reactive energy drawl by agricultural section.

2.191 The most effective remedy to remove such anomaly is to introduce kVAh billing in lag as well lead mode i.e. kVARh consumption in the leading power factor mode has to be taken in account as consumption. Introduction of kVAh metering and tariffs in lead as well lag mode will also encourage the consumers to reduce their electricity bill by ensuring that they do not draw reactive power and switch over to using efficient devices with proper power factor correctors or will install only appropriate capacitors at their premises.

2.192 Therefore, to ensure better quality and reliable supply of power for the consumers, it is proposed to charge even the leading power factor cases on kVAh basis so that the injection by high end consumers (More than 30 KVA) is as per their actual requirement and proper voltage is maintained for all the consumers.

NDMC

2.193 Query does not pertain to NDMC.

COMMISSION'S VIEW:

2.194 This is beyond the purview of True-up Petition shall form part of the ARR proceedings and accordingly shall be taken up at the time of hearing of the ARR Petitions and any change in the billing will be discussed during finalization of Tariff Schedule.

ISSUE 11: HARMONICS

STAKEHOLDER'S VIEW:

2.195 DISCOMs may be advised to create awareness regarding harmonics among HT/EHT consumers so that they can take steps to minimize harmonics voluntarily at their level but imposition of penalties is not the correct approach.

PETITIONERS' RESPONSE:**TPDDL**

2.196 It has to be noted that Tata Power-DDL is creating suitable awareness among the consumers to minimise the harmonics. However, it is not yielding the impact. The presence of harmonic distortion is highly detrimental to the health of electrical network. Bulk consumers of electricity have higher capability to inject current harmonics in the network by virtue of large nonlinear loads. The Forum of Regulators has specified such group of customers as "Designated customers" based on their potential to inject harmonics in the electrical network. The end users and utilities share responsibility for limiting harmonic current injections and voltage distortion at the point of common coupling.

2.197 Regulation 8 of DERC (Supply Code and Performance Standards) Regulations, 2017, also talks of penal charges on non-compliance which are to be notified by the Commission. This Regulation is reproduced below for ready reference:

"(5) Failure to comply with the permissible limits of Harmonics after inspection as in sub-regulation (3) above may attract penal charges, as may be notified by the Commission from time to time:"

2.198 However, since the Commission has not notified any penal charges till date, Tata Power-DDL requests for notification of the same at the earliest and direct all the HT/EHT consumers to install Power Quality meters in accordance to Central Electricity Authority (Technical Standards for Connectivity of the Distributed Generation Resources) Amendment Regulations, 2019 and also specify the periodicity for sharing the recorded data of PQ meters with the DISCOMs as stipulated in the Amended Regulations of CEA.

NDMC

2.199 Query does not pertain to NDMC.

COMMISSION'S VIEW:

2.200 DISCOM has proposed Penal Charges @ 20-30% on Energy Charges of the respective consumer category tariff for HT consumers for failing to provide adequate harmonic

filtering equipment to avoid dumping of harmonics into DISCOM's network beyond the permissible limits as specified by CEA Regulation. Further, the Petitioner has asked DERC to direct all HT/EHT consumers to install Power Quality meters in accordance to CEA and also specify the periodicity for sharing the recorded data of PQ meters with the DISCOMs.

- 2.201 DMRC has submitted that they are not using any Distribution power supply network of any of the DISCOMs. Being a Public Utility, efforts are being made by DMRC to maintain grid stability.
- 2.202 Further, this is beyond the purview of True-up Petition and shall form part of ARR proceedings and accordingly shall be taken up at the time of hearing the Petitions of ARR for FY 2025-26.

ISSUE 12: OTC PLATFORMS

STAKEHOLDER'S VIEW:

- 2.203 CERC introduced OTC Platforms for buyers and sellers of power in their Power Market Regulation 2021 (PMR 2021). In line with PMR 2021, GNA Energy started operating its OTC Platform upon approval of its bye-laws and business rules by the Hon'ble CERC. Further, GNA Energy is also assisting Buyer/Sellers through Data Analytics to take informed decisions on power procurement.
- 2.204 In this regard, we would also like to bring to your attention that several state regulatory commissions are already allowing utilities in their respective states to use CERC-regulated OTC Platforms.
- 2.205 Madhya Pradesh Electricity Regulatory Commission (MPERC) in the Discom ARR have directed them to use new Platforms like Power Exchanges/HP-DAM, PUSHP Portal, and OTC Platforms for their power market operation. A relevant extract is provided below for your ready reference:
- 2.206 MPERC Aggregate Revenue Requirement and Retail Supply Tariff Order for FY 2024-25:

“Based on analysis of actual surplus energy sold, it is observed that sale of surplus energy in open market is showing increasing trend. Therefore, considering the realistic scenario of sale of surplus power through open market and considering gradual increasing trend in previous years, the Commission has considered 5,619 MU as likely scenario for sale of surplus power through power exchanges, bilateral arrangements or through bidding. Although the estimation by the Commission is based on aforesaid numbers, the Commission directs the Petitioners to maximise sale of surplus energy through Power Exchanges, bilateral arrangements or through bidding in order and also make best use of new platforms like HP-DAM (High Price Day Ahead Market), surplus power portal (PUSHp) and OTC Platform for sale of surplus power. The Petitioners are also directed to comply with the directions given by the Commission in para 7.11 of this Order on disposal of Surplus Power”

- 2.207 Assam Electricity Regulatory Commission (AERC) in its draft framework for resource adequacy framework have allowed distribution licensees to contract power through OTC Platforms recognised and approved by CERC. A relevant extract is as below:

“Distribution Licensee may contract power through State Generating Stations / Central Generating Stations/ Independent Power Producers (IPPs) / Captive Power Plants(CPPs)/ Renewable Power Plants including Co-Generation Plants / Central Agencies / State Agencies/ Intermediaries/ traders/Aggregators/ Power Exchanges or through bilateral agreements / Banking arrangements with other Distribution Licensee, over-the-counter (OTC) or any other platform recognized and approved by the Central Electricity Regulatory Commission and any other sources as may be approved by the Commission under Section 62 or Section 63 of the Act in compliance with competitive bidding guidelines.”

- 2.208 In view of the above, we request the DERC to allow Distribution Companies in Delhi to use CERC-regulated digital OTC Platforms for the sale of surplus power, procurement of power from other DISCOMs and generators to fulfil short-term, medium-term, and long-term power requirements, and banking with other DISCOMs. Allowing OTC Platforms shall provide several advantages to the DISCOMs and the state of Delhi:
- 2.209 When buying/selling or banking through trading licensees, DISCOMs have access to a limited number of options. However, listing requirements on an OTC Platform will enable DISCOMs to have greater visibility on options available at a Pan-India level. This will empower them to make better decisions that will benefit the DISCOMs and the state of Delhi.

- 2.210 OTC Platforms allow direct interaction between utilities, allowing them the safety and assurance of engaging directly with a secure entity. the Commission may thus allow DISCOMs to execute buy/sell and banking arrangements by listing their requirements on OTC Platforms when the counterparty is another utility and no other intermediary/trading licensee is involved.
- 2.211 DISCOMs are currently paying an average trading margin of 4 paise per unit to trading licensees for banking tenders executed through them. However, OTC Platforms (specifically GNA Energy) are charging a maximum of only 1.5 paise per unit resulting in +60% savings in the cost of banking for power. Thus, DISCOMs can gain significant savings by banking through OTC Platforms. Such savings shall greatly benefit the state and the people of Delhi.
- 2.212 We request the Commission to kindly consider this request and suitably include in the ARR to allow DISCOMs to procure power through CERC-regulated OTC Platforms in line with other SERCs as indicated above. We shall be happy to provide additional input required by the DERC.

PETITIONERS' RESPONSE:

TPDDL

- 2.213 A suggestion has been provided to the Commission to consider allowing usage of CERC regulated OTC platforms. It is related to the introduction of OTC platforms and is not directly related to the Tariff Petition.

BRPL & BYPL

- 2.214 They have submitted that in terms of Hon'ble CERC Power Market Regulations 2021:
- "2. Definitions and Interpretation*
- (ap) "Over the Counter (OTC) Platform" is an electronic platform for exchange of information amongst the buyers and sellers of electricity.*
- 41. The objectives of the OTC Platform shall be:*
- (1) To provide an electronic platform with the information of potential buyers and sellers of electricity,'*
- (2) To maintain a repository of data related to buyers and sellers and provide such historical data to Market Participants, '*
- (3) To provide such services as advanced data analysis tools to Market Participants.*
- 46. Obligations of the OTC Platforms*

- 1) *The OTC platform shall not engage in the negotiation, execution, clearance or settlement of the contracts.*
- 2) *The OTC platform shall maintain neutrality without influencing the decision making of the Market Participants in any manner.*

2.215 Moreover, on the matter of approving OTC Platforms for the sale of surplus power, procurement of power and banking in line with other DISCOMs, we would like to clarify that, the DISCOMs procure, sale power after Hon'ble Commission's approval/Order/Regulations.

NDMC

2.216 The Commission may take a view on this.

COMMISSION'S VIEW:

2.217 This is beyond the purview of True-up Petition shall form part of the ARR proceedings and accordingly shall be taken up at the time of hearing of the ARR Petitions.

ISSUE 13: OUTSTANDING DUES OF WHEELING / TRANSMISSION CHARGES OF DTL STAKEHOLDER'S VIEW:

2.218 Outstanding dues of DTL to be paid by BRPL is Rs. 2,643.71 Cr. since October 2010 due to which DTL's financial health has deteriorated and it has become challenging for DTL to maintain the Transmission system.

2.219 It is likely that DTL may have to suffer an under-recovery at the end of the license period of BRPL due to non-payment of Transmission Charges by BRPL for the last 14 years. Hon'ble Commission may take necessary steps to ensure timely recovery of outstanding Transmission Charges within the next 1-2 years.

2.220 BRPL is in breach of the terms of the Bulk Power Transmission Agreement dated 9/10/2009 ("BPTA") due to BRPL's default in payment to DTL. This Commission by Order dated 25/01/2012 in Petition Nos. 67 & 68 of 2011 directed BRPL to continue to pay the current dues of the transmission charges to DTL. The matter was also raised by DTL before this Commission in Petition No. 46 of 2018 for alleged non-payment of

wheeling charges, income tax and incentives since October, 2010. Also the issues of violations of provisions of BPTA, timely payment of outstanding amounts along with the applicable surcharge, to establish Letter of Credit (LC), and for opening of Escrow Account, were raised in Petition No. 46 of 2013. Thereafter, Hon'ble Commission disposed of the Petition No. 46 of 2013 by Order dated 22/11/2013 for the constitution of Empowered Committee, and aggrieved of this, DTL filed an Appeal No. 32 of 2014 before Hon'ble Appellate Tribunal for Electricity, which is adjourned till the final judgment of the Hon'ble Supreme Court in W.P. (C) No. 104/ 2014.

- 2.221 In spite of Orders of this Commission as also the Hon'ble Supreme Court in W.P. (C) No. 104 of 2014 filed by BRPL, BRPL has neither remitted the payment to DTL nor established the requisite Letter of Credit ("LC") by communication 1/06/2018, BRPL had submitted a Liquidation Plan for liquidation of principal overdue. However, after payment of the initial installment, BRPL did not honor its own commitment to make payments as per the Liquidation Plan.
- 2.222 Hon'ble Commission may direct BRPL to clear the outstanding dues of DTL pending since October 2010 at the earliest including Late Payment Surcharge ("LPSC") @15%/18%
- 2.223 Hon'ble Supreme Court by its Order dated 12/05/2016 in W.P. (C) No. 104 of 2014 has directed BRPL to clear 70% of the current dues. However, BRPL has been defaulting in the payments to DTL. BRPL has not complied with the directions of Hon'ble Supreme Court for payment of 70% of current dues and has made payment of 437.34% of current dues.
- 2.224 The GoNCTD by its letter dated 13/05/2016 directed that the subsidy amount would be adjusted against the outstanding dues only. Accordingly, DTL is adjusting the portion of subsidy against the outstanding dues of BRPL, pending since October, 2010, The said adjustment of subsidy against the outstanding dues was also upheld by the Hon'ble APTEL in the Order dated 23/05/2014 in I.A. No, 164 of 2014 in Appeal No. 32 of 2014. Therefore, DTL is bound to adhere to the above mentioned decisions of Hon'ble APTEL and directions of the GoNCTD.

- 2.225 BRPL in its True-Up Petition has claimed Rs. 236.8 Cr. (i.e., Rs.233.5 Cr. as Rebatable Amount and Rs. 3.4 Cr. as Non-Rebatable Amount) towards Transmission Charges of DTL for FY 2022-23, against the bills raised by DTL amounting to Rs. 403.07 Cr.
- 2.226 However, BRPL has not remitted any amount to DTL against Transmission / Wheeling Charges. Therefore, no amount should be allowed to BRPL by the Commission towards Transmission Charges of DTL for FY 2022-23. BRPL has made a payment of only Rs. 50 Cr. which has been adjusted against old outstanding dues of BRPL.
- 2.227 For FY 2024-25, BRPL has projected the total Transmission Charges of Rs. 1,626.80 Cr. However, BRPL has not specified: -
- a. Any bifurcation for Intra-State Transmission Charges
 - b. Any roadmap for payment of outstanding dues of DTL
- 2.228 Despite clear directions from the Commission in past Tariff Orders for timely payment of bills, BRPL has failed to pay Transmission Charges to DTL for the last 14 years. This Commission has also been allowing carrying cost on the Revenue Gap / Regulatory Asset and BRPL is also enjoying interest on the outstanding payments to DTL (Rs. 2643.71 Cr.) withheld by BRPL from October -2010 to March - 2024. Hence the Commission may take a suitable decision on carrying cost / incentives being allowed to BRPL in view of BRPL's default in payment to DTL since October 2010.
- 2.229 BRPL & BYPL have retrospectively reduced the rate of LPSC payable to DTL on the outstanding dues from 15%/18% to 12% from the past period, which is a clear violation of the provisions of the BPTA, the Tariff Regulations (*"Tariff Regulations, 2017"* as well as Electricity Act.
- 2.230 The Commission should take necessary steps to ensure the timely recovery of outstanding dues of DTL within the next 1-2 years.
- 2.231 By withholding the amount of the Transmission Charges payable to DTL, BRPL & BYPL have already enjoyed the interest on the unpaid amount of Rs. 2,643.71 Cr. & Rs. 2,050.77 Cr. over the period of last 13-14 years.

- 2.232 The Commission may direct BRPL & BYPL to re-instate the figures of outstanding dues payable to DTL along with LPSC @ 15%/18% for the past periods in the Balance Sheet of BRPL & BYPL.
- 2.233 Clause 5.1 of the BPTA mandates BRPL & BYPL to provide unconditional, un-assignable and irrevocable LC to DTL to duly secure the payment of monthly invoices raised by DTL.
- 2.234 Since 2011, DTL has been requesting BRPL & BYPL every year to provide the requisite LC, however, the same has not been provided by BRPL & BYPL. Hon'ble Commission may direct BRPL & BYPL to open the LC for FY 2023-24 w.e.f. 1/04/2023, at the earliest.

PETITIONERS' RESPONSE:**BRPL & BYPL**

- 2.235 Contentions raised by DTL are erroneous and misconceived. As regards the contentions of DTL qua alleged non- payment of dues / non-compliance with Orders of the Commission and the Hon'ble Supreme Court, detailed submissions have been made hereinabove at Paras. 2 to 2.9 which may be read as part of the response and the same are not being repeated for the sake of brevity and to avoid prolixity.
- 2.236 On the issue of opening of LC in favor of DTL, considering the stressed financial condition of BRPL, for reasons not attributable to it as explained hereinabove, it is submitted that the issue of opening of LC was raised by DTL before the Commission in Petition No. 46 and 47 of 2013 wherein the Commission by its Order dated 22/11/2013 directed for constitution of an Empowered Committee. The said Order was challenged by DTL and is pending adjudication in Appeal No. 32 of 2014 before the Hon'ble APTEL. As such, at this stage, DTL ought not to insist upon BRPL to open LC. Further, IPGCL & PPCL by their Communications dated 23/09/2022 had directed BRPL to establish LC in terms of the Electricity (Late Payment Surcharge and related matters) Rules, 2022 which was challenged by BRPL in IA No. 145037 of 2022 in W.P. (C) No. 104 of 2014, wherein Hon'ble Supreme Court has directed the parties to maintain Status Quo as on 28/09/2022.

- 2.237 As regards the Liquidation Plan proposed by BRPL, it is submitted that: -
- 2.238 As stated hereinabove BRPL has been making 100% payment of all current bills of DTL since November 2017 and from June 2018 BRPL has made additional payments to DTL of Rs. 157.50 Cr. to DTL during FY 2018-19 & 2019-20 over and above the 100% current dues of respective financial year, in order to demonstrate and establish BRPL's bona fide intent to pay the admitted dues of DTL. However, BRPL could not sustain the additional payments mainly due to reduction in Retail Tariff (on account of reduction in fixed charges) by the Commission in the Tariff Order dated 31/07/2019 applicable since FY 2019-20.
- 2.239 BRPL by its communications dated 2/07/2022 and 17/08/2022, without prejudice to its rights and contentions in proceedings pending in various fora, had proposed a consolidated and comprehensive One Time Settlement ("OTS") plan for liquidation of overdues of Delhi Utilities.
- 2.240 Proposed OTS plan was also placed before The Commission by BRPL for its guidance and imprimatur by way of Interim Applications in Review Petition Nos. 59 and 60 of 2019 which were disposed of by order dated 15/09/2022, as under:
- "Heard Mr. Rahul Kinra, holding brief of Sr. Advocate, Mr. Bhatt. We have been informed that IPGCL and PPCL have filed an affidavit before this Commission categorically denying the willingness to participate in the reconciliation proceedings as proposed by the Commission on request of the Petitioner. Earlier also they had appeared and shown reluctance, today the affidavit is on record. Mr. Kinra has pleaded that he may be granted a week's time to consult his clients and the case may be fixed on the next date. However, after going through the contents of the IPGCL and PPCL, the Commission feels that this was an attempt for a reconciliation and the Commission had passed orders in a persuasive manner in the hope that the matter can be settled amicably in the interest of all the parties. However, if the other party has filed a categorical denial to the reconciliation proceedings, no rejoinder can be filed by the Petitioner. Ms. Shandilya, Counsel for DTL, has also **submitted** orally that as per the instructions they are not willing to come to the table for discussion. Mr. Kinra has pleaded vehemently that the matter should be kept pending but we feel it will be totally unnecessary as the prayer of the Petitioner is categorically denied. The interim relief applications bearing Nos. 3 and 4 of 2022, on which these reconciliation proceeding were sought to be started, stands disposed of. Disposal of these applications will not mean that the contentions of the Petitioner have been rejected or the stand of the opposite parties has been legally accepted."*

- 2.241 The said Review Petitions are still pending before the Commission and were last listed on 4/03/2025 wherein the Commission had adjourned the hearing in the matters and directed the same to be listed after two weeks.
- 2.242 By a Brief Note tendered on behalf of BRPL and BYPL on 18/09/2024 before the Hon'ble Supreme Court, it was mentioned that in order to achieve resolution between BSES DISCOMs and DTL, two issues need either an agreed formulation between the parties for approval of this Hon'ble Court or a decision of the Hon'ble Court.
- (i) Computation of principal amount of outstanding dues payable by BSES DISCOMs to Delhi Utilities, in terms of the Hon'ble Supreme Court's Order dated 26/03/2014:
 - (j) Payment made directly by DISCOMs have to be appropriated first against current dues (amounts payable from 1/01/2014)
 - (k) Subsidy amounts unilaterally adjusted by GoNCTD towards pre- 1/01/2014 dues of Delhi Utilities have to be appropriated against current dues
 - (l) Rate for LPSC payable on such outstanding dues.
- 2.243 The above issues are pending consideration before the Hon'ble Supreme Court and the GoNCTD by its Affidavit dated 6/01/2025 has inter-alia stated that the proposal is under consideration. Hon'ble Supreme Court by its Order dated 20/02/2025 reserved the judgment on the issue relating to creation and continuation of the Regulatory Asset by Electricity Regulatory Commissions.
- 2.244 In view of the above, it is submitted that BRPL has been taking proactive steps to liquidate the outstanding dues of DTL, while suffering on account of the non-cost reflective tariff determined by the Commission year-on-year. Aforesaid contentions of DTL are erroneous and misconceived, and as such, liable to be rejected by the Commission. The Commission is requested to allow the claims of BRPL in the True Up Petition and the ARR Petition in the ensuing Tariff Order.
- 2.245 As stated hereinabove, in compliance of the Order dated 12/05/2016 passed by the Hon'ble Supreme Court, BRPL has been endeavoring to make 70% payment of the current dues to DTL while also considering the adjustment of Subsidy released by GoNCTD, which is a current receivable to BRPL. BRPL has been making 100% payment

of all current bills of DTL since November 2017 and from June 2018 BRPL has made additional payments to DTL of Rs. 157.50 Cr. during FY 2018-19 & 2019-20 over and above the 100% current. dues of respective financial year, in order to demonstrate and establish BRPL's bona fide intent to pay the admitted dues of DTL.

- 2.246 DTL's contention that Subsidy amount released by the GoNCTD must be adjusted against the outstanding dues only, is misconceived, erroneous and unlawful as it has been the consistent stand of BRPL that the Subsidy amount cannot be adjusted unilaterally towards payment of outstanding dues of other State utilities.
- 2.247 The subsidy received by BRPL under Section 65 of the Electricity Act is a current receivable / revenue required to meet the current expenses incurred by BRPL including obligations towards power purchase costs on a monthly basis. Had these amounts been recovered as tariff from the consumers, the same would have been utilized to pay only the current dues and could not have been appropriated towards any dues other than current dues related to the period w.e.f. 1/01/2014. The distortion of the device of 'disbursal of Subsidy' cannot be used to divert and alter the payment and appropriation mechanism established by law under Section 65 of the Electricity Act.
- 2.248 Any adjustment of the subsidy against past dues impairs the ability of BRPL to pay the monthly dues for power purchase cost of the Generating and transmission Companies and also exposes BRPL to levy of unwarranted LPSC.
- 2.249 On 3/07/2023, Ministry of Power, Government of India ("MoP") has issued the Standard Operating Procedure to ensure compliance with subsidy accounting and payment which *inter alia* provides that “xi. The State Government / UT Administration shall release the assessed subsidy amount in advance to DISCOMs / PDs for every month / quarter within the first 7 days of the month / within the first 15 days of the start of the quarter”
- 2.250 On 26/07/2023, the MoP has notified the Electricity (Second Amendment) Rules, 2023 wherein Rule 15 of the Electricity Rules, 2005 has been amended to inter alia

provide that subsidy must be provided by State Government in accordance with Section 65 of Electricity Act. In case the subsidy has not been paid in advance, then the State Commission shall issue the order for implementation of the tariff without subsidy, in accordance with provisions of Section 65. Relevant extracts of the Electricity (Second Amendment) Rules, 2023 are as under.

2. For rule 15 of the Electricity Rules, 2005 (hereinafter referred to as the said rules), the following rule shall be substituted, namely. “-

‘15. Subsidy accounting and payment. -(1) The accounting of the subsidy payable under section 65 of the Act, shall be done by the distribution licensee in accordance with the Standard Operating Procedures issued by the Central Government. In this regard.

(2) A quarterly report shall be issued by the State Commission for each distribution licensee, in its jurisdiction, giving findings whether demands for subsidy were raised by the distribution licensee in the relevant quarter based on accounts of the energy consumed by the subsidised category and consumer category wise per unit subsidy declared by the State Government, the actual payment of subsidy in accordance with section 65 of the Act and the gap in subsidy due and paid as well as other relevant details.

Explanation. For the purpose of this rule (the term “unit” means Kilo watt hour

(kWh) or Kilo Watt (KW) or Horse Power (HP) or Kilo Volt Ampere (kVA). in

accordance with the relevant Regulations or the Tariff Orders issued by the

Appropriate Commission. The quarterly report shall be submitted by the Distribution

licensee within thirty days from end date of the respective quarter and the State

Commission shall examine the report, and issue it with corrections, if any, in

accordance with sub rule (2), within thirty days of the submission. In case the subsidy

has not been paid in advance, then the State Commission shall issue order for

implementation of the tariff without subsidy, in accordance with provisions of the

section 65 of the Act. If subsidy accounting and the raising bills for subsidy is not

found in accordance with the Act or Rules or Regulations issued there under, the

State Commission shall take appropriate action against the concerned officers of the

licensee for non- compliance as per provisions of the Act.

- 2.251 Since Section 65 provides for subsidy to be released in advance for the same to be passed on to the consumers for the respective quarter of the Financial Year, it is evident that subsidy released under section 65 of the Electricity Act is meant for the current quarter and therefore a part of the current revenue. In case the subsidy amount is adjusted towards past dues, BRPL will not be able to discharge its payment obligations towards current dues.

- 2.252 In fact, even the Subsidy Sanction Orders of the GoNCTD categorically mention that Subsidy amounts are being diverted towards outstanding dues of DTL. However, DTL has not considered the Subsidy amount owed to BRPL, which is being paid directly by the GoNCTD to DTL, as payment against the current dues.
- 2.253 This unilateral adjustment and appropriation of subsidy amounts against the past outstanding dues is contrary to specific instructions of BRPL to adjust the subsidy amounts against the current dues payable in terms of the Orders dated 26/03/2014 and 12/05/2016 of the Hon'ble Supreme Court as well as provisions of Indian Contract Act, 1872.
- 2.254 Reliance cannot be placed upon the Hon'ble APTEL's Order dated 23/05/2014 which only relates to the adjustment done in terms of the GoNCTD Letters dated 12/09/2013 and 24/03/2014, and being an Interim Order does not hold any precedent value and cannot be applied as a matter of right and principle for adjustment of subsidy amounts against the old outstanding dues for perpetuity. The GoNCTD Letter dated 13/05/2016 is a response to the representation by BSES DISCOMs and does not direct adjustment of the subsidy towards the old outstanding dues, the GoNCTD Letter refers to the APTEL Order and reiterates that the GoNCTD by its Sanction Orders for adjusting the subsidy against past dues, which is disputed by BRPL and the issue of unilateral adjustment of subsidy amounts contrary to the orders passed by the Hon'ble Supreme Court pending consideration before the Hon'ble Supreme Court.
- 2.255 Even otherwise, the Order dated 23/05/2014 merely follows the directive of the GoNCTD to adjust Subsidy amounts towards past dues, without examining the issue of whether:
- Such a direction of the GoNCTD was itself permissible in the light of Section 65 of the Electricity Act, which in fact was / is against the Statute.*
- Such a direction was itself in violation of the Hon'ble Supreme Court's Order dated 26/03/2014*
- 2.256 Order dated 23/05/2014 does not finally or conclusively decide an issue of adjustment of Subsidy. Further - Order dated 23/05/2014 has been challenged by BRPL in Civil

Appeal Nos. 8464-66 of 2014 and 8387-89 of 2014 before the Hon'ble Supreme Court inter alia contending that subsidy amount has to be allowed as per mandate of Section 65 of Electricity Act and should be adjusted towards current dues only as per Order dated 26/03/2014 as specifically requested by BRPL and not otherwise. Matters are currently pending before the Hon'ble Supreme Court and being taken up along with other matters including the Writ Petitions.

2.257 By Order dated 19/09/2014, Hon'ble Supreme Court was pleased to issue notice on I.A. No. 2 of 2014 in aforesaid Civil Appeals filed by BRPL seeking stay of the Order dated 23/05/2014.

2.258 By Order dated 9/02/2015, Hon'ble Supreme Court stayed the proceedings before Hon'ble APTEL, wherein the issue of inter alia establishment of Payment Security Mechanism has been raised by the Delhi Utilities, till disposal of W.P. (C) No, 104 of 2014, as under

"The learned counsel for the parties have brought it to the notice of this Court that the main issue is posted for hearing before this Court on 18.02.2015. therefore, the Appellate Tribunal is directed to defer the hearing slated to 12.02.2015 till the writ petitions are disposed of."

2.259 As such, it cannot be said that the issue of adjustment of subsidy has been finally adjudicated or attained finality in terms of the Order dated 23/05/2014 and the subsidy is liable to be adjusted against the old outstanding only.

2.260 It is also submitted that credit of STOA charges to be refunded by DTL to BRPL on monthly basis is to be adjusted with current bills of DTL. DTL cannot be allowed to adjust the same with past alleged overdues, as directed by the Commission in Tariff Order dated 30/09/2021, as under: -

The Commission directs the Petitioner to disburse Short Term Open Access Charges to DISCOMS as per applicable rules and regulations, on monthly basis on the date of raising Transmission charge bills, Further, no adjustment of STOA charges shall be made towards any past dues or adjustment in transmission bills of utilities.

- 2.261 In view of the above, it is submitted that the aforesaid contentions of DTL are erroneous and misconceived, and as such, liable to be rejected by the Commission. The Commission is requested to allow the claims of BRPL in the True Up Petition and the ARR Petition in the ensuing Tariff Order.
- 2.262 Regarding LPSC, it is submitted that there is no reduction in the LPSC liability and the same has been considered as Trade Payables (12%) and remaining as Contingent Liability based on various background facts, including: -
- a) Regulations specified by the Commission / Hon'ble Central Electricity Regulatory Commission;
 - b) Ministry of Power, Government of India's ("MoP") Advisory dated 20/08/2020;
 - c) Trend of reducing LPSC rates in the country recognized inter alia in the Electricity (Late Payment Surcharge and Related Matters) Rules, 2022 ("LPSC Rules, 2022") even though the same are not strictly applicable. MoP by its Affidavit dated 12/12/2022 filed in W.P. (C) No 105 of 2014 has stated that: "...the Late Payment Surcharge fixed by most of the Commissions was about 18% which was usurious considering the fact that the present lending rate in Banks is around 6 to 7 percent."
 - d) This Commission's Order dated 13/05/2019 in Petition Nos. 8 and 26 of 2018 wherein The Commission has inter alia expressed its 'no-objection' to a Bilateral Settlement between the parties;
 - e) Ongoing settlement talks between the Delhi Utilities, BRPL & BYPL;
 - f) Proceedings pending adjudication before various fora including the Hon'ble Supreme Court and The Commission.
- Constrained ability of BRPL & BYPL to pay LPSC at exorbitant rates especially in view of non-cost reflective tariff fixed by The Commission, year-on-year, resulting in accumulation of substantial Regulatory Asset.
- g) Constrained ability of BRPL & BYPL to pay LPSC at exorbitant rates especially in view of non-cost reflective tariff fixed by The Commission, year-on-year, resulting in accumulation of substantial Regulatory Asset.
 - h) Further, the fact that no bills were raised by DTL after June 2014 and the manner of treatment of LPSC in the Books of Accounts of DTL would show that DTL has been recognizing LPSC in a very conservative manner.
 - i) BRPL & BYPL has been consistently, honestly, with the highest standards of corporate governance and to provide a true and fair view recognizing and disclosing, in its accounts, even a possible claim of LPSC. LPSC is levied as a penalty for willful non-payment or delay in payment under the Electricity Act and the Regulations framed under it.
- 6.2 On one hand, BRPL & BYPL is not being fully allowed to recover its cost from the consumers in tariff and, on the other hand, is being burdened with high LPSC rate from the Delhi Utilities on account of delay in payment. LPSC, being levied on account of an artificially induced inability to pay, leads to an incidence of LPSC liability being levied for no fault of BRPL & BYPL. There is clear inconsistency in the rate of LPSC accrued (15% p.a. / 18% p.a.) on BRPL & BYPL as: -
- a) Rate of Carrying Cost being allowed to BRPL & BYPL on the Regulatory Asset which is much lower than the rate of LPSC.

b) Cost of borrowings of BRPL & BYPL, which was in the range of 13% to 15% p.a. due to the weakened financial position and substantial volume of Trade Payables caused by accumulation of substantial Regulatory Asset being created year-on-year and insufficient tariff being determined by the Commission.

c) Cost of borrowings of the Delhi Utilities which is at an average rate of - 9% p.a.

6.3 Aforesaid differential impact of 6% p.a. is a perpetual drain on the net worth of BRPL & BYPL, which is not a pass through in tariff, and has deteriorated its financial position and creditworthiness for reasons beyond the control of BRPL & BYPL and which can be fairly considered to be a circumstance akin to Force Majeure. Since the reversal of 6% was neither recovered nor is eligible to be recovered through tariff, there is no question of wrongful gains or illegal profiteering by the BRPL & BYPL. The same issue has been raised by DTL in Petition No. 24 and 25 of 2024. In view of the above, it is submitted that the aforesaid contentions of DTL are erroneous and misconceived, and as such, liable to be rejected by the Commission. The Commission is requested to allow the claims of BRPL & BYPL in the True-up Petition and the ARR Petition in the ensuing Tariff Order.

- 2.263 The aforesaid contentions raised by DTL are erroneous and misconceived. Detailed submissions as regards opening of LC by BRPL & BYPL in favor of DTL have been made hereinabove which may be read as part of the response and the same are not being repeated for the sake of brevity and to avoid prolixity. Hon'ble Commission is requested to allow the claims of BRPL & BYPL in the True-up Petition and the ARR Petition in the ensuing Tariff Order.

BRPL

- 2.264 The contentions raised by DTL are erroneous and misconceived. BRPL has claimed total Transmission Charges of Rs. 957 Cr. including Rs. 236 Cr. paid to DTL. Notably, BRPL has been making payment of current dues of DTL in terms of Orders of the Hon'ble Supreme Court in W.P. (C) No. 104 of 2014, viz.: -

- a) Order dated 26/03/2014 wherein the Hon'ble Supreme Court directed BRPL to make 100% payment of the current dues w.e.f. 1/03/2014 which will relate to the billing period from 1/01/2014, as under: -

"In our opinion, the suggestion made by Mr. Rohatgi is reasonable. This would avoid unnecessary delay on the ground that necessary information has not been given. Let the necessary questionnaire/proforma be given to the Distribution companies within 10 days from today. The information would be furnished / supplied by the distribution companies within 10 days thereafter to the DERC and within two weeks thereafter, the road map will be prepared by the DERC. In the meantime, the distribution companies will continue to pay the current payments to the generating and transmission companies with effect from 1st March, 2014 which will relate to the billing period from 1st January,

2014. The interim order dated 7th February, 2014 with regard to no disconnection in the supply of electricity shall continue.”

2.265 Order dated 26/03/2014 was continued by Orders dated 06/05/2014 and 03/07/2014.

2.266 Order dated 12/05/2016 wherein the Hon'ble Supreme Court directed BRPL to pay 70% of the current dues to Indraprastha Power Generation Co. Ltd. (“IPGCL”). Pragati Power Corporation Ltd. (“PPCL”) and DTL (collectively “Delhi Utilities”) as under: -

“We make it clear that till further orders, the alleged contemnors-respondents shall pay 70 per cent of the current dues”. (Emphasis Supplied)

2.267 In compliance with the above and contrary to DTL's contentions BRPL has been making 100% payment of all current bills of DTL since November 2017, despite the Order dated 12/05/2016 directing payment of 70% of the current dues. As on 20/03/2025, BRPL has already paid 102.86% of the current bills of DTL since January 2014 in terms of directions of Hon'ble Supreme Court.

2.268 It is ex-facie arbitrary on the part of DTL to contend that BRPL has not remitted any amount to DTL against Transmission / Wheeling Charges. Tabulated statement of the payments made by BRPL against the bills raised by DTL during FY 2022-23 in terms of Orders dated 26/03/2014 and 12/05/2016 of the Hon'ble Supreme Court and after considering adjustment of Subsidy released by the Government of NCT of Delhi (“GoNCTD”) directly to DTL is as under:

Table 2. 1: Payment of transmission bills for FY 2022-23 (Rs Crore):

Particulars	Bill for FY 22-23	Payment Through Subsidy	Payment Cash & TDS	Payment STOA Credit	Total Payment
Wheeling charges	362.17	310.95	56.99	128.7	496.64
DTL SLDC	3.36		3.33	-	3.33
Total	365.53	310.95	61.39	127.63	499.97

2.269 Therefore, as against the bill of Rs. 365.53 Cr., the Petitioner has paid Rs. 499.97 Cr., which is 137% of the total invoice raised for FY 2022- 23.

2.270 The aforesaid is without prejudice to the rights and contentions of BRPL as regards the unlawful adjustment of Subsidy by the GoNCTD towards dues of DTL against the prescription of Section 65 of the Electricity Act.

- 2.271 In BRPL's Tariff Petition, Transmission Charges of Rs. 1626.8 Cr. have been projected based on the escalation observed in the past trend, as referred in the BRPL Tariff Petition. Further, as admitted by DTL in its Letter under response, DTL has been adjusting the amounts paid by BRPL against the old outstanding amounts and showing current dues outstanding and levying LPSC on the same. This is contrary to the express request of BRPL by its Letters dated 11/02/2025, 21/02/2025, and 20/03/2025, wherein, it has been requesting DTL to adjust the payments against the current dues. The action of DTL in adjusting the payments against the old outstanding is not only contrary to the Hon'ble Supreme Court's Orders dated 26/03/2014 and 12/05/2016 but also causes a dual burden on LPSC on BRPL. This issue has also been raised before the Hon'ble Supreme Court. Any alleged dues of DTL prior to 1/01/2014 have been stayed by the Hon'ble Supreme Court and are subject to final adjudication of W.P. (C) No. 104 of 2014 and connected matters. Contention of DTL that BRPL is liable to pay alleged dues which have accumulated since October 2010 is contumacious and in willful defiance of the Orders and directions including Orders dated 26/03/2014, 12/05/2016 and 28/09/2022 of the Hon'ble Supreme Court. It is pertinent to note that, in case the payments including Subsidy are adjusted against the current dues as per the mandate of the Hon'ble Supreme Court's Orders and Section 65, the entire outstanding of DTL has been cleared by BRPL and there are no outstanding dues pending towards DTL.
- 2.272 As regards the contention that the Commission has also been allowing carrying cost and surcharge on the Revenue Gap / Regulatory Asset to BRPL, it is submitted that varying cost and surcharge for recovery of Regulatory Asset is to be allowed by the Commission to BRPL in terms of: -
- a) *Clause 8.2.2 of the statutory Tariff Policy, 2016 notified under Section 3 of the Electricity Act;*
 - b) *Judgments dated 11.11.2011 in OP No. 1 of 2011 (2011 SCC OnLine APTEL 188) (Paras. 65 & 66) and 14.11.2013 in OP No. 1 and 2 of 2012 [2013 SCC Online APTEL 137] (Paras. 38 & 40) of the Hon'ble Appellate Tribunal for Electricity ("Hon'ble APTEL"), and*
 - c) *Order dated 15.12.2022 in MA Nos. 638-634 of 2022 passed by the Hon'ble Supreme Court.*
- 2.273 Without prejudice to the above, issue of recovery of Regulatory Asset and insufficiency of 8% surcharge has been raised by BRPL before this Commission, Hon'ble APTEL as well

as before the Hon'ble Supreme Court. Surcharge allowed by this Commission was / is inadequate or not commensurate to the revenue requirements of BRPL since the same is insufficient even to recover the Carrying Cost.

- 2.274 Precarious financial condition of BRPL as also the inadequacy of 8% surcharge allowed by the Commission was admitted by the Commission itself in its Statutory Advice dated 15/12/2010 and 1/02/2013 issued under Section 86(2)(iv) of the Electricity Act to the GoNCTD. Admittedly there has been no tariff hike in retail supply tariff since 2014.
- 2.275 As stated hereinabove, the Regulatory Asset recognized by Hon'ble Commission in True Up Order dated 19/07/2024, upto FY 2020-21, is Rs. 12,994 Cr. for BRPL, without any liquidation plan for the same. In view of the above, it is submitted that the suggestions / contentions of DTL are erroneous and misconceived, and as such, liable to be rejected by the Commission. Hon'ble Commission is requested to allow the claims of BRPL in the True Up Petition and the ARR Petition in the ensuing Tariff Order.
- 2.276 Tariff Petitions for True-up FY 2023-24 and ARR FY 2025-26 are under consideration by the Commission and will be available on the website of the Commission and TPDDL after admission. With respect to the Stakeholder's request, we would like to confirm that the Tariff Petition for True-Up of expenses upto FY 2023-24 and ARR for FY 2025-26 have already been submitted to the Commission within timeline approved by the Commission and is yet to be admitted by the Commission
- 2.277 Further, it may be noted that the current public notice for stakeholder's comments pertain to the Petition for True Up of expenses upto FY 2022-23 and Annual Tariff for FY 2024-25 (hereinafter referred to as "the ARR Petition". Accordingly, we are confining our response limited to matters directly pertaining to the present ARR Petition. However, we would be pleased to respond to the stakeholder's comments on the said Petition for True Up of expenses upto FY 2022-23 and Annual Tariff for FY 2024-25.

NDMC

- 2.278 Query does not pertain to NDMC.

COMMISSION'S VIEW:

- 2.279 The Commission determines the transmission charges of DTL as per Tariff Regulations, 2017 & Business Plan Regulations, 2019. Further, the transmission losses and availability are being considered as provided by Delhi SLDC. With regards to the dues to DTL by DISCOMs, it is made clear that in case DISCOMs do not pay State GENCO and DTL as per timelines mandated in the Tariff Regulations, 2017 then they are liable for LPSC as stipulated in the said Regulations. LPSC paid by DISCOMs to State GENCO and DTL is not passed through in their ARR.
- 2.280 Further, directives have been issued in previous Tariff Order to DISCOMs to make timely payment of bills to all the Generating Companies and Transmission Utilities. No Late Payment Surcharge shall be allowed as a pass through in the ARR on account of delayed payments.

ISSUE 14: RENEWABLE PURCHASE OBLIGATION**STAKEHOLDER'S VIEW:**

- 2.281 Tata Power-DDL should not raise the matter again in ARR regarding renewable power purchase by open access consumers being included in its RPO compliance since it has already been decided against it - by the Commission in petition no. 21/2020.

PETITIONERS' RESPONSE:**TPDDL:**

- 2.282 There is a steep RPO trajectory for Delhi DISCOMs for which arrangements have to be made. Proposal for inclusion of consumers such as DMRC in TPDDL's RPO compliance will add to the reduction in Power Purchase Cost. The Petition bearing No 21 of 2020 was filed under the relevant provisions of DERC (Renewable Purchase Obligation and Renewable Energy Certificate Framework Implementation) Regulations, 2012. However, these Regulations have now been repealed. Hence, DMRC's objections are not valid.

NDMC

Query does not pertain to NDMC.

COMMISSION'S VIEW:

- 2.283 The Commission has issued its DERC (Business Plan) Regulations, 2019 and DERC (Renewable Purchase Obligation and Renewable Energy Certificate Framework Implementation) Regulations, 2021. The Commission considers and evaluate the RPO Targets as defined under these Regulations.

CHAPTER-3: TRUE-UP OF FY 2022-23**BACKGROUND**

- 3.1 The True up of FY 2022-23 shall be considered in accordance with the provisions of DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 and DERC (Business Plan) Regulations, 2019.
- 3.2 The Commission has appointed the C&AG empanelled Auditors M/s Shridhar & Associates hereinafter referred as 'Regulatory Auditor' Or 'Consultant' for conducting the Regulatory Audit relating to True up of Expenses for FY 2022-23 as claimed under the Petition including verification of Books of Accounts of the Petitioner
- 3.3 The report of the Consultant has been considered appropriately by the Commission for True-up of various parameters of ARR of FY 2022-23 as submitted in the Petition by the Petitioner in accordance with the applicable principles laid down under the *DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017, DERC (Business Plan) Regulations, 2019* and Books of Accounts maintained as per Companies Act.
- 3.4 The Commission has also conducted various prudence check sessions with the Petitioner for True-up of various parameters of ARR for FY 2022-23 submitted in the Petition. Wherever required clarifications were sought on various issues from the Petitioner in accordance with the applicable principles laid down under the *DERC (Terms and Conditions for Determination of Tariff) Regulations 2017, DERC (Business Plan) Regulations, 2019* and with respect to the Books of Accounts of the Petitioner maintained as per Companies Act. The Commission has considered all information submitted by the Petitioner as part of Tariff Petition, Audited Accounts for past years, response to queries raised during discussions and also considered the stakeholder's submission during Public Hearing process and those submitted in written for finalization of the Tariff Order as per the principle laid down under *DERC (Terms and Conditions for Determination of Tariff) Regulations 2017 and DERC (Business Plan) Regulations, 2019*.

PRIOR PERIOD

- 3.5 Impact on account of the Hon'ble APTEL Judgment/Orders not given in this True-up Order, if any, will be considered in True-up Order of FY 2023-24.

ENERGY SALES

- 3.6 The Petitioner has actually billed 9,946.72 MU towards energy sales, which includes actual own consumption of 13.30 MU. Given below is the table showing the category wise actual energy billed.
- 3.7 The Petitioner has submitted that, in terms of the DERC (Business Plan) Regulations, 2019, for the purpose of truing-up, own consumption is to be considered at 0.25% of the energy billed or the actual consumption of the Licensee, whichever is lower. Accordingly, for truing-up, the Petitioner has considered actual own consumption of 13.30 MU as against the normative own consumption of 28.83 MU.

Table 3. 1: Petitioner Submission - Category wise billed energy sale (MU) sought for truing up for FY 2022-23

Sr. No.	Category	Sanctioned Load (MW)	Number of Consumer (No.)	Net Units Sold (MU)
1	Domestic	3,505	1,655,847	4,934.97
2	Non-Domestic	1,743	258,978	2,094.40
3	Industrial	870	14,511	2,176.62
4	Agriculture	32	4,183	17.60
5	Public Utilities	223	6,443	574.18
6	Advertisement & Hoardings	0.38	203	0.32
7	Temporary Supply	38	14,121	64.01
8	Charging Stations for E-Rickshaw/ E-Vehicle on Single Delivery Point	29	1,131	43.77
9	Others*	28	3,681	40.87
10	Grand Total	6,467	1,959,098	9,946.72

**others include Enforcement, own consumption, staff, misuse & other adjustments*

- 3.8 Further, the Petitioner has submitted actually billed energy revenue (net of E. tax and Pension Trust Surcharge) of Rs. 9,130.75 Cr. at approved Retail Supply Tariffs in FY 2022-23.

COMMISSION ANALYSIS

- 3.9 During the prudence check, and based on verification of category-wise sales data submitted by the Petitioner along with the Books of Accounts for FY 2022-23 as certified by the Regulatory Auditor, the Commission validated the billing database. The Commission's observations are as follows:

OWN CONSUMPTION

3.10 The Regulations 23(2) and 23(3) of *DERC (Business Plan) Regulations, 2019* state as under;

“23(2) The Distribution Licensee shall be allowed own (Auxiliary) consumption including e-vehicle charging stations installed at Distribution Licensee offices and sub-stations, at Zero Tariff for actual recorded consumption subject to a maximum of 0.25% of total sales excluding own consumption to its retail consumers for the relevant financial year as part of O&M expenses for the relevant year.”

“23(3) Actual recorded own (Auxiliary) consumption in excess of 0.25% of total sales own consumptions to its retail consumers for the relevant financial year, shall be billed at Non Domestic Tariff of respective year’s Tariff Schedule and shall form part of revenue billed and revenue collected for the same year.”

3.11 The Petitioner has reported actual self-consumption of energy as 13.30 MU which is lower than the normative self-consumption computed at 24.83 MU $[0.25\% \times (9946.72 - 13.30)]$. Thus, the Commission has considered the Self Consumption of Energy by the DISCOM as 13.30 MU.

ENFORCEMENT SALES

3.12 The Commission has observed that the Petitioner in its Form 2.1(a) for FY 2022-23 providing information on revenue billed and collected has submitted the Enforcement sales as 10.56 MU against which the revenue collected is considered as Rs. 17.01 Cr. The Commission has considered the Enforcement Units as 10.56 MU for FY 2022-23 as follows:

Table 3. 2: Enforcement Units assessed during FY 2022-23

Category	Revenue Collected w.r.t. Enforcement Sales (Rs Cr.)	Category wise ABR (Rs/kWH)	ABR x 2	Units Assessed (MU)
Domestic	10.53	6.40	12.81	8.23
Non-Domestic	5.08	15.16	30.31	1.68
Industrial	1.08	13.26	26.52	0.41
Agriculture	0.08	6.38	12.76	0.07
Mushroom Cultivation	0.00	6.17	12.34	0.00
Public Utilities	0.00	11.08	22.17	0.00
Advertisement & Hoardings	0.00	17.09	34.18	0.00
E-Vehicle	0.23	6.32	12.65	0.18
Total	17.01			10.56

ADJUSTMENT IN BILLING BY MORE THAN 1%

3.13 The Commission issued a directive 6.8 in Tariff Order dated 31/08/2017 which states as follows:

“6.8. The Commission directs the Petitioner to restrict the adjustment in units billed on account of delay in meter reading, raising of long duration provisional bills etc. to a maximum of 1% of total units billed.”

3.14 During True-up of FY 2018-19, the Commission in its Tariff Order dated 28/08/2020 had deliberated the issue of the adjustment in billing by more than 1% considering various aspects like Contra Entries/Invoice Reversals, Provisional Billing, Open Access and other adjustments as follows:

“3.38 The Commission conducted prudence check session with the Petitioner and sought reply related to the compliance of the above-mentioned directive. The Petitioner was directed to submit information related to adjustments, split into Contra Entries/invoices reversals, adjustments due to provisional billing (split into 1 month, 2 month, quarterly more than quarter, one year more than one year) and adjustments related to Open Access.

3.39 Further, the Petitioner vide its email dated 10/08/2020 replied to the queries raised by the Commission. Further, the Commission sought from the Petitioner details relating invoices reversal in their system. The Petitioner has submitted as follows:

a) Sometime due to Human Error or Consumer Site Condition, the Invoice served to consumer get generated wrong mainly due to incorrect reading. Tata Power-DDL has system-based checks to prevent wrong cases and such case are stopped before issuing the Invoice however minuscule number of cases get released and wrong invoice is served to the consumer.

b) Such wrong served invoice are identified either on next reading cycle or through Customer Complaint. In any case, reading is re-verified from the consumer site for Authentication.

c) Once it is established that invoice served to consumer is wrong, then that wrong invoice is reversed and a new invoice is generated on correct reading.

d) Any Payment received from the consumer if any is adjusted against the consumer new correct invoice.

e) Such incorrect Invoice, which are reversed, are called invoice reversal. The billed amount and units against such reversal invoice are subtracted from the from Gross Units /Amount of Form 2.1 (a) to give correct reflection.

3.40 Further, the Petitioner has submitted that these invoices pertain to billing and they were served to consumers. Further, there were instances where consumer had paid, but such payments are adjusted in the revised invoices generated. Accordingly, the Commission considered such invoice reversal amounting to around 59 MU for computation of adjustments.

3.41 In view of above and based on the submission by the Petitioner, the Commission has considered invoices in reversal, provisional billing less than 2 months as adjustment in unit

billed and other adjustments submitted by the Petitioner. Accordingly, the Commission observed that the adjustments in the case of Petitioner works out to 0.94% which is less than 1%"

- 3.15 Based on the above findings during True up of FY 2018-19, the Commission in its Tariff Order dated 28/08/2020 revised the said directive as follows:

"6.8 The Commission directs the Petitioner to restrict the adjustment in units billed on account of delay in meter reading, raising of long duration provisional bills etc. to a maximum of 1% of total units billed. The adjustment in units billed shall be considered on a yearly basis. Further, the adjustment of Contra Entry, adjustment for Open Access consumers and adjustment on account of Provisional Billing related to period till two (2) months shall not be form the part of adjustment in units billed. Further, also the real adjustments/other adjustments shall be considered without sign change i.e. such adjustments either resulting into increase in revenue billed or decreased into revenue billed shall be considered on gross basis rather than net basis."

- 3.16 The same was also reiterated in the Tariff Order dated 30/09/2021 and True-up Order dated 19/07/2024 & 25/10/2025.

- 3.17 The Commission during prudence check sessions analysed the Billing dump, live SAP, quarterly Form 2.1(a) and has not considered the Contra Entries (*being counter entries*), adjustments related to Open Access consumers and Provisional Billing less than 2 months as adjustments in Units Billed. However, other adjustments submitted by the Petitioner have been considered without sign change (gross) as adjustments indicate total adjustments without +/- nature.

- 3.18 Accordingly, the adjustments related to adjustments in Units Billed is as follows:

Table 3. 3: Adjustment Sales in Units for FY 2022-23 (MU)

Particulars	Month	Gross Sales Total Sales	2.1a	Contra Entry	Provisional to Actual Billing					Open Access	Other Adjustments			% Adj. Adding + & - both (excluding Contra, Open Access & 2 months Provisional)
			(Total Adjustment)		Within a month	Within 2 months	Within a Quarter	More than Quarter but within a Year	More than a Year					
		A	B	C	D	E	F	G	H	I	J	K	L (Net)	(F+G+H+J+K)/A
Q1FY23	Apr-22	739360247	-704861	3810839	-10620	-53322	-147612	-360073	-130970	0	0	-2264	-2264	-0.09%
	May-22	1007986832	-690207	1889515	-26252	-266949	-97029	-208211	-87140	0	0	-4626	-4626	-0.04%
	Jun-22	981031218	-785604	451500	-17189	-356929	-103045	-199448	-103866	0	0	-5127	-5127	-0.04%
Q2FY23	Jul-22	1061723494	-1098842	741167	-5428	-276951	-405229	-306480	-91656	0	0	-13098	-13098	-0.08%
	Aug-22	1069660303	-797474	410631	-4152	-80116	-265735	-335750	-110387	0	0	-1334	-1334	-0.07%
	Sep-22	926918769	-885694	406812	-23439	-129648	-209618	-400780	-97341	0	0	-24868	-24868	-0.08%
Q3FY23	Oct-22	918165332	-1194722	286652	-21216	-325651	-261335	-423504	-162831	0	0	-185	-185	-0.09%
	Nov-22	697782407	-985226	729253	-34485	-269748	-191934	-414858	-69011	0	0	-5190	-5190	-0.10%
	Dec-22	546011927	-842844	324952	-12790	-322604	-161148	-265237	-80753	0	0	-312	-312	-0.09%
Q4FY23	Jan-23	781710624	-968671	637407	-36077	-222853	-184526	-354294	-169493	0	0	-1428	-1428	-0.09%
	Feb-23	653705358	-749560	376253	-30750	-204274	-120664	-271386	-121338	0	0	-1148	-1148	-0.08%
	Mar-23	543715081	-730021	786791	-20998	-252051	-112231	-233401	-110439	0	0	-901	-901	-0.08%
FY 22-23		9927771592	-10433726	10851772	-243396	-2761096	-2260106	-3773422	-1335225	0	0	-60481	-60481	-0.07%

3.19 Accordingly, it is observed that the Adjustment Sales in units for FY 2022-23 is within the permissible limit of 1% of total units billed.

TRUED-UP SALES FOR FY 2022-23

3.20 Based on the findings indicated in paras above, the Commission considers the Trued-up sales for FY 2022-23 as follows:

Table 3. 4: Commission Approved - Trued Up sales FY 2022-23 (MU)

Sr. No.	Category	Petitioner Submission	Commission Approved
1	Domestic	4,934.97	4,934.97
2	Non-Domestic	2,094.40	2,094.40
3	Industrial	2,176.62	2,176.62
4	Agriculture & Mushroom	17.60	17.60
5	Public Lighting	574.18	574.18
6	Advertisement & Hoardings	0.32	0.32
7	Temporary Supply	64.01	64.01
8	Charging Stations for E-Rickshaw/ E-Vehicle on Single Delivery Point	43.77	43.77
9	Others	40.87	30.31
10	Enforcement		10.56
11	Grand Total	9,946.72	9,946.72

DISTRIBUTION LOSS AND COLLECTION EFFICIENCY FOR FY 2022-23 PETITIONER'S SUBMISSION

- 3.21 The Petitioner has submitted that the Commission in its Business Plan Regulations, 2019 has specified the target for Distribution Loss Level for the current control period (FY 2020-21 to FY 2022-23). Relevant extract of the Business Plan Regulations, 2019 is reproduced below:

“Regulation 25 (1) The Distribution Loss target in terms of Regulations 4(9)(a) of the DERC (Terms and Conditions for Determination of Tariff) Regulation, 2017 for the Distribution licensees shall be as follows:

Sr. No.	Distribution Licensee	2020-22	2021-22	2022-23
1	BSES Rajdhani Power Limited	8.10%	8.00%	7.90%
2	BSES Yamuna Power Limited	9.00%	8.75%	8.50%
3	Tata Power Delhi Distribution Limited	7.90%	7.80%	7.70%
4	New Delhi Municipal Council	9.00%	8.75%	8.50

.....”

- 3.22 From the above table, it can be seen that target Distribution Loss Level for FY 2022-23 has been fixed @ 7.70%. Against the said target, the Petitioner has achieved actual Distribution loss level of 6.36% for FY 2022-23. Computation of the actual distribution loss level is given below:

Table 3. 5: Petitioner Submission - Computation for Distribution loss and overachievement for FY 2022-23

Sr. No	Particulars	MU
A	Input	10,621.76
B	Billed Units	9,946.72
C	Actual Distribution Loss Level	6.36%
D	Target Distribution Loss Level	7.70%
E	Overachievement/(Underachievement)	1.34%

- 3.23 Further Clause 25(4) of the Business Plan Regulation, 2019 provided that “Any financial Impact due to overachievement on account of Distribution Loss target by the distribution licensee for the relevant year shall be shared between the Distribution Licensee and consumers as follows:
- In case actual Distribution Loss is between the loss target and loss target minus $[50\% \times (\text{Previous Year Target} - \text{Current Year Target})]$ for the relevant year shall be shared in the ratio of $2/3^{\text{rd}}$ to Consumers and $1/3^{\text{rd}}$ to the Distribution Licensee;*

- ii. *In case actual Distribution Loss is less than loss target minus [50%*(Previous Year Target – Current Year Target)] for the relevant year shall be shared in the ratio of 1/3rd to Consumers and 2/3rd to Distribution Licensee.”*

- 3.24 For the purpose of computation of sharing of incentive, previous year loss target was 7.80% for FY 2021-22.

Table 3. 6: Actual Distribution loss level for FY 2022-23

Sr. No.	Particulars	Distribution Loss Level
A	Previous year target (FY 2021-22)	7.80%
B	Current year Target (FY 2022-23)	7.70%
C	Actual Distribution Loss	6.36%

- 3.25 Accordingly, the Petitioner has considered the incentive on account of reduction in Distribution Loss level as follows:

Table 3. 7: Overachievement Incentive on account of reduction in Distribution Loss Level

S. No.	Particulars	MU
A	Billed Sales	9,946.72
B	Actual Distribution Loss Level	6.36%
C	Target Distribution Loss Level	7.70%
D	Actual Input @ actual distribution loss level	10,621.76
E	Desired Input @ Target distribution loss level	10,764.60
F	Saving in Input (MU) due to lower distribution loss level	142.84
G	Power Purchase Cost	7.12
H	Total Overachievement Incentive	101.74
I	TPDDL Share	66.57

COMMISSION ANALYSIS

ENERGY INPUT

- 3.26 The Petitioner submitted its Energy Input at DISCOMs periphery at 10621.76. The Commission vide its Letter dated 22/05/2025 directed Delhi SLDC and Distribution Licensees to submit Jointly Signed reconciliation statement for Energy Input (*net of Open Access and Net Metering if any*), Station Wise Power Procurement, Short Term Transactions – Exchange, Bilateral, Banking etc., Additional UI Charges and Sustain Deviation Charges for the purpose of True up of FY 2022-23. Accordingly, the SLDC vide its email dated 12/06/2025 has submitted the joint signed statement. It was observed from this statement that Petitioner’s consumption based on

Special Energy Meter (SEM) data was 10695.37 MU including Open Access schedule of 77.63 MU.

- 3.27 In addition to above, the Petitioner also submitted the Solar generation at 1.56 MU and net metering at 2.46 MU. Thus, the Energy Input as considered by the Commission is 10621.76 MU.
- 3.28 Accordingly, the Energy Input of the Petitioner is as follows:

Table 3. 8: Commission Approved - Energy Input for FY 2022-23 (MU)

Sr. No.	Particulars	As per Petitioner	As per Commission
A	SLDC- Total Input Based on SEM Data	10695.37	10695.37
B	Less: Open Access Consumer	77.63	77.63
C	Add: TATA Power-DDL Solar Generation	1.56	1.56
D	Add: Net Metering	2.46	2.46
Total Energy Input		10621.76	10621.76

DISTRIBUTION LOSS

- 3.29 Regulation 25(1) of *DERC (Business Plan) Regulations 2019* specifies the Distribution Loss Targets for FY 2022-23 as follows:

Table 3. 9: Distribution Loss target for FY 2022-23 as per DERC (Business Plan) Regulations, 2019

DISTRIBUTION LICENSEE	2022-23
TPDDL	7.70%

- 3.30 Regulation 159 of *DERC (Terms and Conditions for Determination of Tariff) Regulations 2017* states,

“159.The financial impact on account of over or under achievement of distribution loss target shall be computed as under:

$$\text{Incentive or (penalty)} = Q1 * (L1-L2) * P * 10^6$$

Where,

Q1 = Actual Quantum of energy Purchased at Distribution periphery in MU.

L1 = Distribution Loss Target in %

P = Trued up Average Power Purchase Cost (APPC) per unit at distribution periphery in Rs./KWh.”

$$L2 = (\text{Actual Distribution Loss in \%}) = \left[1 - \frac{Q2}{Q1}\right] * 100$$

Q2 =Actual quantum of Energy Billed in MU.

“161 Any financial impact on account of underachievement with respect to

Distribution Loss targets shall be to the Distribution Licensee's account"

- 3.31 Regulation 25(2) of DERC (Business Plan) Regulations 2019, states *"The amount for Overachievement/Underachievement on account of Distribution Loss target shall be computed as per the formula specified in the Regulation 159 of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 for the Distribution Licensee."*
- 3.32 Accordingly, the financial impact of over achievement or under achievement on account of distribution loss target has been determined in accordance with the Regulation 159 of DERC (Terms and condition for Determination of tariff) Regulations, 2017 is as follows:

Table 3. 10: Commission Approved - Distribution Loss and its financial impact for FY 2022-23

Sr. No.	Particulars	UoM	As per Petitioner	As per Commission
A	Energy Input	MU	10,621.76	10621.75
B	Energy Billed	MU	9946.72	9,946.72
C	Actual Distribution Loss Level	%	6.36%	6.36%
D	Targeted Distribution Loss Level	%	7.70%	7.70%
E	Average Power Purchase Cost	Rs./Unit	7.12	6.89
F	Financial Impact of Overachievement or Underachievement	Rs. Cr.	101.74	98.44

- 3.33 Regulation 25(4) of DERC (Business Plan) Regulations 2019 states,
- "Any financial impact due to Overachievement on account of Distribution Loss target by the distribution licensee for the relevant year shall be shared between the Distribution Licensee and Consumers as follows:*
- i. in case actual Distribution Loss is between the loss target and loss target minus $[50\% \times (\text{Previous Year Target} - \text{Current Year Target})]$ for the relevant year shall be shared in the ratio of $2/3^{\text{rd}}$ to Consumers and $1/3^{\text{rd}}$ to the Distribution Licensee;*
- ii. in case actual Distribution Loss is less than loss target minus $[50\% \times (\text{Previous Year Target} - \text{Current Year Target})]$ for the relevant year shall be shared in the ratio of $1/3^{\text{rd}}$ to Consumers and $2/3^{\text{rd}}$ to the Distribution Licensee."*
- 3.34 In accordance with the Regulation 25 (4) of DERC (Business Plan) Regulations 2019, the sharing of the financial impact of over achievement or under achievement of distribution loss target has been computed as follows:

Table 3. 11: Commission Approved - Incentive for achievement of Distribution Loss

Sr. No.	Particulars	UoM	As per Petitioner	As per Commission	Remarks
A	Distribution Loss Target in previous Year	%	7.80%	7.80%	As per BPR 2019, 25(1)
B	Distribution Loss Target in Current Year	%	7.70%	7.70%	As per BPR 2019, 25(1)
C	Actual Distribution Loss	%	6.36%	6.36%	
D	50% of (previous year target - current year target)	%	0.05%	0.05%	50%*(A-B)
E	Distribution loss target - 50% of (previous year target - current year target)	%	7.65%	7.65%	B-D
F	Actual Energy Input at Distribution periphery	MU	10,621.76	10,621.76	
G	Average Power purchase Cost	Rs/kWh	7.12	6.89	
H	Total Incentive	Rs. Cr	101.74	98.44	(B-C)*F*G/10
I	Petitioner Share 1 of incentive (less than Loss Target-50%*(PYT-CYT)	Rs. Cr	1.26 65.30 66.57	1.22	(B-E)*F*G/10*(1/3)
J	Petitioner Share 2 of incentive (up to Loss Target-50%*(PYT-CYT)	Rs. Cr		63.19	(E-C)*F*G/10*(2/3)
K	Total Incentive to Petitioner	Rs. Cr		64.41	I+J
L	Incentive to Consumer	Rs. Cr	35.17	34.03	(B-E)*F*G/10*(2/3)+(E-C)*F*G/10*(1/3)

3.35 The Average Power Purchase Cost of Rs 6.89 per kWh and the amount of incentive in the above table are provisional subject to finalization of the impact of banking transactions which has not been considered in this order as explained in para-3.96.

REVENUE BILLED PETITIONER'S SUBMISSION

3.36 The category wise and component wise revenue billed during the year is given in table below:

Table 3. 12: Category wise Actual billed energy sale (MU) and Revenue (Rs Cr) for FY 2022-23

Sr. No.	Category	*** Total Number of consumers and sanctioned load		Net Units Sold	Fixed Charges Billed	Energy Charges/ other charges Billed	PPCA Amount Billed	Total	ABR	Surcharge of 8%
		MW	No.	MU	Rs Cr.				per kWh	Rs Cr.
1	Domestic	3,505	1,655,847	4,935	212.93	2,045.66	438.89	2,697.47	5.47	180.73
2	Non-Domestic	1,743	258,978	2,094	496.58	1,771.31	460.64	2,728.53	13.03	181.24
3	Industrial	870	14,511	2,177	341.83	1,724.66	406.42	2,472.92	11.36	165.45

Sr. No.	Category	*** Total Number of consumers and sanctioned load		Net Units Sold	Fixed Charges Billed	Energy Charges/ other charges Billed	PPCA Amount Billed	Total	ABR	Surcharge of 8%
		MW	No.	MU	Rs Cr.				per kWh	Rs Cr.
4	Agriculture	32	4,183	18	5.27	2.92	1.63	9.81	5.58	0.65
5	Public Utilities	223	6,443	574	63.11	391.48	89.13	543.71	9.47	38.92
6	Advertisement & Hoardings	0.38	203	0.32	0.12	0.27	0.08	0.47	14.76	0.03
7	Temporary Supply	38	14,121	64	7.97	51.68	12.00	71.65	11.19	4.77
8	Charging Stations for E-Rickshaw/ E-Vehicle on Single Delivery Point	29	1,131	44	0.00	19.54	3.99	23.53	5.38	1.56
9	Others	28	3,681	41	4.54	20.44	3.89	28.88	7.07	1.94
10	(-) Open Access Charges (to be treated separately)	-	-	-	0.00	21.22	-	21.22	-	0.29
	Total	6,467	1,959,098	9,947	1,132.34	6,006.74	1,416.66	8,555.75	8.60	575.00
Reconciliation Statement with the Audited Form 2.1 a										
	Billed amount of Fixed Charges									1,132.34
	Billed amount of Energy Charges									6,006.74
	Billed amount of PPAC Charges									1,416.66
	Billed Amount of 8% Deficit Recovery Surcharge									575.00
	Billed amount of E. Tax									377.19
	Billed amount of Pension Trust Surcharge									483.04
	Total amount of Revenue Billed									9,990.97
	Average Billing Rate at gross level/ Rs. kWh									10.04

3.37 The Petitioner submits that the Hon'ble APTEL granted stay on Tariff Order dated 30th Sep, 2021 vide its Order dated 21st Jan, 2022 in Appeal 213 of 2018, Appeal 332 of 2021 and Appeal 334 of 2021. It is pertinent to bring to the kind attention that due to stay order, the last Tariff Order for the petitioner dated 28th Aug, 2020 continued to remain in force till further orders from the Hon'ble APTEL. As a consequence of same, the Petitioner continued to levy charges and surcharges in terms of Tariff Order dated 28th Aug, 2020. However, after clarification from the Hon'ble APTEL vide order dated 29th Apr, 2022, the Petitioner started to levy charges and surcharges as per Tariff order dated 30th Sept, 2021.

PENSION TRUST SURCHARGE PETITIONER'S SUBMISSION

3.38 The Petitioner has submitted that the Commission in its Tariff Schedule for FY 2021-22, has increased Pension Trust surcharge rate by 2% resulting into applicability of Pension Trust surcharge @ of 7.00% w.e.f. 01st Oct, 2021 over the approved retail supply tariff to meet the Pension Trust liability of erstwhile DVB employees/ Pensioners as recommended by GoNCTD.

3.39 In order to comply with the above requirement, the Commission had issued directive no 6.2.

"6.2 The Petitioner shall directly deposit the amount of pension trust surcharge collected from the consumer as per the tariff schedule in the following bank account, of Pension trust..."

3.40 During the FY 2022-23, the Petitioner has billed an amount of Rs. 483.28 Cr. as Pension Trust Surcharge and collected an amount of Rs. 482.74 Cr. The recovery made in FY 2022-23 includes outstanding recovery of billed amount at the end of FY 2021-22 (in case only).

Table 3. 13: : Petitioner Submission - Pension Trust amount billed and collected for FY 2022-23 (Rs. Cr.)

Sr. No.	Particulars	Other than Open Access	From Open Access	Total Amount
1	Amount billed on account of Pension Trust Surcharge	483.04	0.25	483.28
2	Amount Collected in FY 2021-22*	482.49	0.25	482.74

**Entire amount of collected PT surcharge was directly deposited in Pension Trust Account as specified by the Commission on monthly basis.*

COMMISSION ANALYSIS

3.41 The Consultant has verified the Revenue Billed by the Petitioner. Further, during prudence check sessions, the Commission has also verified the Revenue billed by the Petitioner from the Audited Form 2.1 (a), SAP and Audited Books of Accounts for FY 2022-23 and accordingly, the same is approved as follows:

Table 3. 14: Commission Approved - Revenue Billed for FY 2022-23 (Rs. Cr.)

Sr. No.	Category	As per Commission
A	Domestic	3160.15
B	Non-Domestic	3174.43

Sr. No.	Category	As per Commission
C	Industrial	2885.79
D	Agriculture	11.20
E	Public Utilities	636.46
I	Advertisement & Hoardings	0.54
J	Temporary Supply	83.72
K	Charging Stations for E-Rickshaw/ E-Vehicle on Single Delivery Point	27.67
L	Own Consumption	0.00
M	Enforcement	17.01
N	Others (ex-Enforcement)	16.52
O	(-)Open Access Charges	(22.52)
P	Gross Billing	9990.96
Q	Less: Electricity Duty	377.18
R	Less: Regulatory Asset Surcharge	575.00
S	Less: Pension Trust Surcharge	483.04
T	Net Amount Billed	8555.74

REVENUE COLLECTED

- 3.42 During the prudence check sessions, the Commission verified the Revenue Collected by the Petitioner from the Audited Form-2.1(a), SAP and Audited Books of Accounts for FY 2022-23 and the Revenue Collected as approved by the Commission is as under:

Table 3. 15: Commission Approved - Revenue Collected for FY 2022-23 (Rs. Cr.)

Sr. No.	Particulars	Petitioner submission	As approved
A	Actual Revenue realized including Electricity duty, LPSC, Regulatory Surcharge, Pension trust surcharge	9991.67	9991.67
B	Less:		
	<i>Electricity Duty</i>	370.62	370.62
	<i>Regulatory Asset Surcharge</i>	575.89	575.89
	<i>Pension Trust Surcharge</i>	482.49	482.49
C	Actual Revenue realized excluding Electricity duty, Regulatory Surcharge, Pension Trust Surcharge	8,562.67	8,562.47

COLLECTION EFFICIENCY AND OVERACHIEVEMENT INCENTIVE FOR FY 2022-23 PETITIONER'S SUBMISSION

- 3.43 The Petitioner has referred the Regulation 10 of the DERC Tariff Regulations, 2017 and submitted the Collection efficiency as follows:

Table 3. 16: Petitioner Submission - Revenue Billed for the purpose of computation of collection efficiency for FY 2022-23

Sr. No.	Particular	Amount
A	Total Revenue Billed	9,990.97
B	Less- Electricity Tax	377.19
C	Less- 8% Deficit Revenue Recovery Surcharge	575.00
D	Less- Pension Trust Surcharge	483.04
E	Net Revenue Billed	8,555.75

- 3.44 The Petitioner has submitted that the Revenue Realized amounts to Rs. 9,991.67 against the total Revenue Billed of Rs 9,990.97 Cr. The revenue collection to be considered for Collection Efficiency are as follows:

Table 3. 17: Petitioner Submission - Revenue available for Collection Efficiency Computation for FY 2022-23 (Rs. Cr.)

Sr. No.	Particular	Amount (Rs Cr.)
A	Total Revenue Realized	9,991.67
B	Less: Electricity Tax	370.62
C	Less: 8% Deficit Revenue Recovery Surcharge	575.89
D	Less: Pension Trust Surcharge	482.49
E	Revenue Collected for Collection Efficiency	8,562.67

- 3.45 Accordingly, the Petitioner has submitted the Collection Efficiency and corresponding incentives as follows:

Table 3. 18: Petitioner Submission - Collection Efficiency and Incentive for FY 2022-23

Sr. No.	Particular	UoM	Amount
A	Amount Billed	Rs. Cr.	8,555.75
B	Amount Collected	Rs. Cr.	8,562.67
C	Collection Efficiency	%	100.08%
D	Target collection efficiency	%	99.50%
E	Amount of Collection over and above 99.50% target	Rs. Cr.	49.70
F	Sharing of Incentive		
	DISCOM (50% upto 100% and 100% beyond 100% collection)	Rs. Cr.	28.31
	Consumers (50% upto 100% collection)	Rs. Cr.	21.39

COMMISSION ANALYSIS

- 3.46 Regulation 163 of *DERC (Terms and Conditions for Determination of Tariff) Regulations 2017* states:

“163. The financial impact on account of over or under achievement of Collection Efficiency Targets shall be computed as under: -

$$\text{Incentive or penalty} = (C1 - C2) * A_b$$

Where,

$$C1 = (\text{Actual Collection Efficiency}) \text{ in } \% = [A_r/A_b] * 100$$

A_r = Actual amount collected excluding electricity duty, late payment surcharge, any other surcharge in Rs. Cr.;

A_b = Actual Amount Billed excluding Electricity Duty, Late Payment Surcharge and any other surcharges in Rs Cr.

C2 = Target Collection Efficiency in %”

3.47 Regulation 164 of DERC (Terms and Conditions for Determination of Tariff) Regulations 2017 states:

“Any financial impact on account of underachievement less than the target and overachievement above 100% with respect to Collection Efficiency targets shall be to the Licensee’s account:

Provided that any financial impact on account of over achievement over and above the target and limited to 100% with respect to Collection Efficiency targets shall be shared as per the mechanism indicated in the Business Plan Regulations of the Control Period.”

3.48 Regulation 26 of DERC (Business Plan) Regulations 2019 states:

“26. TARGET FOR COLLECTION EFFICIENCY

(1) The targets for Collection Efficiency for FY 2020-21 to FY 2022-23 of the Distribution Licensees shall be 99.50%.

(2) The financial impact on account of Collection Efficiency target shall be computed as per the formula specified in Regulation 163 of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 for the Distribution Licensee.

(3) The financial impact on account of over-achievement in terms of Regulation 164 of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 for the Distribution Licensee, from 99.50% to 100% shall be shared equally between Consumers and the Distribution Licensees.”

3.49 Accordingly, the Collection Efficiency for FY 2022-23 is as follows:

Table 3. 19: Commission Approved: Collection Efficiency for FY 2022-23

Sr.No	Particulars	UoM	Target	As per Petitioner	As per Commission
1	Amount billed	Rs. Cr		8,555.75	8555.74
2	Collection Efficiency	%	99.50%	100.08%	100.08%
3	Amount collected	Rs. Cr		8,562.67	8,562.67
4	Over/ Under-achievement	Rs. Cr		49.70	49.71
5	Amount to be retained by petitioner and consumer shared 50:50 for achievement of collection	Rs. Cr		28.31	21.39

Sr.No	Particulars	UoM	Target	As per Petitioner	As per Commission
	efficiency Target from 99.50% to 100%				
6	Entire 100% to be retained for achievement over 100%	Rs. Cr			6.93
7	Incentive/(disincentive) for DISCOM	Rs. Cr			28.32
8	Incentive for Consumers	Rs. Cr		21.39	21.39

CASH COLLECTION BEYOND 4000/-

- 3.50 As per directive 6.7 of the Commission *“No payment shall be accepted by the Distribution Licensees from its consumers at its own collection centres/mobile vans in cash towards electricity bill exceeding Rs. 4000/- except from blind consumers, for court settlement cases & payment deposited by the consumers at designated schedule commercial bank branches upto Rs. 50,000/-. Violation of this provisions shall attract penalty to the level of 10% of total cash collection exceeding the limit.”*
- 3.51 The Consultant has analysed the data submitted by the Petitioner for cash collection during FY 2022-23 and it has been observed that the cash collections above Rs. 4,000/- the Petitioner are on account of court settlement cases which is permitted as per the directive.

POWER PURCHASE QUANTUM PETITIONER'S SUBMISSION

- 3.52 The Petitioner has submitted that during FY 2022-23, it has purchased 12,732.38 MU out of which 1,585.85 MU of surplus energy was sold as short term sale of surplus power.
- 3.53 After deducting the Inter-State transmission loss of 426.68 MU and Intra-State transmission loss of 98.09 MU, the Petitioner has submitted a net power purchase quantum of 10,621.76 MU (excluding open access quantum consumed by open access consumers) delivered at TPDDL distribution periphery.
- 3.54 The summary of power purchase quantum for FY 2022-23 as per SLDC Report is given below:

Table 3. 20: Petitioner Submission - Power Purchase Quantum (MU) for FY 2022-23 as per SLDC report

Sr. No.	Particulars	Actual Power Purchase (MUs)
A	Power Purchase:	
i	Power Purchase Quantum from Long Term Sources	11,491.97
ii	Short Term Power Purchase Quantum	1,240.41
iii	Short term sale of Power Quantum	(1,585.85)
iv	Net Power Purchase	11,146.53
B	Transmission Loss:	
i	Intra-State Transmission Loss	(98.09)
ii	Inter-State Transmission Loss	(426.68)
iii	Total Transmission Loss	(524.77)
C	Net Power Available after Transmission Loss	10,621.76

ACTUAL CONSUMPTION

- 3.55 The Petitioner has considered the 10621.76 MU of Actual consumption. The breakup of consumption in FY 2022-23 is as follows:

Table 3. 21: Petitioner Submission - Input (MUs) as per SLDC

Particulars	MU
Actual demand of FY 2022-23 as per Delhi SLDC UI bills	(10,695.37)
(-) Open Access consumer	77.63
(+) TATA Power-DDL Solar generation	1.56
(+) Net metering	2.46
Total consumption	10,621.76

SHORT TERM POWER PURCHASE QUANTUM:

- 3.56 The Petitioner has submitted that during FY 2022-23, the Petitioner has purchased 1,240.41 MUs through Bilateral/Exchange/UI/Intrastate/Banking as short-term power purchase. Out of 1,240.41 MUs the Petitioner has received back 510.87 MUs through bilateral, 436.32 MUs through Banking, 277.13 MUs through Exchange mode, 11.53 MUs through UI and balance 4.56 MUs through Intra-State arrangements. A comparative summary of sources wise short term power purchase from various sources from FY 2020-21 onwards are is submitted as follows:

Table 3. 22: Petitioner Submission: Details of Short-term Power Purchase

Sr. No.	Particulars	FY 2020-21		FY 2021-22		FY 2022-23*	
		Energy (MU)	(%)	Energy (MU)	(%)	Energy (MU)	(%)
A	Bilateral	644.26	41%	740.55	56%	510.87	41%

Sr. No.	Particulars	FY 2020-21		FY 2021-22		FY 2022-23*	
		Energy (MU)	(%)	Energy (MU)	(%)	Energy (MU)	(%)
B	Banking	187.83	12%	184.03	14%	436.32	35%
C	Exchange	680.26	43%	383.12	29%	277.13	22%
D	Intra state	42.18	3%	15.59	1%	4.56	0.4%
E	UI	10.57	1%	8.95	1%	11.53	1%
F	Total	1,565.10	100%	1,332.24	100%	1,240.41	100%

*Figures as per Audited Power Purchase Certificate

SHORT TERM POWER SALE QUANTUM:

- 3.57 The Petitioner has submitted that during FY 2022-23 they have sold 1585.85 MUs of surplus energy out of which 1225.34 MUs (77%) was sold through exchange, 253.82 MUs (16%) through intra-state arrangements and 106.70 MUs (7%) was sold through UI.
- 3.58 A comparative summary of source wise short term power sales through various sources from FY 2020-21 onwards are as follows:

Table 3. 23: Petitioner Submission - Details of Short term Power Sales

Sr. No.	Particulars	FY 2020-21		FY 2021-22		FY 2022-23*	
		Energy (MU)	(%)	Energy (MU)	(%)	Energy (MU)	(%)
A	Bilateral	0.00	0%	0.00	0%	0.00	0%
B	Banking	200.35	25%	468.00	25%	0.00	0%
C	Exchange	403.16	50%	1106.49	60%	1225.34	77%
D	Intra state	115.15	14%	199.65	11%	253.82	16%
E	UI	92.49	11%	67.00	4%	106.70	7%
F	Total	811.16	100%	1841.14	100%	1585.85	100%

*Figures as per Audited Power Purchase Certificate

LONG TERM POWER PURCHASE QUANTUM

- 3.59 The Petitioner has submitted that during the year, the Petitioner has purchased 11,491.97 MUs from long term sources.

Table 3. 24: Petitioner Submission - Energy Purchased (MU) from Generating Stations during FY 2022-23

Sr. No.	Particulars	Energy (MU)
		Actuals
A	NTPC	
	Anta Gas Power Station	1.02
	Auraiya Gas Power Station	1.46
	Dadri Gas Power Station	9.67
	FARAKKA	37.58
	KAHALGAON – I	91.07
	NCPP – DADRI	0.00
	RIHAND – I	210.22

Sr. No.	Particulars	Energy (MU)
		Actuals
	RIHAND – II	311.03
	SINGRAULI	327.43
	UNCHAHAAR – I	31.48
	UNCHAHAAR – II	84.25
	UNCHAHAAR – III	57.29
	KAHALGAON – II	318.40
	DADRI EXTENSION	42.40
	ARAVALI	3097.46
	Sub-Total NTPC	4,620.77
B	NHPC	
	BAIRA SIUL	20.56
	CHAMERA – I	44.66
	CHAMERA – II	53.48
	CHAMERA – III	38.70
	DHAULIGANGA	51.43
	DULHASTI	79.06
	Parbati – III	24.57
	SEWA –II	20.94
	TANAKPUR	16.27
	URI	90.56
	Uri – II	62.23
	Sub-Total NHPC	502.44
C	NUCLEAR	
	RAPS – 5 & 6	125.98
	NPCIL – NAPS	94.34
	Sub-Total Nuclear	220.33
D	Other Stations	
	THDC	
	KOTESHWAR HEP	36.93
	TEHRI HEP	62.94
	SJVNL	
	NJPC (SJVNL)	203.10
	DVC	
	Mejia unit – 6	170.12
	DVC Chandrapur (Ext. 7 & 8)	492.84
	Other CSGS	
	Haryana CLP Jhajjar	740.90
	MPL DVC - Maithon Power	2,145.44
	Tala	21.42
	Sasan UMPP	407.90
	Sub-Total (THDC+SJVNL+DVC+Other CSGS)	4,281.60
E	State Generating Stations	

Sr. No.	Particulars	Energy (MU)
		Actuals
	Gas Turbine Power Station (GTPS)	101.94
	Pragati – I	162.61
	Pragati – III	546.89
	Timarpur-Okhla Waste Mgt. Co	48.77
	MSW Bawana	40.26
	Tehkhand Waste to Electricity Project Ltd	10.02
	TPDDL Solar	1.55
	Sub-Total SGS	912.05
F	RENEWABLE ENERGY	
	Net metering	2.44
	SECI 20 MW Solar	42.97
	SECI 200 MW Solar	256.29
	SEI JyotiSwaroop	54.72
	SEI RaviKiran	53.49
	SEI Renewable	53.67
	SEI Solarvan	53.55
	SEI Sooraj	54.46
	SEI Sunshine	54.23
	NANTI HYDRO POWER PRIVATE LIMITED	45.19
	SECI- Wind	138.32
	Taranda Hydro	38.38
	Suryakanta Hydro Energies Pvt. Ltd.	44.36
	M/s Cosmos Hydro Power Private Limited,	56.84
	Singrauli Small Hydro	5.89
	Sub-Total Renewable	954.79
G	Grand Total (A+B+C+D+E+F)	11,491.97*

*MU scheduled to the petitioner in FY 2022-23 is as per invoices. Figures fetched from Audited Power Purchase Certificate

COMMISSION ANALYSIS

- 3.60 The Commission, vide its Letter dated 22/05/2025, had directed the Delhi SLDC to verify the figures of Long Term Power Purchase and Short Term Power purchase/sale for Delhi DISCOMs and submit a reconciliation to the Commission. The jointly signed statement by SLDC and the Petitioner for source wise Long Term Power Purchase and Short Term Power purchase/sale was submitted.
- 3.61 Further, Consultant has submitted that they have verified the Input energy from SLDC weekly UI Bills and also from the SLDC certificate and reconciled with Auditor certificate for power purchase cost.

The Commission has observed that there still exists deviation in the Power Purchase Quantum submitted by the Petitioner and that submitted by SLDC to the Commission for few plants due to peripheral mismatches. The Petitioner has considered the power at Northern periphery whereas SLDC has considered at DTL periphery. During the prudence check, the DISCOMs have submitted that the Power Purchase quantum is considered based on the units actually billed to them by the Generators. Due to the differential reporting of the energy by SLDC and the DISCOMs, the Commission considered the units actually billed by the Generators to the DISCOMs for the purpose of arriving at Power Purchase quantum.

- 3.62 The Commission has verified the Intra-State Transmission Loss for FY 2022-23 from the Annual Report of Delhi-SLDC and as per the said report, the Intra-State Transmission Loss was 0.84%. However, during the prudence check, TPDDL has submitted that they have considered Intra-State transmission Loss of 0.88% as mentioned on the SLDC website for FY 2021-22 because that was the most recent published data at the time of preparation of True-up petition. Further, with respect to Inter-state Transmission Loss, since NLDC publish weekly loss data and there is no method to verify the yearly Inter-state Transmission Loss, in view of this the differential quantum was considered as Inter-state Transmission Loss.

SHORT TERM POWER PURCHASE QUANTUM

- 3.63 The Consultant has submitted that they had verified short term power procured through bilateral tender in FY 2022-23. Approx. 510.87 MU were procured during the year, Auditor has observed that this short-term power was under Non-Solar category of Renewable Power which contributed DISCOM in compliance of provisions of RPO Obligations and also for meeting Peak summer demand. Short-term Power Purchase was verified based on the SLDC reconciliation and Annual Report of SLDC and considered by the Commission. The Consultant further submitted that they have verified the power purchase cost greater than Rs. 5/kWh and it is observed that there is no impact of short-term power purchase cost greater than Rs. 5/kWh.
- 3.64 Accordingly, the Short-term power purchase of the Petitioner is for FY 2022-23 as follows:

Table 3. 25: Commission Approved - Short term Power Purchase

Sr. No.	Particulars	FY 22-23 Energy (MU)
A	Bilateral	510.87
B	Banking	436.32
C	Exchange (IEX +PXIL)	277.13
D	Intra state	4.56
E	UI	11.53
F	Total	1240.41

LONG TERM POWER PURCHASE QUANTUM

3.65 The summary of Power Purchase Quantum is as follows:

Table 3. 26: Commission Approved – Summary of Long term Power Purchase Quantum (MU) for FY 2022-23

Sr. No.	Source	As per Commission (MU)
1	Thermal	9389.42
2	Nuclear	220.33
3	Hydro	826.83
4	Solar	627.37
5	Non-Solar	428.03
6	Total	11491.97

3.66 Based on the audited Power purchase certificate and submission of SLDC, the Power Purchase Quantum of the petitioner is trued up for FY 2022-23 as follows:

Table 3. 27: Commission Approved -Power Purchase Quantum (MU) for FY 2022-23

Sr. No.	Particulars	As per Petitioner (MU)	As per Commission (MU)
A	Power Purchase:		
i	Long term Power Purchase Quantum	11491.81	11491.97
ii	Short Term Power Purchase quantum	1240.41	1240.41
iii	Short term sale of Power	(1585.85)	(1585.85)
iv	Net Power Purchase	11146.36	11,146.53
B	Transmission Loss:		
i	Intra-State Transmission Loss	98.09	93.81
ii	Inter-State Transmission Loss	426.88	430.96
iii	Total Transmission Loss	524.77	524.77
C	Net Power Available after Transmission Loss	10621.59	10621.76

POWER PURCHASE COST PETITIONER'S SUBMISSION

- 3.67 The Petitioner has incurred gross power purchase cost of Rs. 7312 Cr. (inclusive of REC) for the gross power purchase quantum of 12732.21 MUs in FY 2022-23 from all sources including intra-state, bilateral, UI and exchange. The revenue of Rs. 959.57 Cr on account of sale of 1585.85 MU of surplus energy through bilateral, intra-state, UI and exchange has been adjusted against the gross power purchase cost. The Petitioner has also incurred transmission charges of Rs. 1225.18 Cr.
- 3.68 The Petitioner further submitted that in order to meet RPO obligations, they have incurred Rs. 79.79 Cr towards purchase of RE certificates. The Petitioner has arrived at total audited Power Purchase cost of Rs. 7577.75 Cr for FY 2022-23. Given below is the energy balance of the cost incurred by the Petitioner.

Table 3. 28: Petitioner Submission - Details of Power Purchase Cost Station wise for FY 2022-23

Particulars	Energy (MU)	Fixed Charges (Rs. Cr.)	Variable Charges (Rs. Cr.)	Other Charges (Rs. Cr.)	Total Charges (Rs. Cr.)	Rs./kwh
	Sought for Trued Up					
NTPC						
Anta Gas Power Station	1.02	6.92	2.02	0.0036	8.94	87.37
Auraiya Gas Power Station	1.46	10.25	2.59	0.07	12.91	88.41
Dadri Gas Power Station	9.67	10.55	14.08	-0.08	24.54	25.38
Farakka Super Thermal Power Station	37.58	3.84	14.45	3.37	21.67	5.77
Feroze Gandhi Unchahar TPS 1	31.48	4.15	13.93	2.92	20.99	6.67
Feroze Gandhi Unchahar TPS 2	84.25	10.33	35.02	4.37	49.73	5.90
Feroze Gandhi Unchahar TPS 3	57.29	4.79	25.27	3.83	33.89	5.92
Feroze Gandhi Unchahar TPS 4	-	0.05		0.42	0.47	-
Kahalgaoon STPS 1	91.07	11.11	34.97	3.45	49.53	5.44
Kahalgaoon STPS 2	318.40	30.42	115.99	14.88	161.29	5.07
National Capital Therm Pwr - Dadri 1	-	-7.50	-	-1.18	-8.68	-
National Capital Therm Pwr - Dadri 2	42.40	10.44	20.05	12.18	42.68	10.06
Rihand Super Therm Pwr Stn 1	210.22	17.68	32.02	2.14	51.83	2.47

Particulars	Energy (MU)	Fixed Charges (Rs. Cr.)	Variable Charges (Rs. Cr.)	Other Charges (Rs. Cr.)	Total Charges (Rs. Cr.)	Rs./kwh
	Sought for Trued Up					
Rihand Super Therm Pwr Stn 2	311.03	23.56	48.48	5.83	77.87	2.50
Singrauli Super Thermal Power Station	327.43	23.07	49.45	5.78	78.29	2.39
NTPC	1,523.31	159.64	408.31	58.00	625.95	4.11
APCPL						
Aravali Jhajjar	3,097.46	619.04	1,423.51	47.05	2,089.59	6.75
APCPL	3,097.46	619.04	1,423.51	47.05	2,089.59	6.75
NHPC						
Bairasiul	20.56	2.81	2.87	1.27	6.96	3.39
Chamera-I	44.66	4.51	4.90	-2.33	7.08	1.59
Chamera-II	53.48	6.57	5.37	2.51	14.45	2.70
Chamera-III	38.70	9.33	7.62	1.69	18.65	4.82
Dhauliganga	51.43	7.14	6.44	5.89	19.48	3.79
Dulhasti	79.06	9.71	11.07	3.41	24.19	3.06
Parbati-III	24.57	11.66	3.78	1.56	17.00	6.92
Salal	-	-	-0.48	1.78	1.30	-
Sewa-II	20.94	6.41	5.54	1.01	12.96	6.19
Tanakpur	16.27	3.72	2.65	2.29	8.67	5.33
Uri	90.56	8.78	7.44	8.85	25.08	2.77
Uri-II	62.23	12.68	11.76	6.55	31.00	4.98
NHPC	502.44	83.33	68.99	34.50	186.82	3.72
SJVN						
Nathpa Jhakri	203.10	26.68	24.01	0.17	50.86	2.50
SJVN	203.10	26.68	24.01	0.17	50.86	2.50
THDC						
THEP (Koteshwar)	36.93	19.29	8.91	6.63	34.82	9.43
THEP (Tehri)	62.94	10.64	12.24	1.66	24.54	3.90
THDC	99.88	29.93	21.14	8.29	59.36	5.94
CLP						
CLP Jhajjar	740.90	64.16	331.18	7.91	403.25	5.44
CLP	740.90	64.16	331.18	7.91	403.25	5.44
MPL						
Maithon Power	2,145.44	309.58	587.27	20.69	917.53	4.28
MPL	2,145.44	309.58	587.27	20.69	917.53	4.28
DVC						
Chandrapura Thermal Power Station - Unit 7 & 8	492.84	95.17	180.85	18.55	294.57	5.98
Mejia Thermal Power Station - Unit 6	170.12	26.99	63.49	6.72	97.20	5.71
DVC	662.96	122.16	244.34	25.26	391.76	5.91
NPCIL						
NAPS Unit 1 & 2	94.34	-	28.19	0.11	28.31	3.00
RAPS Unit 5 & 6	125.98	-	46.98	2.75	49.73	3.95

Particulars	Energy (MU)	Fixed Charges (Rs. Cr.)	Variable Charges (Rs. Cr.)	Other Charges (Rs. Cr.)	Total Charges (Rs. Cr.)	Rs./kwh
	Sought for Trued Up					
NPCIL	220.33	-	75.17	2.87	78.03	3.54
Sasan						
Sasan UMPP	407.90	6.29	46.86	6.28	59.43	1.46
Sasan	407.90	6.29	46.86	6.28	59.43	1.46
Tala HEP						
Tala HEP	21.42	-	4.86	-	4.86	2.27
Tala HEP	21.42	-	4.86	-	4.86	2.27
Grand Total	9,625.13	1,420.81	3,235.65	211.00	4,867.46	5.06

COMMISSION ANALYSIS

- 3.69 The Consultant has verified the Power Purchase bills and accordingly, the Commission has considered the Power Purchase Cost from Central Generating Station(CGS) as Rs. 4867.46 Crore.

ENERGY AVAILABILITY FROM STATE GENCOS PETITIONER'S SUBMISSION

- 3.70 The Petitioner has submitted that the energy scheduled along with total cost during FY 2022-23 from the generating stations based in Delhi is summarized in the table below:

Table 3. 29: Petitioner Submission - Details of Power Purchase Cost Station wise for FY 2022-23

Particulars	Energy (MU)	Fixed Charges (Rs. Cr.)	Variable Charges (Rs. Cr.)	Other Charges (Rs. Cr.)	Total Cost Including PY Arrears (Rs. Cr.)	Avg. Rate (Rs./kWh)
	Sought for Trued up					
State Generating Stations						
Gas Turbine Power Station (GTPS)	101.94	31.54	147.40	13.10	192.04	18.84
Pragati Power Station – I	162.61	29.47	261.10	-	290.57	17.87
Pragati Power Station - III, (Bawana)	546.89	284.89	367.67	-0.79	651.77	11.92
Total SGS	811.44	345.90	776.17	12.31	1,134.38	13.98

3.71 The Petitioner has submitted some of the reasons for high power purchase cost of Delhi Gencos as follows:

- a) Pragati Power Station – III: Some quantum scheduled on RLNG and also Increase in price of APM (Low cost no cut category gas as per Supreme Court order dated 16th July' 2018) allocated to Bawana.
- b) GTPS- Non availability of APM gas with GTPS since 15 June'2021, scheduling being done on RLNG only.
- c) Pragati I - Increase in gas cost. Scheduling on RLNG on account of must run status granted by Delhi SLDC owing to line loading issues/interstate transmission constraints.

COMMISSION ANALYSIS

3.72 The Consultant has verified the Power Purchase bills and accordingly, the Commission has considered the Power Purchase Cost from State Gencos as Rs. 1134.38 Crore.

RENEWABLE PURCHASE OBLIGATION PETITIONER'S SUBMISSION

3.73 The Petitioner has submitted that the Commission vide notification dated 01st Oct' 2012 mandated that all the obligated entities have to meet certain specified percentage of energy through renewable energy.

3.74 The Petitioner has submitted that the Commission in its Business Plan Regulations, 2019 has prescribed the RPO trajectory to be met by Delhi DISCOMs for FY 20-21 to FY 22-23, which was further revised in DERC (Renewable Purchase Obligation and Renewable Energy Certificate Framework Implementation) Regulations 2021. Extract of the relevant Regulation is reproduced below:

"27. TARGET FOR RENEWABLE PURCHASE OBLIGATION

The targets for Renewable Purchase Obligation (RPO) in terms of Regulation 124 of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 of a Distribution Licensee from FY 2020-21 to FY 2022-23, shall be computed as a percentage of total sale of power, to its retail consumers in its area of supply, excluding procurement of hydro power. The target for RPO shall be met through purchase of power from various Renewable Energy sources or purchase of Renewable Energy Certificates ('REC') or combination of both, and shall be as follows:

Table 3.31 : Petitioner Submission - Targets for Renewable Purchase Obligation

S. No.	Particulars	2020-21	2021-22	2022-23
A	Non Solar Target	10.25%	10.25%	10.50%

S. No.	Particulars	2020-21	2021-22	2022-23
B	Solar Target	7.25%	8.75%	10.50%
C	HPO Target		0.18%	0.35%
D	Total	17.50%	19.18%	21.35%

The Distribution Licensee shall comply with its RPO through procurement of Solar energy and Non-Solar energy:

Provided that on achievement of Solar RPO compliance as specified in aforesaid sub-Regulation (1) to the extent of 85% and above, remaining shortfall if any, can be met by excess Non-Solar energy/ Non-Solar REC purchased beyond non-Solar RPO for that particular year:

Provided further that on achievement of Non-Solar RPO compliance as specified in aforesaid sub-Regulation (1) to the extent of 85% and above, remaining shortfall if any, can be met by excess Solar energy/Solar REC purchased beyond Solar RPO for that particular year:

Provided also that the Distribution Licensee may purchase power from various Renewable Energy sources or RECs or combination of both for any shortfall in meeting their total RPO targets for any financial year within three months from the date of completion of the relevant financial year.

(3) Renewable Energy generation recorded through Renewable Energy meters installed in the premises of net metering Consumers shall be deemed to be part of RPO of the Distribution Licensee as specified in DERC (Net Metering for Renewable Energy) Regulations, 2014, for the relevant year:

.....”

Table 3. 30: Petitioner Submission - Meeting of RPO obligations for FY 2022-23 (MU)

Particulars	RPO requirement for FY 2022-23			
	Solar	Non-Solar	HPO	Total
Total Billed Sales				9,946.7
Less- units from Hydro				826.8
Balance Billed sales to be met through RPO obligation				9,119.9
RPO obligation (%)	10.50%	10.50%	0.35%	21.35%
A. Total RPO to be met – MUs	957.6	957.6	31.9	1,947.1
B. MUs through Long term Tied up quantum	678.3	430.9	-	1,109.1
C. MUs through Short term Tied up quantum	9.2	22.8	18.6	50.5
D. Adjusted for RPO compliance for FY 2021-22	(22.5)	-	-	(22.5)
E. REC purchased – Mus	215.7	426.3	0.0	642.0
F. Last Year Carry Forward (FY 2021-22 as allowed by the Commission on 28 th Mar’ 2023)		129.1		129.1
G. Adjustment done from Q1 FY 2023-24 as per Regulation 27(2) of BPR, 2019	28.1	-	10.7	38.8
H. Balance RPO compliance (MUs) at the end of March 21 (H=B+C-A+D+E+F+G)	(48.8)	51.5	(2.7)	-

Particulars	RPO requirement for FY 2022-23			
	Solar	Non-Solar	HPO	Total
I. Non-Solar Surplus adjusted in Solar & HPO Shortfall as per as per Regulation 27(2) of BPR, 2019	48.8	(51.5)	2.7	-
Balance MUs (H+I)	-	-	-	-

- 3.75 From above, it is evident that there is a surplus of 129.11 MU in FY 2021-22, therefore the Petitioner has requested to the Commission to carry forward these renewable attribute of 129.11 MU surplus power from FY 2021-22 to FY 2022-23 toward RPO compliance, which will ultimately reducing the burden on end consumers. It is also pertinent to mention that the Petitioner has filed Petition with the Commission for carry forward of the renewable attributes of surplus Renewable power of the FY 2021-22 subsequently in FY 2022-23. The same has been approved by Hon'ble Commission as per clause 19. of the Commission order dated 28th Mar'2023 and relevant extract is reproduced below:

"19. The Commission allows the carry forward of Surplus Energy during FY 2021-22 in FY 2022-23 only for the limited purpose of RPO. Such Surplus Energy will be ascertained by the Commission during True-up of relevant Financial Year based on the Energy Accounting report from Delhi SLDC, as per past practice. However, for the purpose of Sales, Distribution Loss, Revenue Billed, Surplus Energy of FY 2021-22 shall be considered in FY 2021-22 itself".

COMMISSION ANALYSIS

- 3.76 Regulation 27 of DERC (Business Plan) Regulations 2019 states,

"27. TARGET FOR RENEWABLE PURCHASE OBLIGATION

The targets for Renewable Purchase Obligation (RPO) in terms of Regulation 124 of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 of a Distribution Licensee from FY 2021-22 to FY 2022-23 shall be computed as a percentage of total sale of power to its retail consumers in its area of supply excluding procurement of hydro power. The target for RPO shall be met through purchase of power from various Renewable Energy sources or purchase of Renewable Energy Certificates ('REC') or combination of both, and shall be as follows:

Sr. No.	Distribution Licensee	2021-22	2021-22	2022-23
1	Non Solar Target	10.25%	10.25%	10.50%
2	Solar Target	7.25%	8.75%	10.50
3	Total	17.50%	19.00%	21.00%

..."

- 3.77 The targets for RPO and REC were further revised through DERC RPO and REC regulations 2021. Regulation 4(1) of DERC business plan regulation states:-

“Every Obligated Entity shall purchase electricity from Renewable Energy Sources for fulfilment of a defined minimum percentage of the total consumption during the year, under the Renewable Purchase Obligation, as specified below-”

Sr. No.	Particulars		2021-22	2021-22	2022-23
1	Non-Solar	Other Non Solar RPO	10.25%	10.25%	10.50%
		HPO (applicable only for Distribution Licensees)	-	0.18%	0.35%
2	Solar		7.25%	8.75%	10.50%
	Total		17.50%	19.18%	21.35%

- 3.78 The Regulation 4(3) of DERC RPO and REC regulation 2021 states that the Obligated Entity shall comply with its RPO targets separately for Solar & Non-Solar, excluding consumption met from hydro other than small hydro sources of power and other than LHPs considered for fulfilment of HPO, through procurement of Solar energy and Non-Solar energy
- 3.79 The 3rd Proviso of the Regulation 27(2) of DERC (Business Plan) Regulations, 2019, states that the Distribution Licensee may purchase power from various Renewable Energy Sources or RECs or combination of both for any shortfall in meeting their RPO targets for any financial year within three months from the date of completion of the relevant financial year.
- 3.80 The Regulation 27(5) of DERC (Business Plan) Regulations, 2019, states that non-compliance of the RPO targets shall attract penalty @10% of the weighted average floor price of solar and non-solar renewable energy certificate, as specified by CERC for the relevant year, for quantum of shortfall in RPO.
- 3.81 The Regulation 27(6) of DERC (Business Plan) Regulations, 2019, states that amount of penalty imposed on the distribution licensee due to non-compliance of the RPO targets shall be reduced from the ARR during the true up of the relevant financial year in terms of Regulation 124 of DERC (Terms and Conditions of Determination of Tariff) Regulations 2017.
- 3.82 It is observed that Petitioner has purchased 826.83 MU power from Hydro Stations which is to be excluded from total MU billed for the purpose of calculation of MU to achieve the RPO targets. Accordingly, the RPO Targets for FY 2022-23 is as follows:

Table 3. 31: Commission Approved - RPO targets for FY 2022-23

Renewable Purchase obligation	Commission Approved			
Total sales to retail consumers (MU)	9,946.7			
Purchase from Hydro Power (MU)	826.8			
Sales net of hydro power (MU)	9,119.9			
	Solar	Non Solar	HPO	Total
RPO Obligation (%)	10.50%	10.50%	0.35%	21.35%
A. Total RPO to be met - MU	957.59	957.59	31.92	1,947.10
B. RPO to be met through Tied up Quantum-MU	678.28	431.07	-	1,109.34
a) Gross Generation (Rooftop Solar)	53.35			
b) Sun Edison	324.11			
c) SECI Solar	299.26			
d) TPDDL Own Solar	1.55			
e) TOWMCL		48.77		
f) DMSWSL		40.26		
g) SHEPL (Surya Kanta Small Hydro)		44.36		
h) NHPPL (Nanti Small Hydro)		45.19		
i) THPPL (Taranda Small Hydro)		38.38		
i) Singrauli Small Hydro		5.89		
k) SECI Wind		138.32		
l) Cosmos		56.84		
m) Tehkhand Waste to Electricity Project Limited		10.02		
n) NTPC Bio-Mass		3.02		
C. Solar- Non Solar RPO met through tied up quantum (PTC PCKL), KEIPL HPSEB & SECI Wind- MU, GTAM etc.	9.20	22.80	18.60	50.50
D. Adjusted for RPO compliance for FY 2021-22		(22.50)		(22.50)
E. Shortfall of RPO obligation – MU	(292.61)	503.72	(13.32)	(809.67)
F. REC purchased – MU	215.70	426.30		642.00
G. Balance to be met from the short term physical power received during FY 2022-23 – MU	(76.91)	(77.42)	(13.32)	(167.65)
H. Last Year carry forward (FY 2021-22 as allowed by the Commission on 28th March 2023)	103.04			103.04
I. Adjustment done from Q1 FY 2023-24 as per regulation 27(2) of BPR 2019				
J. Balance RPO Compliance– MU	(76.91)	25.62	(13.32)	(64.63)
K. Non-Solar Suplus Adjusted in Solar & HPO Shortfall as per regulation 27(2) of BPR 2019	23.00	(25.62)	2.62	-
L. Shortfall/ Surplus	(53.91)	0.00	(10.70)	(64.63)

- 3.83 The shortfall of 64.63 MUs has to be met through Q-1 of FY 2023-24, if not met the penalty will be imposed on the petitioner.
- 3.84 The petitioner has claimed amount of Rs 79.79 Crore with respect to 642 nos. of RECs purchased. However, during the prudence check and the REC certificates submitted by the Auditor the amount equivalent to 642 nos. RECs comes out to be Rs 77.27 Crore. Further, as the breakup submitted by the Auditor for Power purchase it is observed that Rs 0.16 Crore has been added by the petitioner towards unclaimed GST arrears bill of RECs for FY 2017. Further, Rs 2.36 Cr. had been provisioned by the petitioner for FY 2023-24. The commission in this True-up has considered total value of REC purchase as Rs 77.43 Cr (77.27+0.16). The provisioned amount towards REC to the tune of Rs 2.36 Cr will be considered appropriately in the True-up of FY 2023-24 subject to the prudence check.

BANKING TRANSACTIONS PETITIONER'S SUBMISSION

- 3.85 Further, the Petitioner has submitted that the Commission in its Regulation 121(3) has stated that the distribution licensee has to follow the normative cost of banking transactions at the rate of average power purchase cost of the portfolio of the distribution licensee. It is further mentioned that the Commission in its various Tariff Orders has mentioned that banking transaction are revenue neutral transactions, hence, all banking transaction should be done at one rate only.
- 3.86 However, previously the Petitioner in its accounts has followed the following methodology for accounting of banking transactions. The Petitioner while banking the units with the other utility record the transaction at normative cost say Rs 2.62/unit. At the time of return of the said banked units along with extra unit if any, recorded the transactions equal to the value recorded at the time on inception of transaction, thus, not considering the impact of additional units, which are reimbursed by the other utility towards cost of funding the time lag between the payment to generator and sale of actual units. For example: If the utility has banked 100 MUs then for the purpose of recording the transaction in books of accounts, it has considered notional value of Rs. 40 Cr. (i.e. 100 Mus * Rs 4/unit). At the time of return of those banked units the other utility has returned 104 MUs. However, in order to nullify the said transaction for accounting purpose the original utility has kept the value Rs 40 Cr. by reducing the notional rate of Rs 4/unit to Rs. 3.85/unit in its books of account.

- 3.87 Due to consideration of two different rates while accounting for the same banking transaction the discrepancy might occurred. Each banking contract (comprising import & export) needs to be treated as a transaction where import & export Mus are to be considered at same rate making the transaction revenue neutral. The only exception to this would be the percentage return which would reduce/increase the rate by the same factor. For example, a 100 Mus export considered at Rs. 4/-per unit would amount for Rs. 40 Cr. in sale & corresponding import at 105% would result in import being considered at Rs. 3.81/- per unit as 105 units would be returned now.
- 3.88 As the statutory auditor has certified the power purchase cost based on books of account, hence, has certified return of banked units of 462.32 MUs @ reducing cost of Rs 2.59/unit against the notional cost of Rs 2.62 /unit.
- 3.89 Therefore, for the purpose of truing up of banking transaction, the Petitioner is seeking return of banking transaction at notional rate of Rs. 2.62 per unit. Impact of the same is given in table below:

Table 3. 32: Petitioner Submission - Details of Financing Cost of Power Banking

Sr. No.	Short Term Purchase	MOU	Units	Amount
A	Banking Purchase/refund	MUs	436.32	113.18
B	Rate Considered	Rs./unit		2.59
C	Notional Rate to be considered	Rs./unit		2.62
D	Additional Impact to be computed for the purpose of ARR	Rs Cr.		1.13

- 3.90 The Commission vide its letter dated 16/11/2018, has specified that the normative rate of banking transaction shall be 'weighted average rate of all long-term sources considering only variable cost for the relevant year'. The relevant paragraph of the aforesaid letter is given below for reference please:

"the normative cost of banking transactions shall be weighted average rate of all long term sources considering only variable cost for the relevant year. Further the sample calculation for incentive on sale of surplus power is annexed herewith."

- 3.91 Essentially, it means that in all likelihood the first leg of banking transaction may have a different normative cost than the return leg of the same banking transaction if both the legs take place in different financial years. This has been the usual practice till date.

"The relevant year" defeats the "revenue neutral" nature of banking transaction and bring in "Mark to Market" exposure. Distribution companies will not know the extent of

“Mark to Market” exposure when they propose to enter into such transaction. It will be known only in the year of true-up as the rate for relevant year would be known then [almost two years later].

- 3.92 An example of actual banking transaction, spread over two financial years, have been settled by the Commission in the Tariff Order dated 30/09/2021 as below:

Banking Transaction Treatment - J&K								
Parameters	Period	True Up Period	Return Ratio	MUs Banked	Per Unit Rate Considered by Commission in True Up	Total Export (Sale) Amount Considered (Rs Crore)	Total Import (Purchase) Amount Allowed (Rs Crore)	Total Disallowance (Rs Crore)
Export	Dec'17- to Feb'18	FY 2017-18	-	268	4	107.28	-	30.67
Import	May'18 to Sep'18	FY 2018-19	98.5%	264.18	2.90	-	76.61	

- 3.93 The aforesaid transaction, as settled, is opposite to what forms part of the Regulation 121 (3) of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017, Regulation 29 (1) (ii) of DERC (Business Plan) Regulation, 2019 as well as directives issued by the Hon'ble APTEL in its judgment in Appeal 14 of 2012.
- 3.94 Thus the Petitioner propose the following options for consideration of the Commission to make banking transactions revenue neutral:

- Option A [No Financial Impact towards Export / Import of Power]

No financial impact for the export of power [sale] and import of power [purchase] and allowance of Trading Margin / Transmission charges/Return Ratio if any.

- Option B

Financial impact for the export of power [sale] and import of power [purchase] at the same weighted average rate of variable cost of all long term sources. The financial impact towards “return ratio” linked to the weighted average rate of variable cost of all long term sources of the financial year when such return takes place.

“....Provided that the normative cost of banking transactions shall be weighted average rate of variable cost of all long term sources. Further, weighted average rate considered during True Up for first leg of banking transaction shall be used for the True-Up of second leg of the banking transaction along with Trading Margin, Transmission charges and/or applicable Return Ratio, if any.”

- 3.95 The above amendment will help in preserving the revenue neutrality of power banking transactions. And DISCOM will be able to bank its surplus contracted capacity of power generation in winters with other distribution utilities and seek return of such surplus capacity during summers of next financial year.

COMMISSION ANALYSIS

- 3.96 During the prudence check it is observed the petitioner has undertaken only one leg i.e. import of banking transaction and the petitioner has claimed Rs 113.18 Cr. towards this leg of Banking Purchase for the 436.32 MU. In this regard the Commission notes that the banking transaction is cost neutral due to import and export of the Energy, which has not taken place during the FY 2022-23. Further, it is also noted the export leg of banking transaction to the tune of 108.40 MU has taken place in FY 2023-24 which is much less than the import of 436.32 MU of energy, the reason for the same are necessary to be ascertained by the Commission through examination of the banking transaction agreements executed by the Petitioner and the other relevant factors. Moreover, as the banking transactions are cost neutral, therefore if the banking transactions have not been completed, the cost of the imported leg of banking energy cannot be claimed on notional basis as the petitioner has not paid for the said energy during the FY 2022-23. However, at the same time the transactions of energy import and export in the existing banking agreements need to be reconciled till FY 2022-23 before considering the claim of the Petitioner in this regard. Accordingly, the Commission considers it appropriate to allow the claim if any against the banking transaction of the Petitioner in the next True-up order based on the examination of the banking agreements and reconciliation of banking transactions till FY 2022-23.

SHORT TERM POWER PURCHASE PETITIONER'S SUBMISSION

- 3.97 The Petitioner has submitted to have procured 1240.41 MU through bilateral/exchange/UI/Intrastate/Banking under short-term power purchase as follows:

Table 3. 33: Petitioner Submission - Short term Power Purchase in FY 2022-23

Sr. No.	Short Term Purchase	Units (MU)	Rate per Unit	Amount (Rs Cr)
A	IDT Purchase	4.56	5.47	2.49
B	IEX Purchase	246.09	7.34	180.70
C	PXIL Purchase	31.04	16.85	52.30
D	Banking Purchase	436.32	2.59	113.18

Sr. No.	Short Term Purchase	Units (MU)	Rate per Unit	Amount (Rs Cr)
E	DSM Purchase	11.53	13.20	15.21
F	Bilateral Purchase	510.87	9.11	465.42
G	Short Term Purchase Total	1,240.41	6.69	829.31

SHORT TERM SURPLUS POWER SALE PETITIONER'S SUBMISSION

- 3.98 The Petitioner has sold 1585.85 MU at the average rate of Rs 6.05 per unit. The source wise summary of sale of surplus power during the FY 2022-23 is shown below:-

Table 3. 34: Petitioner Submission - Details of Short term Power Sales

Sr. No.	Particulars	FY 2022-23		
		Units (MU)	Rate per Unit	Amount (Rs Cr)
A	IDT Sale	253.82	8.13	206.44
B	IEX Sale	1,225.34	5.91	723.91
C	DSM Sale	106.70	2.74	29.22
D	Short Term Sale Total	1,585.85	6.05	959.57

COMMISSION ANALYSIS

- 3.99 The Consultant in their Regulatory Audit Report has submitted that they had verified all the invoices raised by Generating Stations consisting of Capacity Charges (Fixed Charges), Energy Charges (Variable Charges) and other charges for FY 2022-23 vis-à-vis Petitioner's claim submitted in the Petition and Audited Power Purchase Certificate.
- 3.100 Further, the Commission during the prudence check sessions has verified all the invoices raised by Generating Stations consisting of Capacity Charges (Fixed Charges), Energy Charges (Variable Charges) and other charges for FY 2022-23 as submitted in the Petition and Audited Power Purchase Certificate. Following observations have been made in the Power purchase:-

SHORT TERM POWER PURCHASE HAVING RATE HIGHER THAN RS 5/KWH

- 3.101 The Commission in its Tariff Order dated 30/09/2021 had directed the Petitioner as follows:

"6.10n. To strictly adhere to the guidelines on short-term power purchase/sale of power issued by the Commission from time to time and to take necessary steps to restrict the cost of power procured through short term contracts, except trading through Power Exchange & IDT, at Rs.5/kWh. In case the cost of power proposed to be procured exceeds

the above ceiling limit, this may be brought to the notice of the Commission within 24 hours detailing the reasons or exceptional circumstances under which this has been done. In the absence of proper justification towards short term power purchase at a rate higher than the above ceiling rate (of Rs.5/kWh), the Commission reserves the right to restrict allowance of impact of such purchase on total short term power purchase not exceeding 10 Paisa/kWh during the financial year.”

- 3.102 The Commission has examined the Short Term Power Purchase transactions and found that the Petitioner has not violated the above mentioned directive.

CONTINGENCY LIMIT OF 5% ON UI SALE COMMISSION ANALYSIS

- 3.103 The Contingency Limit for disposing off of Power through Deviation Settlement Mechanism in terms of the Regulation 152 (c) of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 from FY 2020-21 to FY 2022-23 of the Distribution Licensees shall be 5% of Net Power Procured by the Distribution Licensee for the relevant month. (2) In case the Distribution Licensee disposes off more than 5% of the Net Power procured by the Licensee for the relevant month through Deviation Settlement Mechanism (Unscheduled Interchange Charges) than the rate of realisation through UI shall be considered at the average rate of power purchase/sale through exchange during same month for Delhi region.

Table 3. 35: Computation of UI Sale contingency limit

Month	Net Purchase	UI Sale	%age
April	960.03	6.53	0.68
May	1,103.07	5.01	0.45
June	1,145.64	3.02	0.26
July	1,136.91	6.90	0.61
Aug	1,096.86	12.49	1.14
Sep	1,041.78	14.73	1.41
Oct	765.60	9.09	1.19
Nov	666.86	8.18	1.23
Dec	703.15	6.96	0.99
Jan	768.82	5.57	0.72
Feb	625.43	8.60	1.38
Mar	681.22	9.99	1.47
Total	10,695.37	97.07	0.91

3.104 Regulation 28 of DERC (Business Plan) Regulations, 2019 stipulates,

“28(1) The Contingency Limit for disposing off of Power through Deviation Settlement Mechanism in terms of the Regulation 152 (c) of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 from FY 2020-21 to FY 2022-23 of the Distribution Licensees shall be 5% of Net Power Procured by the Distribution Licensee for the relevant month.

“28(2) In case the Distribution Licensee disposes off more than 5% of the net Power procured by the Licensee for the relevant month through Deviation Settlement Mechanism (Unscheduled Interchange Charges) than the rate of realisation through UI shall be considered at the average rate of power purchase/sale through exchange during same month for Delhi region.”

3.105 The Consultant has verified the same. Accordingly, no impact on account of Contingency Limit is considered for FY 2022-23 by the Commission.

ADDITIONAL UI CHARGES AND SUSTAINED DEVIATION CHARGES COMMISSION ANALYSIS

3.106 The third proviso of Regulation 152 (c) of DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 stipulates as follows:

“Provided that any Additional/Penal Deviation Settlement Mechanism (Unscheduled Interchange) Charges other than forced scheduling of power as certified by SLDC paid by the Distribution Licensee shall not be allowed in Power Purchase Cost”

3.107 Further, the Commission observed from the statement submitted by SLDC that the Petitioner has been levied penalty under Additional Deviation Settlement and Sustained Deviation for FY 2022-23 amounting to Rs. 8.10 Cr. and Rs. 1.40 Cr. respectively in accordance with the CERC Regulations. However, the Commission vide its letter dated-29/04/2022, based on the request of the petitioner and prevailing Coal shortages, had allowed Additional UI charges and Sustain Deviation Charges as a pass through in Power Purchase Cost to Delhi DISCOMs till 31/07/2022. Accordingly, the Commission has allowed pass through of penalty on account of Additional UI charges and Sustain Deviation Charges from May’22 to July’22 and considered the Additional Deviation Charges and Sustained Deviation Charges from Power Purchase Cost for April’22 and August’22 to March’23 of the Petitioner.

- 3.108 Accordingly, an amount of Rs. 3.38 Cr. and 0.67 Cr. has been considered as Penalty towards Additional Deviation Charges and Sustained Deviation Charges respectively.

INCENTIVE ON SALE OF SURPLUS POWER PETITIONER'S SUBMISSION

- 3.109 The Petitioner submitted that the Commission in its Business Plan Regulations, 2019 issued by Hon'ble DERC on the Incentive on Sale of surplus Power. The same has been reproduced below for ready reference:

"29. INCENTIVE SHARING MECHANISM FOR SALE RATE OF SURPLUS POWER

The computation of incentive for Sale Rate of Surplus Power in terms of the Regulation 165 of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 from FY 2020-21 to FY 2022-23 of the Distribution Licensees shall be as follows:

- i. The variable cost of the generating station for which power is surplus and required to be sold through Power Exchanges shall be considered as the previous month's billed variable cost of such generating station.*
- ii. The variable cost of the generating station for which power is surplus and required to be sold through Banking and Bilateral arrangements shall be considered as the previous month's billed variable cost of such generating station prevalent at the date of entering into such contracts.*
- iii. The incentive shall be the product of Rate difference (Actual Sale Rate-Variable Cost) and Quantum of Power actually sold."*

- 3.110 Accordingly, the Commission is requested for doing true up of the incentive of Rs. 114.81 Cr as per MYT Regulations, 2017. Due to very voluminous data, information for slot wise computation of incentive amount would be shared with third party auditors/ the Commission during the course of prudence check. Given below is the energy balance cost incurred by the Petitioner.

COMMISSION ANALYSIS

- 3.111 During the prudence check additional information was sought from the petitioner towards slot wise data & methodology for computation of incentive. The data and other relevant information sought from the Petitioner was found to be huge and the same required detailed examination to verify the claim of the Petitioner. Since, the said huge data require more time

to verify, the claim of the Petitioner shall be considered in the next True-up order based on the necessary details and information.

TRANSMISSION CHARGES PETITIONER'S SUBMISSION

3.112 The Petitioner has submitted to incurred the transmission charges of Rs. 1225.18 Cr. The party wise breakup of the transmission charges are tabulated below:

Table 3. 36: Petitioner Submission - Summary of Transmission charges for FY 2022-23

Sr. No.	Name of Station-Particulars / Party Name	Rs. Cr.
A	PGCIL TRANSMISSION CHARGES	844.36
	PGCIL NON POC BILL	1.97
	PGCIL POC BILL 1	647.79
	PGCIL POC BILL 2	193.75
	PGCIL POC BILL 4	0.86
B	DTL/ SLDC TRANSMISSION CHARGES	255.13
	DTL-Application Charges	0.22
	DTL-NRLDC Charges	4.13
	DTL-Reactive Energy Charges	9.18
	DTL-SCED	(2.26)
	DTL-SLDC Charges	2.94
	DTL-STOA Credit	(149.16)
	DTL-Wheeling Charges	390.07
C	OTHER TRANSMISSION CHARGES	125.69
	Banking Purchase STOA	16.72
	Bhakra Beas Management Board	0.56
	Bilateral purchase STOA	19.80
	Chandrapura Thermal Power Station – Transmission	1.04
	CLP Jhajjar Transmission	10.18
	IEX Purchase STOA	9.44
	IEX Sale STOA	46.95
	M/s Cosmos Hydro Power Private Limited, Transmission	0.18
	Maithon Power Tx Charges	1.04
	Mejia Thermal Power Station - Unit 6 Transmission	0.17
	NANTI Transmission	1.89
	NTPC Transmission Charges	0.24
	PXIL Purchase STOA	1.21
	SECI 20 MW Solar Transmission	1.96
	SEI Sunshine Transmission	12.87
	Suryakanta Transmission	1.41
	Taranda Hydro Transmission	0.02
	THEP (Koteshwar)- NRLDC Charges	0.01
	THEP (Tehri)-NRLDC Charges	0.01

Sr. No.	Name of Station-Particulars / Party Name	Rs. Cr.
	Grand Total (A+B+C)	1,225.18

COMMISSION ANALYSIS

- 3.113 The Commission has verified the Transmission charges from the books of accounts and bills raised by various parties and accordingly allows the total Transmission Charges of Rs. 1,225.18 Cr. for FY 2022-23 as follows:

Table 3. 37: Commission Approved - Transmission Charges (Rs. Cr.)

Particulars	Amount
Inter-state Transmission Charges	844.36
Intra-state Transmission Charges	255.13
Other Transmission Charges	125.69
Total Transmission Charges	1,225.18

REBATE ON POWER PURCHASE AND TRANSMISSION CHARGES PETITIONER'S SUBMISSION

- 3.114 The Petitioner has submitted that the Commission in its Tariff Determination Regulations, 2017, has specified that

"119. Distribution Licensee shall be allowed to recover the net cost of power purchase from long term sources who's PPAs are approved by the Commission, assuming maximum normative rebate available from each source, for supply to consumers."

- 3.115 The Commission in its Tariff Order FY 2020-21 has considered 1.50%, 2.00% and 2.50% normative rebate and approved power purchase cost net of rebate. Following the same principle of normative rebate of 1.50%, 2.00% and 2.50%, the Petitioner has computed net normative rebate.

Table 3. 38: Petitioner Submission - Summary of Normative Rebate for FY 2022-23

Sr. No.	Vendor	Maximum Normative Rebate (in %) (A)	Rebatable Amt. (B)	Amount offered as normative rebate. [C=(B*A)]
A	Towards Power Purchase			
1	APCPL	1.50%	2,096.69	31.45
2	Adani	2.00%	22.07	0.44
3	CHPPL	1.50%	25.23	0.38
4	DMSWSL	2.00%	28.31	0.57
5	DTL (LT)	2.00%	390.07	7.80
6	DVC	1.50%	368.80	5.53

Sr. No.	Vendor	Maximum Normative Rebate (in %) (A)	Rebatable Amt. (B)	Amount offered as normative rebate. [C=(B*A)]
7	IPGCL	2.00%	192.04	3.84
8	NHPC	1.50%	186.27	2.79
9	NHPPL	1.50%	19.39	0.29
10	NPCIL NAPS	2.50%	27.64	0.69
11	NPCIL RAPS	2.50%	48.09	1.20
12	NTPC	1.50%	605.85	9.09
13	NVVNL	2.00%	35.85	0.72
14	PGCIL	1.50%	0.79	0.01
15	CTUIL	1.50%	875.20	13.13
16	PPCL I	2.00%	290.57	5.81
17	PPCL III	1.50%	651.77	9.78
18	PTC(ST)	2.00%	19.58	0.39
19	PTC(Tala)	1P/KWH	4.86	0.02
20	SASAN	1.50%	53.76	0.81
21	SECI	1.50%	105.64	1.58
22	SEI SUNSHINE	1.50%	21.47	0.32
23	SEI SOLARVANA	1.50%	21.20	0.32
24	SEI SOORAJ	1.50%	21.56	0.32
25	SEI JYOTISWAROOP	1.50%	21.67	0.32
26	SEI RAVIKIRAN	1.50%	21.18	0.32
27	SEI RENEWABLE	1.50%	21.25	0.32
28	SHEPL	1.50%	16.86	0.25
29	SJVNL	1.50%	50.86	0.76
30	TARANDA	1.50%	16.46	0.25
31	THDC	1.50%	54.42	0.82
32	TOWMCL	2.00%	27.85	0.56
33	TWEPL	2.00%	4.31	0.09
34	TPTCL MPL	1.50%	898.52	13.48
35	TPTCL CLP	1.50%	395.35	5.93
36	TPTCL ST	2.00%	385.45	7.71
37	RPG ST	2.00%	2.46	0.05
	Total (A)		8,029.31	128.14
B	Towards Sale of Power		-	-
	Total (B)		0.00	0.00
	Grand Total (A)-(B)		8,029.31	128.14

COMMISSION ANALYSIS

3.116 The Regulation 119 of DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017, specifies that:

“Distribution Licensee shall be allowed to recover the net cost of power purchase from the long term sources whose PPAs are approved by the Commission, assuming maximum normative rebate available from each source, for supply to consumers”

3.117 The Commission has noted from power purchase agreement that the maximum normative rebate in case of NPCIL is 2.5%. Similarly, maximum normative rebate for other CGS, SGS and Transmission Companies has been taken from Power Purchase Agreements. Accordingly, the Commission has considered the maximum normative rebate on Rebatable amount in line with Regulation 119 of Tariff Regulation 2017 based on the submissions of the Petitioner as follows:

Table 3. 39: Commission Approval - Summary of Normative Rebate for FY 2022-23

Sr. No.	Vendor	Rebatable Amt (Rs Crore)	Maximum Normative Rebate %	Normative Rebate approved (Rs Crore)
1	APCPL	2,096.69	1.50%	31.45
2	Adani	22.07	2.00%	0.44
3	CHPPL	25.23	2.00%	0.50
4	DMSWSL	28.31	2.00%	0.57
5	DTL (LT)	390.07	2.00%	7.80
6	DVC	368.80	1.50%	5.53
7	IPGCL	192.04	2.00%	3.84
8	NHPC	186.27	1.50%	2.79
9	NHPPL	19.39	2.00%	0.39
10	NPCIL (NAPS)	27.64	2.50%	0.69
11	NPCIL (RAPS)	48.09	2.50%	1.20
12	NTPC	605.85	1.50%	9.09
13	NVVNL	35.85	2.00%	0.72
14	PGCIL	0.79	1.65%	0.01
15	CTUIL	875.20	1.65%	14.44
16	PPCL I	290.57	2.00%	5.81
17	PPCL III	651.77	1.50%	9.78
18	PTC(ST)	19.58	2.00%	0.39
19	PTC(Tala)	4.86	1P/kWH	0.02
20	SASAN	53.76	2.00%	1.08
21	SECI	105.64	2.00%	2.11
22	SEI SUNSHINE	21.47	2.00%	0.43
23	SEI SOLARVANA	21.20	2.00%	0.42
24	SEI SOORAJ	21.56	2.00%	0.43
25	SEI JYOTISWAROOP	21.67	2.00%	0.43
26	SEI RAVIKIRAN	21.18	2.00%	0.42
27	SEI RENEWABLE	21.25	2.00%	0.43
28	SHEPL	16.86	2.00%	0.34
29	SJVNL	50.86	1.50%	0.76

Sr. No.	Vendor	Rebatable Amt (Rs Crore)	Maximum Normative Rebate %	Normative Rebate approved (Rs Crore)
30	TARANDA	16.46	2.00%	0.33
31	THDC	54.42	1.50%	0.82
32	TOWMCL	27.85	2.00%	0.56
33	TWEPL	4.31	2.00%	0.09
34	TPTCL MPL	898.52	2.00%	17.97
35	TPTCL CLP	395.35	2.00%	7.91
36	TPTCL ST	385.45	2.00%	7.71
37	RPG ST	2.46	2.00%	0.05
	Total	8029.34		137.75

TOTAL POWER PURCHASE COST COMMISSION ANALYSIS

3.118 Based on the above submissions, the Commission approves the Power Purchase Cost for the Petitioner for FY 2022-23 as follows:

Table 3. 40: Commission Approved - Power Purchase Cost for FY 2022-23

Sr. No	Particulars	Petitioner submission		As per Commission	
		Quantum (MU)	Amount (Rs. Cr.)	Quantum (MU)	Amount (Rs. Cr.)
A	Power Purchase:				
i)	Gross Power Purchase	12732.21	7312.14	12732.38	7309.78
a	Power Purchase from CSGS	9622.10	4867.46	9625.13	4867.46
b	Short-term Power Purchase	1240.41	829.31	1240.41	716.12
c	Power Purchase from Delhi Genco	811.44	1134.38	811.44	1,134.38
d	Renewable Power	1058.27	401.21	1055.39	401.21
e	Cost of REC Certificate- towards RPO		79.79		77.43
f	Less: Power sold to other sources	(1585.85)	(959.57)	(1585.85)	(959.57)
g	Net Power Purchase	11,146.36	6,352.57	11,146.52	6237.03
B	Transmission Loss:				
i	Inter-State Transmission Loss/Charges	(426.68)	844.36	(430.96)	844.36
ii	Intra-State Transmission Loss/Charges	(98.09)	255.13	(93.81)	255.13
iii	Other Transmission Charges	-	125.69		125.69
iv	Total transmission Loss/Charges		1225.18		1,225.18
C	Net power available after Transmission Loss/Charges	10,621.59	7,577.75	10,621.75	7462.21
D	Rebate				
i	On Power Purchase		128.14		137.75

Sr. No	Particulars	Petitioner submission		As per Commission	
		Quantum (MU)	Amount (Rs. Cr.)	Quantum (MU)	Amount (Rs. Cr.)
ii	On Transmission Cost				
	Total Rebate		128.14		137.75
E	Adjustments:				
a	Additional UI				3.38
b	Sustained Deviation				0.67
c	RPO Penalty				-
F	Add:				
a	Incentive on sale of surplus power		114.81		-
b	Normative Additional units of power banking @ 2.91/unit		1.13		-
G	Net Power Purchase Cost	10,621.59	7565.56	10,621.75	7,320.41
H	Avg. Power Purchase cost		7.12		6.89

OPERATION AND MAINTENANCE (O&M EXPENSES) PETITIONER'S SUBMISSION

3.119 The Petitioner has submitted in Regulation 87 of Tariff Regulations, 2017 provided that *"The Utilities shall be allowed Operation and Maintenance expenses on normative basis including expenses for raising the loan for funding of Working Capital and Regulatory Assets as specified by the Commission in the Business Plan Regulations for the respective Control Period.*

Provided that the Normative O&M Expenses for the respective Control Period shall not be trued up.

Provided further that the water charges, statutory levy and taxes under O&M expenses if indicated separately in the audited financial statement shall not form part of Normative O&M Expenses."

Further Regulation 92 provided that *"Normative Operation and Maintenance expenses of a Distribution Licensee shall consist of*

- a) Employee Expenses,*
- b) Administrative and General Expenses, and*
- c) Repair and Maintenance Expense."*

3.120 The Petitioner has submitted in the Business Plan Regulations, 2019 the Commission in its Regulations 23(1) has determined year wise normative O&M expenses for the Petitioner for the current control period. Relevant extract of the table of normative O&M expenses is given below:

Table 3. 41: Petitioner Submission - O&M Expenses Norms for TPDDL for the Control Period

Particulars	Unit	2020-21	2021-22	2022-23
66 kV Line	Rs. Lakh / ckt.km	3.079	3.197	3.32
33 kV Line	Rs. Lakh / ckt.km	3.079	3.197	3.32
11 kV Line	Rs. Lakh / ckt.km	0.935	0.971	1.008
LT Line System	Rs. Lakh / ckt.km	7.338	7.62	7.912
66/11 kV Grid S/s	Rs. Lakh / MVA	0.954	0.991	1.029
33/11 kV Gris S/s	Rs. Lakh / MVA	0.954	0.991	1.029
11/04.15 kV DT	Rs. Lakh / MVA	1.489	1.546	1.605

3.121 The Petitioner has accordingly computed the normative O&M expenses for FY 2022-23 as follows:

Table 3. 42: Petitioner Submission - Normative O&M Expenses for FY 2022-23

Particulars	Unit	FY 2022-23 Rate	Capacity	Capacity as on 31.03.2022	Capacity as on 31.03.2023	Average Capacity	Amount Rs Cr.
66 kV Line	Rs. Lakh / ckt.km	3.320	Ckt.km	616.41	621.77	619.09	20.55
33 kV Line		3.320	Ckt.km	604.53	616.81	610.67	20.27
11 kV Line		1.008	Ckt.km	7,274.81	7,456.75	7,365.78	74.25
LT Line System		7.912	Ckt.km	7,619.60	7,758.46	7,689.03	608.36
66/11 kV Grid S/s	Rs. Lakh / MVA	1.029	MVA	3,213.50	3,339.50	3,276.50	33.72
33/11 kV Gris S/s		1.029	MVA	1,873.00	1,913.00	1,893.00	19.48
11/04.15 kV DT		1.605	MVA	6,368.99	6,452.45	6,410.72	102.89
Total							879.52

COMMISSION ANALYSIS

3.122 The Commission at Regulation 23 of *DERC (Business Plan) Regulations, 2019*, has notified norms for Operation and Maintenance Expenses for FY 2022-23 in terms of Regulation 4(3) of *DERC (Terms and Conditions for determination of Tariff) Regulations, 2017* as follows:

“23. Operation and Maintenance Expenses

(1) Normative Operation and Maintenance Expenses in terms of Regulation 4(3) and Regulation 92 of the DERC (Terms and Conditions for determination of Tariff) Regulations, 2017 for the Distribution Licensees shall be follows:

Table 2: O&M Expenses for TPDDL for the Control Period

Particulars	Unit	2021-22	2021-22	2022-23
66 kV Line	Rs. Lakh / ckt.km	3.079	3.197	3.32
33 kV Line	Rs. Lakh / ckt.km	3.079	3.197	3.32
11 kV Line	Rs. Lakh / ckt.km	0.935	0.971	1.008
LT Line System	Rs. Lakh / ckt.km	7.338	7.62	7.912
66/11 kV Grid S/s	Rs. Lakh / MVA	0.954	0.991	1.029
33/11 kV Grid S/s	Rs. Lakh / MVA	0.954	0.991	1.029
11/04.15 kV DT	Rs. Lakh / MVA	1.489	1.546	1.605

.....”

3.123 The Petitioner has submitted the actual network capacity as on 31/03/2023 in petitioner submission and claimed Rs. 879.52 Cr towards the O&M expenses. The prudence and due diligence exercise of the Capitalisation of Assets (works & Schemes) including the capex verification of the said Assets are continuing process of the Commission. While the Commission is approving the O&M expenses based on the details of the Capitalisation submitted by the Petitioner, any discrepancy/shortfalls/defaults in such capitalisation observed/noticed/verified by the Commission at any point of time irrespective of the period/ Financial Year shall be suitably adjusted (recovered) from the ARR of the Petitioner for the period during which such discrepancy/shortfalls/defaults are found by the Commission.

Table 3. 43: Commission Approved: Normative O&M Expenses for FY 2022-23 (Rs. Cr.)

Sr.No.	Particulars	FY 2022-23					
		Capacity as on 31st March 2022* (a)	Capacity addition during FY 2022-23 (b)	Capacity as on 31st March 2023 c=(a+b)	Avg Capacity for FY 2022-23 (d=(a+c)/2)	Multiplying factor (e)	O&M for FY 2022-23 (Rs. Crore) (a*e)
1	66KV line	1220.940	17.640	1238.580	1229.760	3.320	40.828
2	33KV line						
3	11KV line	7274.710	182.040	7456.75	7365.730	1.008	74.247
4	LT Line System	7620.320	138.140	7758.460	7689.390	7.912	608.385
5	66/11KV Grid Substation	5086.500	166.000	5252.500	5169.500	1.029	53.194
6	33/11KV Grid Substation						
7	11/0.415KV DT	6369.020	83.430	6452.450	6410.735	1.605	102.892
	Total						879.546

*As per True –up order dated 25/10/2025

ADDITIONAL O&M EXPENSES**LAND LICENSEE FEES TOWARDS GRID****PETITIONER'S SUBMISSION**

- 3.124 The Petitioner has submitted that the license fee is applicable as per the rates decided by GoNCTD for using Land to construct new grids/ substations for the purpose of serving the need/growth of consumers. Every year the Petitioner has to pay licensee fee to GoNCTD for all its grids/sub-stations. During FY 2022- 23 the Petitioner has incurred an amount of Rs. 13.22 Cr. towards land licensee fee on yearly basis. This land license fee is payable based on area of grids/sub-stations multiply with the specified rates, thus, it is in the nature of statutory levies and uncontrollable in the hands of the Petitioner.
- 3.125 Tata Power-DDL has to pay land licensee fee for the past land taken from GoNCTD and also for the new land allocated within the year and hence cost is uncontrollable.
- 3.126 The Commission vide its letter no. F.17(174)/Engg./DERC/17-18/5856/1269 dated 13/09/2022 allowed DDA to pay one time SLD charges of Rs 14 lacs per MVA towards land cost where land is allocated by DDA through GoNCTD.
- 3.127 While SLD charges received is passed in the ARR, the applicable annual licensee cost has to be borne by the Petitioner and is not controllable in the hands of the Petitioner.
- 3.128 Further, Proviso of Regulation 87 of the Tariff Regulations, 2017, clearly states that
"Provided further that the water charges, statutory levy and taxes under O&M expenses if indicated separately in the audited financial statement shall not form part of Normative O&M Expenses."

Table 3. 44: Petitioner Submission - Computation of Land License fee to be allowed on actual basis (Rs Cr.)

Sr. No.	Land Licensee fee	Amount Rs Cr	Remark
A	Amount Actually paid	13.12	Refer note no 5(iv) of the Audited financial statement
B	Allowed on Normative basis	11.01	
C	Balance amount to be realized	2.11	A-B

- 3.129 The Petitioner has requested the Commission to allow differential amount of Rs. 2.11 Cr. towards Land licensee fee, as the same is uncontrollable and statutory in nature.

COMMISSION ANALYSIS

- 3.130 The actual O&M expenses considered by the Commission include the expenses on account of the license fee paid on assets to GoNCTD. The normative O&M expenses allowed by the Commission already factor in year-on-year escalation as well as additional O&M costs arising from an increase in network capacity. Accordingly, since the license fee paid on assets has been considered in the base year O&M expenses and duly escalated at the rate of 3.83%, no further license fee is required to be separately allowed beyond the normative O&M expenses. Therefore, the additional claim raised by the Petitioner is not justified. Accordingly, the Commission has disallowed the differential claim of Rs. 2.11 Cr.

INCREMENTAL IMPACT OF GST PETITIONER'S SUBMISSION

- 3.131 The Petitioner has referred Regulation 87 of Tariff Regulations' 2017 read with BPR 2019 which is applicable for 4th MYT Control Period provides that:

"Provided further that the water charges, statutory levy and taxes under O&M expense if indicated separately in the audited financial statement shall not form part of normative O&M expenses."

- 3.132 In reference to above Regulation, the Petitioner submitted that the Goods & Services Tax, which came into effect from 01/07/2017 by subsuming the Service Tax and Other Acts, thus falls under the definition of Change in Law and any financial impact if any has to be allowed to DISCOM on actual basis.

- 3.133 Definition of Change in law as per Regulation 2(18) of the DERC Tariff Regulations, 2017 as under:

(18) "Change In Law" means occurrence of any of the following events:

- (a) Enactment, bringing into effect or promulgation of any new Indian law; or*
- (b) adoption, amendment, modification, repeal or re-enactment of any existing Indian law; or*
- (c) change in interpretation or application of any Indian law by a Competent Court, Tribunal or Indian Governmental Instrumentality which is the final authority under law for such interpretation or application; or*

- (d) change by any competent authority in any condition or covenant of any consent or clearances or approval or license available or obtained for the project; or
- (e) coming into force or change in any bilateral or multilateral agreement/treaty between the Government of India and any other Sovereign Government/s or international convention or protocol having implication for the generating station or the transmission system regulated under these Regulations;

3.134 The Petitioner has submitted that the GST is to be considered as a new enactment because it is altogether a different Law having its different rules, regulations and guidance. Due to this change in law, Rate of Indirect Tax for most of the services availed by Utilities has been increased to 18% from the earlier rate of 15%. Due to this increase in rate there has been an additional impact on the Landed cost of various services availed by DISOCMS to run its business efficiently & effectively, therefore, any financial impact of the same has to be considered by this Commission.

3.135 It is further clarified that GST is a Statutory Tax/levy, therefore, applicability of which cannot be avoided by any utility and hence the impact of which cannot be controlled by the Petitioner, thus, it is covered under the proviso of Regulation 87 which provides as under:

“Provided further that the water charges, statutory levy and taxes under O&M expenses if indicated separately in the audited financial statement shall not form part of normative O&M expenses.”

3.136 CERC has already recognized the enactment of GST Act as Change in Law and allowed Genco's/ Transco's to claim additional financial impact of change in tax rate on normative O&M expenses from the Petitioner.

3.137 Further in BPR 2019 the years considered for setting the norms for 4th Control Period for O&M expenses were FY 2016-17, FY 2017-18 and FY 2018-19.

3.138 The Petitioner has submitted that the Commission has averaged the expenses for three years of the above mentioned years while GST was applicable from July 2017 instead of normalizing the impact of statutory levies for the period in which it was applicable. Therefore, the increase in expenses due to this was not captured for one year three months and got diluted due to

averaging by three years instead of one year nine months. Thus the normative expenses don't cover full impact of GST for 4th Control Period.

- 3.139 Based on above submission and considering its statutory nature, the Petitioner requested the Commission to consider the differential impact of the GST for Rs 34.66 Cr. for FY 2022-23 as computed below.

Table 3. 45: Petitioner Submission : Impact of GST for FY 2022-23

Particulars	Amount Rs. Cr
GST Amount in Rs Cr – A (As per disclosure no. 33.4 of Audited Financial Statements)	45.22
Derived normative O&M Expenses allowed by the Commission towards GST for FY 2021-22	9.96
Further, adjusted for the following impact	
(i) Impact of escalation for FY 2022-23	3.83%
(ii) Impact of network growth for FY 2022-23	2.13%
Normative amount allowed – B	10.56
Differential Impact (A-B)	34.66

COMMISSION ANALYSIS

- 3.140 Under *DERC (Business Plan) Regulations, 2019*, and through its Statement of Reasons Business Plan Regulation, 2019, the Commission has clarified that the revision of minimum wages and impact of GST has already been included in the norms of O&M expenses. The additional claim of expenses is part of the normative O&M expenses and do not qualify for the second proviso to the Regulation 87 of DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017. Hence, the claim of incremental impact of Rs. 34.66 Cr. cannot be allowed.

IMPACT OF INCREASE IN MINIMUM WAGES PETITIONER'S SUBMISSION

- 3.141 The Petitioner has submitted that during the FY 2022-23, the Petitioner has incurred an additional amount of Rs 1261 Cr. over and above normative expenses towards the impact of increase in the Minimum Wages as announced by the Delhi Government vide Delhi Gazette Notification No. 85 dated 03/03/2017. As the said Copies of the Gazette Notification regarding Minimum Wages along with the previous year Gazette Notification are annexed hereto and marked as Annexure-II. As the said Gazette Notification was issued only on 3rd Mar'2017, thus, its impact was not fully factored into account by the Commission while notifying the

Business Plan Regulation, 2019 applicable for 4th Control Period as the normative O&M expenses were premised on the data for FY 2016-17, FY 2017-18, and FY 2018-19.

3.142 Thus, impact for complete one year i.e. FY 2016-17 was not captured while setting the norms for 4th Control Period and got diluted while averaging the expenses by three years. Thus the normative expenses don't cover full impact of Minimum Wages for 4th Control Period.

3.143 The Petitioner has submitted that it is a statutory levy. Govt of NCT has increased the minimum wages by significantly in addition to the normative increase allowed in usual course and thus, resulting into increase in O&M expenses for DISCOMS. Hence, the differential impact has to be allowed additionally over and above included in normative O&M Expenses being it is statutory in nature and cannot be controlled by the Petitioner.

3.144 It is noteworthy to mention that proviso of Regulation 87 of Tariff Regulations, 2019 states that

“Provided further that the water charges, statutory levy and taxes under O&M expenses if indicated separately in the audited financial statement shall not form part of normative O&M expenses.”

3.145 Based on above submissions, the Petitioner requested to allow the impact of unprecedented increase in minimum wages of Rs. 12.61 Cr. on actual basis. The computation of same is as follows: -

Table 3. 46: Petitioner Submission- Minimum Wages Impact

Particulars	Amount (Rs Cr)
Minimum Wages Amount in Rs Cr – A (As per disclosure no. 33.4 of Audited Financial Statements)	29.51
Derived Normative O&M Expense allowed by DERC towards minimum wages for FY 2021-22	15.94
Further, adjusted for the following impact	
(i) Impact of escalation for FY 2022-23	3.83%
(ii) Impact of network growth for FY 2022-23	2.13%
Normative amount allowed – B	16.91
Differential Impact (A-B)	12.61

COMMISSION ANALYSIS

3.146 The Regulation 87 of DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 states,

“The Utilities shall be allowed Operation and Maintenance expenses on normative basis including expenses for raising the loan for funding of Working Capital and Regulatory Asset

as specified by the Commission in the Business Plan Regulations for the respective Control Period:

Provided that the Normative O&M expenses for the respective Control Period shall not be trued up;

Provided further that the water charges, statutory levy and taxes under O&M expenses if indicated separately in the audited financial statement shall not form part of Normative O&M expenses."

- 3.147 Under *DERC (Business Plan) Regulations, 2019* and through its Statement of Reasons Business Plan Regulation, 2019, the Commission has clarified that revision of minimum wages and impact of GST has already been included in the norms of O&M expenses. The additional claim of expenses related to manpower based contract is part of the normative O&M expenses and do not qualify for the second proviso to the Regulation 87 of *DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017*. Hence, the claim of incremental impact of Rs. 12.61 Cr. cannot be allowed.

INTERIM RELIEF TOWARDS - 7TH PAY COMMISSION - FRSR EMPLOYEES PETITIONER'S SUBMISSION

- 3.148 The Petitioner has submitted that the Commission in its Business Plan Regulations has clearly specified that change in O&M expenses due to statutory requirement like 7th Pay Commission impact will be trued up on actual basis. In order to comply with the recommendations of Wage Revision Committee for disbursement of Interim Relief w.e.f. 01/01/2016 and for payment of other allowance w.e.f. 01-07-2017, which has been approved by the Govt. of NCT of Delhi, Department of Power vide their Order No. F.11 (62)/2015/Power/Pt-I/2116 dated 26-07-2017.
- 3.149 Further due to implementation of recommendation of WRC, there is substantial increase in FRSR employee salary which was not fully factored at the time of setting O&M norms in Business Plan Regulation, 2019 as full & final payment was made in FY 2021-22. Therefore, it is requested to the Commission to allow the differential impact due to implementation of 7th Pay Commission since it was not part of normative O&M expenses.
- 3.150 Further, payment of Rs. 1.82 Cr has been made on account of VSS/Separated employees, which is being sought additionally over and above the normative O&M expenses.

- 3.151 Based on above submissions, the Petitioner is seeking impact of 7th Pay Commission due to implementation of WRC recommendations as computed below:

Table 3. 47: Payment on account of 7th Pay Commission

Particulars	Amount Rs Cr
Differential payout of Leave salary Contribution/Pension contribution due to implementation of 7 th pay Commission (gross)	18.51
Differential payout of salary & Allowances due to implementation of 7 th pay Commission (gross)	54.04
Payment made against VSS & Separated employees in FY 2022-23	1.80
Amount already considered under Normative O&M	(51.62)
Incremental Impact on account of 7th Pay Commission	22.73

Note: Figures as per Audited Certificate towards additional impact on account of 7th Pay Commission Annexure-III

COMMISSION ANALYSIS

- 3.152 With regard to the claim of Petitioner towards actual impact of wage arrears on account of 7th CPC, the Commission notes that Regulation 23(4) of the Delhi Electricity Regulatory Commission (Business Plan) Regulations, 2017 provides as under:

“Impact of any statutory pay revision on employee’s cost as may be applicable on case to case basis shall be considered separately, based on actual payment made by the Distribution Licensees and shall be allowed by the Commission after prudence check at the time of true-up of ARR for the relevant financial year.”

- 3.153 Accordingly, the Commission notes that the impact of wage revision arrear on account of 7th CPC shall be required to be worked out as difference between the amount of revised wages as per 7th CPC and the amount of wages as per the 6th CPC (pre-revised) upto the date of implementation of the 7th CPC by the Petitioner i.e. up to the date after which the Petitioner started releasing payment of salaries to its employees and officers on revised pay scale as per 7th CPC. Whereas in respect of the amount of revised salaries as per 7th CPC, the Petitioner was required to furnish the total amount of the revised salaries up to the date of implementation of 7th CPC i.e. up to 31/12/2020 along with the details duly corroborated with the audit accounts. From the said amount of revised salaries, the amounts paid against the same by the Petitioner shall be reduced to arrive at the amount of arrears which would be recoverable by the Petitioner in the form of additional O&M Expenses in terms of Regulation 23(4) of DERC (Business Plan Regulation, 2017), as part of the Trued up ARR. The said payments of the arrears shall comprise amount of IR paid by the Petitioner to its employees and officers up the date of

implementation of 7th CPC i.e. 31/12/2020 and the balance amount of the said arrear also paid by the Petitioner. In addition, the Petitioner will also be allowed to recover the additional amount of LSC and PC due to DVB Pension Trust attributable to the revision of the salaries of the DVB origin employees as per 7th CPC. Therefore, the Petitioner is also required to show the proof of the said payment of additional LSC and PC to DVB Pension Trust by corroboration with their audited accounts for the financial year/s in which such amount/s have been paid by the Petitioner to DVB Pension Trust. In response to the details sought by the Commission by the Petitioner on several occasions, the Petitioner provided different statements and details from which, the Commission was unable to verify the claim towards the 7th CPC arrear with the audited accounts of the Petitioner for the FY 2022-23 and of the preceding financial years. Even the certificate provided by the Petitioner from its statutory auditors could not corroborate its claims towards the 7th CPC arrears. Till the date of finalization of the True-Up Order by the Commission the Petitioner was unable to provide the reconciled and explanatory details/statement in respect of its claim towards 7th CPC duly corroborated with the audited accounts or the certificate as its auditors. Under the circumstances the Commission is unable to consider the claim of Petitioner towards 7th CPC in the True-Up Order 2022-23, which therefore shall be considered and allowed if due, based on the reconciled details and statements duly corroborated with the audited accounts or the certificate as its auditors as explained hereinabove.

ALLOWANCE OF FINANCING CHARGES (AS PER APTEL ORDER 246/2014 DATED 30/09/2019) PETITIONER SUBMISSION

- 3.154 The Petitioner has referred Regulation 87 of Tariff Regulations, 2017 specify that *“The Utilities shall be allowed Operation and Maintenance expenses on normative basis including expenses for raising the loan for funding of Working Capital and Regulatory Asset as specified by the Commission in the Business Plan Regulations for the respective Control Period:”*
- 3.155 With respect to above, the Petitioner wants to clarify that financing charges towards raising of loans for funding of working capital and Regulatory assets are never formed part of base year normative expenses, thus, the Petitioner now claims the financing charges of Rs 0.86 Cr. on actual basis.

Table 3. 48: Petitioner Submission: Total amount of financing charges

Particulars	Amount Rs Cr
Total Financing charges	0.86

- 3.156 It is respectfully submitted to the Commission to allow an amount of Rs 0.86 Cr. on account of financing charges.

COMMISSION ANALYSIS

- 3.157 Regulation 23(6) of *DERC (Business Plan) Regulations, 2019* stipulates as under:

"The Distribution Licensee may claim the expenses for raising loan for working capital and regulatory assets under O&M expenses separately, subject to prudence check at the time of true up on submission of documentary evidence:

Provided that if this amount has been included in the interest on working capital and/or Regulatory assets, the same shall not be allowed."

- 3.158 The charges for raising working capital loans and loan for financing RA shall be allowed if the same do not form part of Interest cost. The fresh borrowings are already netted-off with processing charges and the impact of same shall come in the Interest Cost. Moreover, there is nothing on record (or mentioned separately in Annual Audit Report of 2022-23) to prove that the petitioner has paid Rs. 0.86 Cr. towards raising working capital loans and loan for financing RA, hence the above claim regarding loan on working capital and regulatory assets cannot be accepted.

PROFESSIONAL & LEGAL EXPENSES PETITIONER'S SUBMISSION

- 3.159 While fixing the normative O&M expenses, the Commission has not considered Legal & Professional Expenses of the DISCOMs. Further as per clause no. 23(7) of Business Plan Regulation, 2019 and SOR, the Commission has specified that it shall allow the Legal & Professional Expenses on actual basis subject to prudence check. Thus, the Petitioner is claiming Professional & Legal expenses separately on actual basis.
- 3.160 Further in SOR, the Commission has specified that it shall allow the Legal & Professional Expenses on actual basis after making a prudence check on Legal expenses.
- 3.161 Non allowance of legal expenses amounts to curtailment of Statutory Right of the Petitioner to challenge the decisions of the Commission and is against the principle of natural justice as well the same is against Article 14 of the Constitution of India. The distribution business is a regulated business under the aegis of this Commission. The majority of issues in Distribution Business will arise out of orders/directions issued by the Commission. In all such case, the Petitioner has right to challenge the same before the Hon'ble High Court, Hon'ble Appellate

Tribunal for Electricity and Hon'ble Supreme Court thereafter. The final Judgment passed at the Appellate stage will be binding on both the DISCOM as well as the Commission. Therefore, all legal expenses incurred by the Petitioner are bona-fide & should be allowed on actual basis as per clause no 23(7) of Business Plan Regulation, 2019.

3.162 Therefore, all legal expenses without any distinction should be allowed as an expense in the ARR.

3.163 The Petitioner has submitted that during the FY 2022-23, the Petitioner has incurred an amount of Rs. 30.13 Cr. (net of BD Expenses) under the head Legal and Professional Expenses. Given below is the sub- head wise bifurcation of aforesaid Legal and Professional Expenses where Professional expenses includes expenses incurred during the normal course of business as part of legal expenses like Auditors expenses, consultancy and professional charges, credit agency fees etc.

Table 3. 49: Petitioner Submission - Professional & Legal Expenses for FY 2022-23 (Rs. Cr.)

Sr. No.	Particulars	Amount Rs. Cr
Professional Expenses (Major breakup given below)*		
A	Auditor Expenses (for statutory audit)	0.57
B	Other Professional/Consultancy Charges	7.41
Total Professional Expenses		7.98
Legal Expenses		
C	Legal Expenses - Against Commission's order/Regulations	6.19
D	Legal Expenses - Other than Commission's order/regulation	15.55
E	Litigation Expenses - Compensation charges as per direction of court	0.40
Total Legal Expenses		22.15
Total Professional & Legal Expenses		30.13

***Nature of expenses booked under Professional expenses**

Certificates as per Loan Covenants of Financial Institutions
Fee for Various DERC Certificates
Fees for handling various Direct/Indirect Tax matters
Professional charges for Cost Audit and related expenses
Fees for Co. Secretarial compliances & filing documents to MCA
Credit Rating fees (mandatory to get loans from financial institutions)
Physical Verification of Assets as per CARO compliance
Audit Fee including Out of Pocket Expenses

- 3.164 Based on above submission, it is requested to the Commission to allow Rs 30.13 Cr. towards Legal and Professional Fees.

COMMISSION ANALYSIS

- 3.165 During the prudence check, the Commission observed that the petitioner has claimed the total professional expenses of Rs. 7.98 Cr. The Commission is of the view that the Professional Expenses incurred by the petitioner on account of Auditor Expenses, Consultation Services and Other Professional Charges to the appropriate forum may be allowed. Accordingly, Professional Expenses of Rs. 7.98 Cr. is allowed.
- 3.166 Regulation 23(7) of *DERC (Business Plan) Regulations, 2019* stipulates as under:
*“The Distribution Licensee may claim the legal expenses separately, subject to prudence check at the time of true up on submission of documentary evidence:
 Provided that the legal expenses on account of cases filed against the Orders or Regulations of the Commission before any Court and the legal claims (compensation/penalty) paid to the consumer, if any, shall not be allowed.”*
- 3.167 During the prudence check, the Commission observed that the petitioner has claimed the total legal expenses of Rs. 22.15 Cr. The Commission is of the view that the legal expenses incurred by the petitioner on account of cases filed against the Orders or Regulations of the Commission before any Court and the legal Claims is not allowed as per *DERC (Business Plan) Regulations, 2019*. Accordingly, remaining Legal Expenses Rs 14.33 Cr. (22.15 Cr- 7.82 Cr= 14.33 Cr.) shall be allowed by the Commission.

COMMON EFFLUENT TREATMENT CHARGES (CETP CHARGES) PETITIONER'S SUBMISSION

- 3.168 DSIDC has raised demand of Rs. 7.86 Cr. towards non-payment of Maintenance charges and CETP (Common effluent treatment charges) against 5 premises occupied by the Petitioner under DSIDC jurisdiction. Out of 5 plots, 2 are vacant plots held since DVB period having no operations at all, 2 are grid substations which are unmanned and dedicatedly cater to the entire industrial area while 1 grid cum zonal office is situated from which only domestic sewage is being discharged and no industrial effluent is generated. The Petitioner has challenged the said impugned demand raised by DSIDC & filed writ petition before the Hon'ble High Court WP

(C) 2157 of 2019. The court was pleased to grant stay against the total demand raised by DSIDC. For FY 2022-23 payment of Rs 0.40 Cr. has been made by the Petitioner in regard.

3.169 Therefore, the Petitioner has requested to the Commission to take cognizance of the facts as above, and in case later on it is found/ decided that these demands are payable, the Commission is requested to allow in ARR as additional expense along with any interest or penalty if payable and for FY 22-23, it is requested to the Commission to allow Rs 0.40 Cr. towards CETP Charges. It is clarified that CETP charges are in the nature of statutory charges which are not forming part of base year normative expenses, hence need to be allowed on actual basis over and above normative O&M Expenses.

COMMISSION ANALYSIS

3.170 During the prudence check, the Commission observed that the petitioner has claimed the CETP charges of Rs. 0.40 Cr. It is clarified that CETP charges are in the nature of statutory charges which are not forming part of base year normative expenses, hence are being allowed on actual basis over and above normative O&M Expenses.

SUMMARY OF ADDITIONAL O&M EXPENSES PETITIONER'S SUBMISSION

3.171 Based on the above submissions, the Petitioner is seeking Rs 103.48 Cr. additionally on account of O&M expenses for FY 2022-23 towards statutory levies/uncontrollable factors, change in law, minimum wages, 7th Pay Commission etc. in line with the judgement of Appeal 246 of 2014 & in line with the Business Plan Regulations, 2019.

Table 3. 50: Petitioner Submission: Summary of Additional O&M Expenses on account of statutory levies & Taxes (Rs. Cr.)

Sr. No.	Nature	Amount Rs Cr
A	Land Licensee fees towards Grid	2.11
B	Incremental impact of GST	34.66
C	Incremental impact of Minimum Wages	12.61
D	7th Pay Commission Impact- FRSR employees	22.73
E	Allowance of Financing Charges	0.86
F	Professional Expenses	7.98
G	Legal Expenses	22.15
H	CETP Charges	0.40
	Sub total	103.48

COMMISSION ANALYSIS

- 3.172 In line with above discussions, the Commission has approved the following Additional O&M for FY 2022-23:

Table 3. 51: : Commission Approved Additional O&M Expenses for FY 2022-23

Sr.No.	Particulars	Petitioner submission	Commission's Approved
1.	Land Licensee fees towards Grid#	2.11	-
2.	Allowances of Financing Charge#	0.86	-
3.	Incremental impact of GST#	34.66	-
4.	Incremental impact of Minimum Wages#	12.61	-
5.	7th Pay Commission Impact-FRSR employees	22.73	-
6.	Legal Expenses	22.15	14.33
7.	Professional Charges	7.98	7.98
8.	CETP Charges	0.40	0.40
9.	Sub total	103.48	22.71

#Not allowed as O&M Expenses is being permitted on normative basis.

**LOSS ON SALE OF RETIREMENT OF ASSETS
PETITIONER'S SUBMISSION**

- 3.173 Regulation 45 to 47 of the Tariff Regulations, 2017 deals with the methodology of allowance of Loss or gain due to De-capitalization/Retirement of Fixed Assets. Relevant extract of the said Regulations are reproduced below:

"45. Loss or Gain due to de-capitalization of asset based on the directions of the Commission due to technological obsolescence, wear & tear etc. or due to change in law or force majeure, which cannot be re-used, shall be adjusted in the ARR of the Utility in the relevant year.

46. Loss or Gain due to de-capitalization of asset proposed by the Utility itself for the reasons not covered under Regulation 45 of these Regulations shall be to the account of the Utility.

47. Loss or Gain due to de-capitalization of asset after the completion of useful life of asset shall be to the account of the Utility."

- 3.174 It is worth to mention that as the capitalization is not trued up from FY 2005-06 onwards, hence, exact computation of loss for retirement of assets is not possible. Therefore, the Petitioner is requesting to allow loss towards retired assets for an amount of Rs. 8.35 Cr for FY 2022-23 based on the audited financial statement. It has to be noted that the Commission has given approval for recovery of loss on account of installation of Smart meters, Network shifting

on consumer request, Meter removed due to reasons attributable to consumer like disconnection, load change, Meter stolen etc. or Sick Assets replacement schemes etc.

COMMISSION ANALYSIS

- 3.175 Regulation 45, 46 & 47 of DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 stipulates for loss or gain due to capitalizations of assets as under:

“45. Loss or Gain due to de-capitalization of asset based on the directions of the Commission due to technological obsolescence, wear & tear etc. or due to change in law or force majeure, which cannot be re-used, shall be adjusted in the ARR of the Utility in the relevant year.

46. Loss or Gain due to de-capitalization of asset proposed by the Utility itself for the reasons not covered under Regulation 45 of these Regulations shall be to the account of the Utility.

47. Loss or Gain due to decapitalization of asset after the completion of useful life of asset shall be to the account of the Utility.”

- 3.176 Further, Regulation 80 of DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 stipulates for salvage value of assets as under:

“The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to the maximum of 90% of the capital cost of the asset:

Provided that any depreciation disallowed on account of lower availability of the generating station or generating unit or transmission system as the case may be, shall not be allowed to be recovered at a later stage during the useful life and the extended life.”

- 3.177 The distribution licensees have claimed the loss on retirement of assets based on the directions of the Commission by deducting the sale proceeds from the unrecovered depreciation of the assets under Regulation 45. It was observed that the distribution licensees have not given any consideration to Regulation 80 which provides for allowing depreciation up to a maximum of 90% of the capital cost of the asset and 10% of the assets as the salvage value of assets.
- 3.178 From the conjoint reading of Regulation 45, 46, 47 and 80 of DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017, it may be noted that if the asset has completed its useful life, the loss or gain is on the account of utilities irrespective of whether the sale proceeds of assets are lower or higher than the salvage value of the assets. If the assets have completed its useful life, the distribution licensee has recovered the depreciation of 90% as per provisions of DERC (Terms and Conditions of Tariff) Regulations, 2017 considering the 10% as the salvage value of the assets. Therefore, this 10% salvage value of the asset is for the account of the licensee.

- 3.179 It is understood that if the asset is disposed of before its useful life, it will generally fetch a higher value than its salvage value of 10%. Since in the ideal situation of completion of useful life of the asset, the Commission is required to allow depreciation upto a maximum of 90%, therefore, as per Regulation 45, and 80 of DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017, the loss which is required to be compensated by the Commission as part of ARR is up to the value of 90% on the depreciation of assets. Accordingly, the Commission has considered the loss on retirement of assets as lower of (unrecovered depreciation – sale proceeds) or (unrecovered depreciation – 10% of salvage value of assets)
- 3.180 The computation of loss on retirement of assets under Regulation 45 of DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 works out to be as under:

Loss on Retirement of assets	FY 2022-23 (Rs. Cr.)
TPDDL	5.17

CAPITAL EXPENDITURE AND CAPITALIZATION PETITIONER'S SUBMISSION

- 3.181 The Petitioner has submitted that There is no projected approved capitalization available as the Commission has not released the ARR for the FY 2022-23. However, the Petitioner has done actual capitalization of Rs. 447.65 Cr during the FY 2022-23.

Table 3. 52: Petitioner Submission - Approved Capitalization versus Actual Capitalization for FY 2022-23

Particulars	Sought for Trued up Rs. Cr
Capitalization	447.65
Smart Meter	
Capitalization with Deposit work	447.65

- 3.182 The Petitioner has submitted that the Commission in its previous Tariff Order Sep 2021, had provisionally trued up an amount of Rs. 6,456.30 Cr. towards the closing value of gross fixed assets at the end of FY 2019-20. The Petitioner has considered same amount as opening Gross Fixed Asset for which is subject to change pending physical verification for past years and additional capitalisation as per True up petition for FY 2020-21 & FY 2021-22 considered for Opening Gross Fixed Asset for FY 2022-23 since True up order for FY 2020-21 & FY 2021-22 yet to be released by the Commission.

- 3.183 Petitioner further submitted that it is worth to mention that due to pending physical verification other components of ARR which are linked to capitalization are also being allowed provisional, which again is causing effect on cash flow and leading to non-cost reflective tariff allowed by the Commission. Therefore, the Commission is requested to consider the capitalization for past years based on Audited Financials so that Tariff Order reflects correct components of ARR and consumer is saved from additional carrying cost.
- 3.184 For the purpose of truing up of capitalization for FY 2022-23, the Commission has started exercise for physical verification of assets. Hence, for the purpose of truing up submissions, the Petitioner considers capitalization based on audited financial statements.
- 3.185 Based on above submissions, the Petitioner has submitted the value of Gross Fixed Assets for FY 2022-23 as follows:

Table 3. 53: Petitioner Submission - Detail of Actual Capitalization (Rs. Cr.)

Sr. No.	Particulars	Amount (Rs. Cr.)
A	Opening balance of Gross Fixed Assets (as on 1st April'2020)	5,996.08
B	Add- Capitalization during the FY 2020-2021	501.39
C	Less- Retirement/ De-capitalization for the FY 2020-2021	41.17
D	Provisional closing balance of Gross Fixed Assets (as on 31st Mar'2021)	6,456.30
E	Add- Capitalization during the FY 2021-2022	415.76
F	Add - 7th Pay LSC/PC	8.62
G	Less- Retirement/ De-capitalization for the FY 2021-2022	79.68
H	Closing balance of Gross Fixed Assets (net of Retirement) (as on 31st Mar'2022)	6,801.01
I	Add- Capitalization during the FY 2022-2023	447.65
J	Less- Retirement/ De-capitalization for the FY 2022-2023	54.94
K	Closing balance of Gross Fixed Assets (net of Retirement) (as on 31st Mar'2023)	7,193.71
L	Average Balance of Gross fixed Assets	6,997.36

COMMISSION ANALYSIS

- 3.186 The Petitioner has submitted the capitalisation in their Audited Books of Accounts for FY 2022-23 for Rs 447.65 Cr. The Capex verification of the assets capitalised is still being undertaken by the Commission for FY 2022-23.

- 3.187 Pending capex verification, the Commission has provisionally considered 100% of the capitalisation submitted by the petitioner based on their Audited report provided as under:

Table 3. 54: Commission Approved - Detail of Actual Capitalization (Rs. Cr.)

Sr. No.	Particulars	Amount
1	Capitalisation as per Audited Accounts	447.65
2	Total Capitalization for FY 2022-23	447.65
3	100 % of additions during the year	447.65

**In case, subsequently the actual capitalisation is found at variance during Capex verification, suitable adjustments shall be done in line with the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017.*

- 3.188 De-capitalization of assets of the Petitioner as claimed and subsequently confirmed by the Consultant in their Regulatory Audit Report amounting to Rs. 54.94 Cr. has been considered by the Commission for FY 2022-23.
- 3.189 The Commission has considered Closing GFA of FY 2021-22 (as approved in True-up Order dated 25/10/2025) as Opening GFA for FY 2022-23, accordingly, approved the GFA for FY 2022-23 as follows:

Table 3. 55: Provisionally Approved Capitalization upto FY 2022-23 (Rs. Cr.)

Sr. No.	Particulars	Petitioner submission	Commission Approved
1	Opening balance of Gross Fixed Assets	6801.01	7471.72
2	Add- Capitalization during the year	447.65	447.65
3	Less- Retirement/ De-capitalization for the year	54.94	54.94
4	Closing balance of Gross Fixed Assets	7193.71	7864.43
5	Average Gross Fixed Assets	6997.36	7668.08

CONSUMER CONTRIBUTION/GRANT PETITIONER'S SUBMISSION

- 3.190 Regulation 66 of the Tariff Regulations, 2017 stipulated that for the purpose of computation of Regulated Rate Base, consumer contribution corresponding to the amount of assets capitalized shall be deducted.
- 3.191 In Tariff Order FY 2021-22, the Commission had provisionally trued up an amount of Rs. 928.92 Cr. towards consumer contribution & capital grant at the end of FY 2019-20. The Petitioner has considered same amount as opening Consumer Contribution / Grant which is subject to change pending physical verification exercise of past years and additional consumer contribution as

per True up petition for FY 2020-21 & FY 2021-22 considered to arrive at Opening Balance for FY 2022-23 since True up order for FY 2020-21 & FY 2021-22 are yet to be released by Hon'ble Commission. During the FY 2022-23, , the Petitioner has capitalized an amount of Rs 60.77 Cr. towards capitalization of Deposit work schemes.

Table 3. 56: Petitioner Submission-Consumer Contribution/grants

Sr. No.	Particulars	Amount (Rs Cr)
A	Opening Balance (as on 1st April'2020)	900.94
B	Add- Capitalized during the FY 2020-2021	27.98
C	Less- Refund during the FY 2020-21	16.89
D	Provisional closing balance (as on Mar'2021)	912.03
E	Add- Capitalized during the FY 2021-2022	52.47
F	Closing Balance (as on March'2022)	964.51
G	Add- Capitalized during the FY 2022-2023	60.77
H	Closing Balance (as on March'2023)	1,025.28
I	Average Cumulative Capitalized Consumer Contribution	994.89

COMMISSION ANALYSIS

- 3.192 The Commission has considered the closing balance of Consumer Contribution and Grants approved for FY 2021-22 in the True-up Order dated 25/10/2025 as opening balance of Consumer Contribution and Grants for FY 2022-23. The Commission verified the additions towards Consumer Contribution and Grants during the year from the audited financials of the Petitioner.
- 3.193 Accordingly, the addition to the Consumer Contribution/Grants for the year have been considered as follows:

Table 3. 57: Commission Approved - Consumer Contribution/Grants (Rs. Cr.)

Sr. No.	Particulars	As per Commission	Remarks/ Ref.
A	Opening Balance	981.39	As per True-up Order 25/10/2025
B	Consumer Contribution during the year	60.77	Note 21.1(ii) of Audited Financial Statement
C	Closing Balance	1042.16	(A+B)
D	Average of Cumulative Capitalized Consumer Contribution/Grants	1011.78	(A+C)/2

DEPRECIATION PETITIONER'S SUBMISSION

- 3.194 The Petitioner has submitted that the Regulation 40(4) of the Tariff Regulations, 2017 specified that "Provisions related to Depreciation, Return on Equity and Interest on Loan shall not be applicable on such capital assets to the extent of financial support utilized through consumer contribution, deposit work and grant."
- 3.195 The Petitioner has computed depreciation on average of net fixed assets (i.e. Average of Gross Fixed Assets for the year – Average of Consumer Contribution/capital subsidy/grant for the year).
- 3.196 Petitioner further submitted that the Commission in its Tariff Regulations 2017 has changed the methodology by adopting the concept of useful life. The Commission also specified that assets having useful life for more than 12 years in that case in upto 12 years approx. 70% of the depreciable value should be realized for the purpose of payment of loan.
- 3.197 The computation of assets class wise depreciation without finalization of pending capitalization due to physical verification, has been submitted by the Petitioner by using average deprecation rate based on audited financial statement and then applied the said rate on average net fixed assets to compute the depreciation for the year.
- 3.198 Based on above methodology, average depreciation rate is worked out as follow:

Table 3. 58: Petitioner Submission - Computation of Average rate of Depreciation on Gross Fixed Assets

Sr. No.	Particulars	Amount Rs. Lakh
A	Average of Fixed Assets	7,67,276.98
B	Depreciation	36,821.12
C	Rate of Depreciation	4.80%

- 3.199 Considering the above average depreciation rate, allowable depreciation on Average Assets (*net of consumer contribution/grants*) is computed as follows:

Table 3. 59: Petitioner Submission - Depreciation (Rs. Cr.)

Sr. No.	Particulars	Sought Rs. Cr
A	Average Balance of Gross fixed Assets	6,997.36
B	Average Cumulative Capitalized Consumer Contribution	994.89
C	Average of Fixed Assets (net of Consumer Contribution)	6,002.46
D	Depreciation	4.80%
E	Rate of Depreciation	288.05

- 3.200 The Petitioner has submitted that in Tariff Order FY 2021-22, the Commission had provisionally trued up an amount of Rs. 2,280.27 Cr. towards accumulated depreciation at the end of FY 2019-20. The Petitioner has considered same amount as opening Accumulated Depreciation which is subject to change pending physical verification exercise of past years and additional depreciation as per True up petition for FY 2020-21 & FY 2021-22 considered to arrive at Opening balance for FY 2022-23 since True up order for FY 2020-21 & FY 2021-22 are yet to be released by the Commission.

Table 3. 60: Petitioner Submission - Accumulated Balance of Depreciation on Net Fixed Assets (Rs. Cr.)

Sr.No.	Particulars	Sought Rs. Cr
A	Opening Depreciation (as on 1st April'2020)	2042.31
B	Addition during the FY 2020-2021	264.83
C	Less- Depreciation towards Retirement during FY 2020-2021	26.87
D	Provisional closing balance (as on Mar'2021)	2,280.27
E	Addition during the FY 2021-22	282.06
F	Less- Depreciation towards Retirement during FY 2021-2022	49.34
G	Provisional closing balance (as on Mar'2022)	2,512.99
H	Addition during the FY 2022-23	288.05
I	Less- Depreciation towards Retirement during FY 2022-2023	36.25
J	Closing balance (as on Mar'2023)	2,764.80

COMMISSION ANALYSIS

- 3.201 Regulations 78 to 83 of *DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017* stipulates the provisions of Depreciation as follows:

“78. Annual Depreciation shall be computed based on Straight Line Method for each class of asset as specified in Appendix-1 of these Regulations.

79. The base value for the purpose of depreciation shall be the capital cost of the asset approved by the Commission. Depreciation shall be chargeable from the first year of commercial operation and in case of commercial operation of the asset for part of the year, depreciation shall be charged on pro rata basis.

80. The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset:

Provided that any depreciation disallowed on account of lower availability of the generating station or generating unit or transmission system as the case may be, shall not be allowed to be recovered at a later stage during the useful life and the extended life.

81. Land other than the land held under lease shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the asset.

82. In case of existing assets, the balance depreciable value as on 1st April of any financial year shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to 31st March of the preceding financial year from the gross depreciable value of the assets.

83. The Depreciation for Life extension projects/scheme shall be allowed in the manner as indicated in Regulation 51 of these Regulations.”

- 3.202 The Commission has considered the rate of Depreciation at 4.80% per annum as claimed by the petitioner on provisional basis pending the finalisation of the Capex as the same is yet to be done having finalised up to FY 2017-18.

Table 3. 61: Commission Approved - Depreciation for FY 2022-23 (Rs. Cr.)

Particulars	Petitioner submission	Approved
Average of Fixed Assets (net of Consumer Contribution)	6002.47	6656.30
Depreciation rate (%)	4.80%	4.80%
Depreciation	288.05	319.43

- 3.203 The Commission has considered the opening balance of accumulated depreciation as Rs. 2862.87 Cr. as closing of FY 2021-22 of True-up Order dated 25/10/2025. Accordingly, the Accumulated Depreciation for FY 2022-23 is as follows:

Table 3. 62: Commission Approved - Accumulated Depreciation (Rs. Cr.)

Sr. No.	Particulars	As per Petitioner	As per Commission	Remarks/ Ref.
A	Opening balance of cumulative depreciation	2,512.99	2862.87	As per True-up order dt- 25/10/2025
B	Additions during the year	288.05	319.43	
C	Less- Depreciation towards Retirement	36.25	36.25	As per Note 4.4. of Annual Financial Statement
D	Closing balance of cumulative depreciation	2764.80	3,146.06	A+B-C

WORKING CAPITAL

PETITIONER'S SUBMISSION

- 3.204 In view of Regulation 84 (4) of Tariff Regulations, 2017:

(4) “ (i) Working capital for wheeling business of electricity shall consist of ARR for two months of Wheeling Charges.

(ii) Working capital for retail supply of electricity shall consist of

(a) ARR for two months for retail supply business of electricity;

(b) Less: Net Power purchase costs for one month;

(c) Less: Transmission charges for one month;

- 3.205 Based on the methodology, the Petitioner has submitted working capital for FY 2022-23 as follows:

Table 3. 63: Petitioner Submission - Working Capital for FY 2022-23

Sr. No.	Particulars	Amount (Rs. Cr.)
A	Annual Revenue	9,811.97
B	Receivables equivalent to 2 months average billing	1,635.33
C	Power Purchase expenses	7,565.56
D	Add: 1/12th of power purchase expenses	630.46
E	Total working capital	1,004.87

- 3.206 In Tariff Order FY 2021-22, the Commission had provisionally trued up an amount of Rs. 778.97 Cr. towards working capital at the end of FY 2019-20. Thus, the Petitioner in this petition has considered same value of Opening working capital and additional working capital as per True up petition for FY 2020-21 & for FY 2021-22 considered to arrive at Opening Working capital for FY 2022-23 since True up order for FY 2020-21 & FY 2021-22 are yet to be released by the Commission.
- 3.207 The Petitioner has considered value of Working Capital as provisionally trued up and compute the addition in working capital as follows:

Table 3. 64: Petitioner Submission - Computation of Change in Working Capital

Sr. No.	Particulars	Amount (Rs. Cr.)
A	Total working capital for the year	1,004.87
B	Less- Opening Working Capital	854.11
C	Working Capital for the year	150.76

COMMISSION ANALYSIS

- 3.208 Regulation 84(4) of *DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017* stipulates the working capital determination for Distribution Licensee as follows:

"84. The Commission shall calculate the Working Capital requirement for:

(4) Distribution Licensee as follows:

(i) Working capital for wheeling business of electricity shall consist of ARR for two months of Wheeling Charges.

(ii) Working capital for Retail Supply business of electricity shall consist of:

(a) ARR for two months for retail supply business of electricity;

(b) Less: Net Power Purchase costs for one month;

(c) Less: Transmission charges for one month; and"

- 3.209 The Commission has computed the Working Capital considering the net Power Purchase Cost including Transmission Charges and ARR as approved in the truing up for FY 2022-23 as follows:

Table 3. 65: Commission Approved - Working Capital for FY 2022-23 (Rs. Cr.)

Sr. No.	Particulars	Petitioner submission	Approved	Remark/ Ref.
A	Annual Revenue	9,811.97	8878.55	
B	Receivables equivalent to 2 months average billing	1,635.33	1479.76	(A/12*2)
C	Power Purchase expenses including transmission charges	7,565.56	7320.41	
D	Less: 1/12th of power purchase expenses	630.46	610.03	(C/12*1)
E	Total working capital	1,004.87	869.72	(B-D)
F	Opening working capital	854.11	727.62	As per True-up Order dated 25/10/2025
G	Change in working capital	150.76	142.10	G = F-E

REGULATED RATE BASE PETITIONER'S SUBMISSION

- 3.210 Regulation 66 of the Tariff Regulations 2017 provided that “The Regulated Rate Base (RRB) shall be used to calculate the total capital employed which shall include the Original Cost of Fixed Assets (OCFA) and Working Capital. Capital work in progress (CWIP) shall not form part of the RRB. Accumulated Depreciation, Consumer Contribution, Capital Subsidies / Grants shall be deducted in arriving at the RRB.”
- 3.211 Based on the actual capitalization and corresponding depreciation, consumer contribution and working capital requirement for FY 2022-23, the computation of Regulated Rate Base is given below:

Table 3. 66: Petitioner Submission - Computation of Regulated Rate Base for the period FY 2022-23 (Rs. Cr.)

Sr. No.	Particulars	Amount (Rs. Cr.)
A	Opening GFA	6,801.01
B	Opening Accumulated Depreciation	2,512.99
C	Opening Consumer Contribution	964.51
D	Opening Working Capital	854.11
E	Opening RRB	4,177.62
F	Investment during the year	190.82
G	Net Capitalisation	392.70
H	Depreciation (Net of Retirement)	251.81
I	Consumer Contribution	60.77

Sr. No.	Particulars	Amount (Rs. Cr.)
J	Change in Working Capital	150.76
K	Regulated Rate Base - Closing	4,408.49
L	RRB(i)	4,368.43

COMMISSION ANALYSIS

3.212 Regulation 65 to 70 of DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 stipulates as under:

“65. Return on Capital Employed shall be used to provide a return to the Utility, and shall cover all financing costs except expenses for availing the loans, without providing separate allowances for interest on loans and interest on working capital.

66. The Regulated Rate Base (RRB) shall be used to calculate the total capital employed which shall include the Original Cost of Fixed Assets (OCFA) and Working Capital. Capital work in progress (CWIP) shall not form part of the RRB. Accumulated Depreciation, Consumer Contribution, Capital Subsidies / Grants shall be deducted in arriving at the RRB.

67. The RRB shall be determined for each year of the Control Period at the beginning of the Control Period based on the approved capital investment plan with corresponding capitalisation schedule and normative working capital.

68. The Regulated Rate Base for the i^{th} year of the Control Period shall be computed in the following manner:

$$RRBi = RRB_{i-1} + \Delta ABi / 2 + \Delta WCi;$$

Where,

“i” is the i^{th} year of the Control Period;

RRBi: Average Regulated Rate Base for the i^{th} year of the Control Period;

ΔWCi : Change in working capital requirement in the i^{th} year of the Control Period from $(i-1)^{th}$ year;

ΔABi : Change in the Capital Investment in the i^{th} year of the Control Period;

This component shall be arrived as follows:

$$\Delta ABi = Invi - Di - CCI - Reti;$$

Where,

Invi: Investments projected to be capitalised during the i^{th} year of the Control Period and approved;

Di: Amount set aside or written off on account of Depreciation of fixed assets for the i^{th} year of the Control Period;

CCI: Consumer Contributions, capital subsidy / grant pertaining to the ΔABi and capital grants/subsidies received during i^{th} year of the Control Period for construction of service lines or creation of fixed assets;

Reti: Amount of fixed asset on account of Retirement/ Decapitalisation during i^{th} Year;

RRB $i-1$: Closing Regulated Rate Base for the Financial Year preceding the i^{th} year of the Control period. For the first year of the Control Period, Closing RRB $i-1$ shall be the

Opening Regulated Rate Base for the Base Year i.e. RRBO;

$RRBO = OCFAO - ADO - CCO + WCO$;

Where;

OCFAO: Original Cost of Fixed Assets at the end of the Base Year;

ADO: Amounts written off or set aside on account of depreciation of fixed assets pertaining to the regulated business at the end of the Base Year;

CCO: Total contributions pertaining to the OCFAO, made by the consumers, capital subsidy /grants towards the cost of construction of distribution/service lines by the Distribution Licensee and also includes the capital grants/subsidies received for this purpose;

WCO: working capital requirement in the (i-1)th year of the Control Period.

Return on Capital Employed (RoCE) for the year "i" shall be computed in the following manner:

$RoCE = WACC_i * RRBi$

Where,

WACC_i is the Weighted Average Cost of Capital for each year of the Control Period;

RRBi – Average Regulated Rate Base for the ith year of the Control Period.

70. The WACC for each year of the Control Period shall be computed at the start of the Control Period in the following manner:

$$WACC = \left[\frac{D}{D+E} \right] * r_d + \left[\frac{E}{D+E} \right] * r_e$$

Where,

D is the amount of Debt derived as per these Regulations;

E is the amount of Equity derived as per these Regulations;

Where equity employed is in excess of 30% of the capital employed, the amount of equity for the purpose of tariff shall be limited to 30% and the balance amount shall be considered as notional loan. The amount of equity in excess of 30% treated as notional loan. The interest rate on excess equity shall be the weighted average rate of interest on the actual loans of the Licensee for the respective years. Where actual equity employed is less than 30%, the actual equity and debt shall be considered;

Provided that the Working capital shall be considered 100% debt financed for the calculation of WACC;

R_d is the Cost of Debt;

R_e is the Return on Equity."

3.213 Accordingly, the Commission approves the RRBi for FY 2022-23 as follows:

Table 3. 67: Commission Approved - RRBi for FY 2022-23 (Rs. Cr.)

Sr. No.	Particulars	Petitioner submission	As Approved by the Commission
A	Opening Original Cost of Fixed Assets (OCFA ₀)	6,801.01	7,471.72
B	Opening Accumulated depreciation (AD ₀)	2,512.99	2,862.87

Sr. No.	Particulars	Petitioner submission	As Approved by the Commission
C	Opening consumer contributions received (CCo)	964.51	981.39
D	Opening Working capital (WCo)	854.11	727.62
E	Opening RRB (RRBo)	4,177.62	4,335.08
F	Investment capitalised during the year (INVi)	392.71	392.71
G	Depreciation during the year (Di)	288.05	319.43
H	Depreciation on decapitalised assets during the year	36.25	36.25
I	Consumer contribution during the year (CCi)	60.77	60.77
J	Fixed assets retired/decapitalised during the year (Reti)	-	-
K	Change in capital investment (Δ ABi)	80.14	48.75
L	Change in working capital during the year (Δ WCi)	150.76	142.13
M	RRB Closing	4,408.49	4,545.96
N	RRBi	4,368.43	4,521.59

DEBT & EQUITY, INTEREST ON LOAN, WACC**MEANS OF FINANCE****PETITIONER'S SUBMISSION**

3.214 The Petitioner has considered 70:30 Debt Equity ratio for the purpose of computation of Means of Finance for FY 2022-23.

Table 3. 68: Petitioner Submission - Means of Finance (Rs. Cr.)

Sr. No.	Particulars	Amount
A	Capitalization during the year	447.65
B	Less- Retirement	54.94
C	Net Capitalisation	392.70
D	Less- Consumer Contribution, Grants, etc. for the year	60.77
E	Balance Capitalization required to be funding	331.93
F	Funding through – Debt @ 70% of E	232.35
G	Funding through – Equity @ 30% of E	99.58

3.215 The Petitioner has submitted that based on 70:30 Debt Equity Ratio, approved Equity Deployed in the Business is as follows:

Table 3. 69: Petitioner Submission: Approved Equity as per Previous Tariff Orders (Rs. Cr)

Particular	Opening Equity	Addition	Addition during the year – Working Capital	Closing Equity	Average Equity
FY 07-08	610.15	-51.69	59.69	618.15	
FY 08-09	618.15	70.57	5.83	694.55	
FY 09-10	694.55	36.86	-1.79	729.62	
FY 10-11	729.62	95.92	-1.5	824.04	
FY 11-12	824.04	56.94	7.25	888.23	
FY 12-13	888.23	33.4	-70.37	851.26	

Particular	Opening Equity	Addition	Addition during the year – Working Capital	Closing Equity	Average Equity
FY 13-14	851.26	24.79		876.05	
FY 14-15	876.05	63.57		939.62	
FY 15-16	939.62	65.01		1004.63	
FY 16-17	1004.63	88.34		1092.97	
FY 17-18	1092.97	107.37		1200.34	1,146.66
FY 18-19	1200.34	132.09		1332.43	1,266.39
FY 19-20	1332.43	141.81		1474.24	1,403.34
FY 20-21	1474.24	129.67		1603.91	1,539.08
FY 21-22	1603.91	87.67		1691.58	1,647.75
FY 22-23	1,691.58	99.58		1,791.16	1,741.37

3.216 The Petitioner has submitted that for the purpose of truing up, the Petitioner submits the following cost of debt on actual basis.

Table 3. 70: Petitioner Submission - Cost of Debt

Sr. No.	Particulars	Cost of Debt%
1	Cost of Debt for Capex Loan	7.39%
2	Cost of Debt for Working Capital	6.25%

3.217 The Petitioner has submitted that for the purpose of computation of WACC, the Petitioner has considered Grossed up Return on Equity and Actual weighted average rate of Interest for Capex loans. Computation of WACC for FY 2022-23 is given below.

Table 3. 71: Petitioner Submission - Computation of WACC (Rs. Cr)

Sr. No.	Particulars	Amount (Rs Cr)
A	RRB (i)	4,368.43
B	Average Equity deployed in the business	1,741.37
C	Average Debt -Capex Loan	1,622.19
D	Average Debt - working capital	1,004.87
E	Rate of return on equity (re)	16.00%
F	Normal Income Tax Rate	17.92%
G	Grossed up Return on Equity	19.49%
H	Rate of interest on debt (rd) - Blended	6.95%
I	WACC	11.95%
J	RoCE	522.16
K	Additional tax liability due to Deferred tax	15.54

ALLOWANCE OF ADDITIONAL INCOME TAX ON DEFERRED TAX

3.218 The Expert Advisory Committee (EAC) of ICAI has issued its Opinion on the “Treatment of deferred Asset for Deferred Tax Liability” for the purpose of disclosure of the same in Audited Financial Statement. As per the opinion of the Committee, the Deferred asset shown as recoverable from future tariff is in the nature of regulatory asset as per Ind AS 114.

3.219 Further, as the Deferred tax liability is arisen on account of difference in depreciation as allowed by DERC/ Companies Act versus depreciation allowed under Income Tax. The benefit on account of higher depreciation in income tax resulted into tax benefit for consumers, therefore, the additional liability of income tax due to computation of deferred tax on depreciation will have to be compensated to the Petitioner (i.e. equivalent to the additional Income Tax paid by the Petitioner on such Deferred Tax recoverable amount, as per example explained below).

3.220 Impact of the same on Current Tax pay out can be explained through the following table:

State	Existing (Before EAC opinion)	Revised (After EAC opinion)	Impact
Revenue	1000	1000	
Less Expenses	800	800	
Profit/(Loss) before movement in regulatory deferral account balance	200	200	
Add: Movement in Regulatory deferral (Note 2 to be read with Note 1)	50	60	Increase in RA by Rs 10 as per EAC opinion
Profit Before Tax (Note 3)	250	260	
Tax on Above			
Current Tax @ 10% of PAT (Note 3)	25	26	Impact increase in tax payout by Rs 1 (due to EAC opinion)
Deferred Tax (Note 1)	10	10	
Less- Deferred Tax recoverable (Note 1)	-10	-	*Added in Regulatory deferral
Profit after Tax (note no 4)	225	224	Reduction in profit by Rs 1

Note 1: Due to EAC opinion, Deferred Tax liability, which was earlier shown as zero in existing methodology; gets changed in revised methodology. In revised methodology, Deferred tax recoverable amount of Rs 10 Cr become part of Movement in Regulatory deferral account balance.

Note 2. The Deferred tax recoverable amount which earlier was not considered as a part of Movement in Regulatory Deferral, after issuance of EAC opinion forms part of movement of Regulatory deferral

Note 3. Due to change in discloser requirement, the PBT (Profit Before tax) gets increased by the same amount of Deferred Tax recoverable consequently resulted into higher Income Tax liability.

Note no 4: Ultimately, due to change in discloser requirement, the Profit of the Petitioner reduced to the extent of additional tax liability on Deferred tax recoverable amount.

3.221 Based on the above submission, the Petitioner has computed additional tax liability of Rs 15.54 Cr (working given below) and requested to the Commission to allow the same as a part of ARR for FY 2022-23.

Table 3. 72: Additional Tax Liability

Particulars	Amount Rs. Cr.	Remark
Amount of Deferred Tax - A	86.71	P&L statement VII(ii) (Tax Expenses) for FY 2022-23
Tax payable @ - B	17.92%	Effective Tax Rate
Additional Tax liability = A*B	15.54	

COMMISSION ANALYSIS

3.222 Regulation 22 of the *DERC (Business Plan) Regulations, 2019* stipulates the margin for rate of interest on loan as follows:

“22. MARGIN FOR RATE OF INTEREST ON LOAN

(1) The rate of interest on loan for a financial year shall be Marginal Cost of Fund based Lending Rate (MCLR) of SBI as on 1 st April of that financial year plus the Margin. The Margin, in terms of Regulation 4(2) of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 towards capitalisation of Assets, Working Capital and Regulatory Assets for Distribution Licensee, is allowed as the difference between the weighted average rate of interest on actual loan portfolio and the MCLR as on 1 st April of that financial year:

Provided that the Margin shall not exceed 5.00%, 4.25% and 3.50% for the first, second and third year of the control period, respectively:

Provided further that the rate of interest on loan (MCLR plus Margin) in any case shall not exceed approved base rate of return on equity i.e. 14.00%.

(2) The Distribution Licensees shall follow transparent mechanism to avail Loans and, to the extent possible, shall endeavour to invite open tender for availing Loans.”

3.223 Accordingly, the WACC, ROCE as approved by the Commission for the Petitioner is as follows:

Table 3. 73: Commission Approved - WACC and ROCE for FY 2022-23 (Rs. Cr.)

Sr. No.	Particulars	Petitioner submission	As Approved by the Commission
A	RRBi	4,368.43	4,521.59
B	Opening Equity for net Capitalisation		1,088.24
C	Closing Equity limiting to 30% of net capitalisation		1,102.86
D	Average Equity for Capitalisation (limited to 30%)	1,741.37	1,095.55
E	Opening Debt for capitalisation		2,539.22
F	Closing Debt at 70% of net capitalisation		2,573.35
G	Avg Debt at 70% of net capitalisation	1,622.19	2,556.29
H	Debt at 100% of working capital	1,004.87	869.75
I	Total Debt		3426.01
J	Rate of return on equity (re)	16.00%	16.00%
K	Rate of debt (rd) on capitalisation		7.39%
L	Rate of debt (rd) on working Capital		6.25%
M	Rate of interest on debt(rd) Blended	6.95%	7.10%

Sr. No.	Particulars	Petitioner submission	As Approved by the Commission
N	WACC	11.95%	9.26%
O	RoCE	522.16	418.56

- 3.224 The Commission based on the submitted data, note 44 of Audited Annual Books of Accounts for FY 2022-23, Income Tax Return and DERC Tariff Regulations, 2017 has computed the income tax for FY 2022-23 is follows:

Table 3. 74: Commission Approved - Income tax for FY 2022-23 (Rs. Cr.)

Sr. No.	Income Tax	Approved
A	Average Equity for Capitalisation (limited to 30%) (Rs. Cr.)	1095.55
B	Rate of return (re) (%)	16.00%
C	Return on equity (Rs. Cr.)	175.29
D	Income Tax Rate (%)	17.47%
E	Return on equity including income tax (Rs. Cr.)	212.40
F	Tax (Rs. Cr.)	37.11
G	Actual Tax Paid (Rs. Cr.)	117.23
H	Tax allowed (Rs. Cr.)	37.11

NON-TARIFF INCOME (NTI) PETITIONER'S SUBMISSION

- 3.225 The Petitioner has referred Regulation 152(a) of Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations 2017 provided that "*Variation in revenue and sale of the distribution licensee based on projected revenue and sales vis-à-vis actual revenue and sales*".
- 3.226 There is no projected non-tariff income available as the Commission has not released the ARR for FY 2022-23. However, the actual Non-Tariff Income for the purposes of Truing Up for FY 2022-23 comes to Rs. 118.19 Cr. Break-up of the same is given below:

Table 3. 75: Petitioner Submission - Non-Tariff Income for FY 2022-23

Sr. No.	Particular	(Rs Cr)
A	Other Operating Revenue	118.93
B	Other Income	106.76
	Total –(I)	225.69
Less: Income included in above, not passed as Non-Tariff Income as per DERC Tariff Regulations, 2017		
C	Transfer from capital grants	0.57
D	Transfer from consumer Contribution for Capital work	51.43
E	Incentive towards StreetLight	0.73

Sr. No.	Particular	(Rs Cr)
F	Interest Income /Short termcapital gain	9.65
G	Financing Cost of LPSC	7.44
H	Income from other Business	57.44
	Total –(II)	127.26
Add: Income not included in above, but required to be passed as Non-Tariff Income		
I	Differential amount of ServiceLine Charges – III	(7.25)
	Sub- Total	91.19

COMMISSION ANALYSIS

3.227 Regulation 94 of DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 states,

“94. The Utility shall submit forecast of Non-Tariff Income to the Commission, in such form as may be stipulated by the Commission from time to time, whose tentative list is as follows:

- (i) Income from rent of land or buildings;*
- (ii) Net Income from sale of de-capitalised assets;*
- (iii) Net Income from sale of scrap;*
- (iv) Income from statutory investments;*
- (v) Net Interest on delayed or deferred payment on bills;*
- (vi) Interest on advances to suppliers/contractors;*
- (vii) Rental from staff quarters;*
- (viii) Rental from contractors;*
- (ix) Income from Investment of consumer security deposit;*
- (x) Income from hire charges from contractors and others, etc.”*

3.228 The Commission has trued up the Non-Tariff Income in accordance with the Regulation as above.

GRANT/CONSUMER CONTRIBUTION PETITIONER'S SUBMISSION

3.229 The Petitioner submitted that the Commission is utilizing the Gross Capital Grant/Consumer Contribution for financing of the Capitalization, amortization of the same in accounts is only a book entry which cannot be treated as Non-tariff Income after once taking it as a capital receipt

for financing of capex/capitalization. The above treatment is in accordance with the principles accepted and implemented by the Commission in its previous Tariff Orders also.

COMMISSION ANALYSIS

- 3.230 The Commission is of the view that the consumer contribution is not considered for calculation of depreciation and RoCE and the Petitioner is making book adjustments in compliance of accounting standards and has no impact on cash flows. Therefore, amount transferred from Consumer contribution and capital works are allowed to be reduced from Non-Tariff Income.

INCENTIVE TOWARDS STREET LIGHT PETITIONER'S SUBMISSION

- 3.231 The Petitioner has submitted that in order to evolve a performance driven system that the Commission vide its order dated 22/09/2009 has put up the incentive/disincentive mechanism for maintaining street lights.
- 3.232 Relevant extract of para no. 20 on page no 9 of the aforesaid order is given below:

"On going through the relevant submission made by the DISCOMs and MCD/PWD etc., it is decided that the performance level/ efficiency for the purpose of incentive shall be reviewed during next control period till such time the same arrangement for incentive/ disincentive shall continue as under:

Performance level achieved	Incentive	Example
Between 90-95%	1% of the maintenance cost for each percentage in over achievement from target of 90%	Actual Performance 93% Incentive $93 - 90 = 3\%$
Between 95-97%	1.5% of the maintenance cost for each percentage in over achievement from target of 95%	Actual Performance 97% Incentive $= 5 + 3 = 8\%$
Above 97%	2.0% of the maintenance cost for each percentage in over achievement from target of 97%	Actual Performance 99% Incentive $= 8 + 4 = 12\%$

Performance less than 90% shall attract disincentive for the DISCOMS according to the following table:

Performance level achieved	Disincentive	Example
Between 80-90%	1% of the maintenance cost for each percentage in shortfall to achieve target of 90%	Actual Performance 93% Disincentive $90 - 83 = 7\%$
Between 70-80%	1.5% of the maintenance cost for each percentage in shortfall to achieve target of 80%	Actual Performance 77% Disincentive $= 10 + 4.5 = 14.5\%$

Performance level achieved	Disincentive	Example
Below 70%	2% of the maintenance cost for each percentage in shortfall to achieve target of 70%	Actual Performance 60% Disincentive = 25 + 20 = 45%

The incentive or disincentive would not be a pass through in the calculation of the Annual Revenue Requirement and the payment would be made by the 15th day of the following month.”

- 3.233 As mentioned in the State Commission Order, the incentive earned by the Petitioner would not be a pass through in the ARR, hence, the Petitioner has retained Rs. 0.73 Cr as an incentive earned towards the maintenance of Street Light. It is further clarified that the total amount of maintenance charges of Rs. 10.01 Cr. under the head Other Operating Revenue as appearing in Note No 29.4.2(c) of Audited Balance Sheet is inclusive of aforesaid street light incentive of Rs. 0.73 Cr. (refer note no 29.4.2(i) of the audited financial statement), therefore, Tata Power -DDL has deducted amount of Rs. 0.73 Cr from the Non-Tariff Income.

COMMISSION ANALYSIS

- 3.234 The Commission has considered the submission of the petitioner and allowed the amount of Rs. 0.73 Cr. to be reduced from Non-Tariff Income towards incentive for street light.

INTEREST ON SURPLUS FUNDS OUT OF SHAREHOLDER’S MONEY PETITIONER’S SUBMISSION

- 3.235 The Petitioner has submitted that the Commission in its previous Tariff orders had followed the methodology to exclude any income arising from surplus funds of shareholder’s money from non-tariff income on the following principle:

a) The Hon’ble APTEL in its Judgment against appeal no 153/2009 has decided that interest on surplus funds out of shareholder’s money is not a part of NTI.

- 3.236 During the FY 2022-23, the Petitioner has earned an amount of Rs. 9.65 Cr as Interest Income/ Gain on investment in mutual funds by investing shareholder’s funds at different point of time.
- 3.237 The Petitioner requested the Commission that in line with the APTEL Judgment and the methodology followed by the Commission, an amount of Rs. 9.65 Cr is excluded from Non-Tariff Income.

COMMISSION ANALYSIS

- 3.238 Regulation 94 of *DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017* stipulates that income from statutory investments will form part of Non-Tariff Income.
- 3.239 The Petitioner submits to hold certain short term investments with the banks as margin for Debt service coverage in order to service its debt facility
- 3.240 Accordingly, the Commission allows to reduce income from such investments amounting to Rs. 9.65 Cr. to be reduced from Non-Tariff Income.

**FINANCING COST FOR LPSC
PETITIONER'S SUBMISSION**

- 3.241 The Petitioner has stated that LPSC is levied on consumers who do not make payment within the credit period allowed for payment. This compensates the Utility for the additional interest cost that gets incurred on the additional working capital requirements due to non-payment for timely payments of such dues by the consumers by the respective due dates.
- 3.242 The Hon'ble APTEL in Appeal No. 153 of 2009 has held that the distribution licensee is entitled to the cost of financing the entire outstanding principal amount that attracts LPSC at prevalent market lending rates. The Hon'ble APTEL categorically held that "the financing cost relating to the late payment surcharge" must be derived from the "prevalent market lending rates." This is imperative because the Petitioner is required to finance working capital requirement arising out of delayed payment throughout the year.
- 3.243 The Hon'ble APTEL vide its judgment dated July 12, 2011 in Appeal No. 142 of 2009 had held that the Petitioner is entitled to the compensation for additional financing cost of outstanding dues limited to late payment surcharge amount at the prevalent market lending rate during that period keeping in view the prevailing Prime Lending Rate. The relevant portion of the judgment is reproduced below:

"19.5...

Accordingly, the Appellant is entitled to the compensation for additional financing cost of outstanding dues limited to late payment surcharge amount at the prevalent market lending rate during that period keeping in view the prevailing Prime Lending Rate." (Emphasis added)

- 3.244 The Commission in its Tariff Regulations, 2017 has upheld the Judgment of the Hon'ble APTEL and clearly stated in Regulations 94(v) that Net Interest on delayed or deferred payment of bills shall be considered as Non-Tariff Income.
- 3.245 Thus, in order to compute the financing cost of LPSC, the Petitioner considered the actual working capital interest rate of 6.52%.
- 3.246 Based on above submission, financing cost for LPSC is computed as follows:

Table 3. 76: Petitioner Submission - Computation of financing cost of LPSC (Rs. Cr.)

Sr. No.	Particular	UoM	Amount
A	LPSC earned (Note 32.4.2 of Audited Financial Statement)	(Rs Cr)	21.25
B	Out of above LPSC 3.79 Cr pertains to 9.75% as per DERC Covid order dt 7.4.20	(Rs Cr)	0.18
C	Late payment surcharge rate as per Regulations	% p.a.	18%
D	Principal Amount (i.e. energy & other applicable charges) on which the above LPSC was levied $\{(A-B)/C + B/9.75\}$	(Rs Cr)	118.91
E	Normative Interest Rate (SUBJECT TO CHANGE)	%	6.25%
F	Financing Cost (C*D)	(Rs Cr)	7.44

- 3.247 The Petitioner further submitted that they have filed a writ petition before the Hon'ble High Court challenging the demand raised by MCD to the tune of Rs. 15,06,00,000/- (Rupees Fifteen Crores Six Lakhs only) as alleged Late Payment Surcharge collected by the Petitioner on delayed payment of E-Tax by TPDDL's consumers. The Commission treats LPSC as a Non-Tariff Income as per the provisions of Regulations of the Tariff Regulations and passed the benefit of LPSC collected by the Petitioner to the general consumers through a reduction in the ARR.
- 3.248 The Hon'ble High Court had granted stay on it, without prejudice to our rights. It is requested to the Commission to allow this claim as a pass through item in ARR, in case the amount becomes payable to MCD if there is a order passed by the Hon'ble High Court in favour of MCD.

COMMISSION ANALYSIS

- 3.249 Regulation 94 of *DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017* states,

"94. The Utility shall submit forecast of Non-Tariff Income to the Commission, in such form as may be stipulated by the Commission from time to time, whose tentative list is as follows:

...

(v) Net Interest on delayed or deferred payment on bills;

..."

- 3.250 The Commission during prudence check has verified the working capital rate of interest and trued up at 6.25 %. Accordingly, the Commission has considered the net interest on delayed or deferred payment on bills as Non-Tariff Income of the Petitioner as follows:

Table 3. 77: Commission Approved - Financing Cost of LPSC (Rs. Cr.)

Sr. No.	Particular	UoM	Petitioner submission	Approved
A	LPSC earned	(Rs. Cr)	21.25	21.25
B	Out of above LPSC 3.79 Cr. Pertains to 9.75% as per DERC Covid order dt.7/04/2020	(Rs. Cr)	0.18	0.18
C	Late payment surcharge rate as per Regulations	%	18%	18%
D	Principal Amount (i.e. energy & other applicable charges) on which the above LPSC was levied{ (A-B)/C+B/9.75%}	(Rs. Cr)	118.91	118.90
D	Normative Interest Rate (as Working Capital)	%	6.25%	6.25%
E	Financing Cost (C*D)	(Rs. Cr)	7.44	7.43

SERVICE LINE CHARGES PETITIONER'S SUBMISSION

- 3.251 The Petitioner has submitted that Petitioner would like to bring in the kind attention of the Commission that as per Indian GAAP, service line charges were treated as income upfront upon installation of connections, therefore entire income is treated as non-tariff income for the purpose of ARR.
- 3.252 However, under Ind-As since the consumers does not get any identified asset or service upon payment of upfront service line charges, service line charges should be recognized as a revenue over the useful life of asset provided to consumers. Hence any income on account of Service Line is shown as receipt and thereafter amortized over the useful life of Asset. Due to aforesaid change, in profit and loss statement the amortized balance of service line charges is shown under the head other operating income instead of receipt amount of service line charges. Therefore, for the purpose of Tariff determination receipt of service line charges has been considered and offered as a part of non-tariff income instead of amortized amount as shown in profit and loss statement for FY 2022-23. Given below is the amount additionally considered as a part of Non-Tariff income:

Table 3. 78: Petitioner Submission - Additional amount of Service Line Charges for FY 2022-23 (Rs. Cr)

Particulars	Rs. Cr.	Remark/Ref.
Receipt on account of Service Line charges	32.82	Note 21(2) of the Audited Financial Statement
Amortized and transferred to Profit & Loss	40.07	Note 21(2) of the Audited Financial Statement
Amount additionally offered as NTI	(7.25)	

COMMISSION ANALYSIS

- 3.253 The Commission has been considering the SLD charges on receipt basis as part of the Non-Tariff income of the Petitioner.
- 3.254 The Commission verified the audited financial statements (Note 21.2) and observed that the accounting treatment of the Petitioner continues to amortise the SLD over a period of three years. Accordingly, the additional amount towards Non-Tariff Income has been determined by the Commission as under:

Table 3. 79: Commission Approved - Difference on account of SLD (Rs. Cr.)

Particulars	Petitioner submission	Approved
Receipt on account of Service Line charges	32.82	32.82
Amortized and transferred to Profit & Loss	40.07	40.07
Amount additionally offered as NTI	(7.25)	(7.25)

**INCOME FROM OTHER BUSINESS INCOME
PETITIONER'S SUBMISSION**

- 3.255 The Petitioner has submitted that with the objective of creating additional avenues for growth, sharing of knowledge & best practices across utilities, and most importantly, in line with its strategy of providing power at competitive rates to consumers, Petitioner is exploring the possible avenues for revenue growth through various activities in addition to Distribution of power to consumers.
- 3.256 During the FY 2022-23, the Petitioner has earned Rs. 57.44 Cr (Gross Receipts) from other than licensed business. Breakup of the same is given below;
- Optimal utilization of Distribution Assets (Rs. 13.34 Cr); and
 - Consultancy Income/other (Rs. 43.33 Cr)
 - Income through Training (Rs. 0.60 Cr)
 - Income from DSM (Rs. 0.08 Cr.)

- 3.257 The Petitioner further submitted that the Commission in its Tariff Regulations, 2017, vide Regulations 96 has stated that the net income after tax from other Business shall be shared as per DERC Treatment of Income From Other Business of Transmission Licensee and Distribution Licensee Regulations, 2005 and 2017 as amended from time to time.
- 3.258 To generate any revenue corresponding expenses, have to be incurred. The Petitioner has incurred expenses of Rs. 31.56 Cr. during the FY 2022-23, out of which Rs 30.19 Cr. expenses are directly linked with the service offered and balance Rs. 1.37 Cr. pertaining to other common expenses.
- 3.259 Further, while setting the Normative O&M expenses in *DERC Business Plan Regulation, 2019*, which is applicable for FY 2020-21 to FY 2022-23 the Commission has not included direct other business expenses while fixing the base year expenses. Therefore, Normative O&M Expenses of Petitioner doesn't include the direct expenses related to other business income.
- 3.260 As stipulated in the Commission (treatment of income from other business of transmission Licensee and distribution Licensee) (First Amendment) Regulations, 2017, the income arising from other business shall be shared on net revenue basis (Revenue-Cost) in the respective True up/ARR.
- 3.261 Based on the above submission, computation of the net income for the purpose of sharing between consumers and DISCOM is given in table below:

Table 3. 80: Petitioner Submission - Computation of Net direct expenses to be deducted from Other Business Income

Particulars	Revenue earned by not using Distribution Fixed Assets	Revenue earned by using Distribution Fixed Assets	Income from DSM by using Distribution Fixed Assets	Total	Remark
	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs Cr.	
Total Revenue earned	44.02	13.34	0.08	57.44	Note 29.5 of the Audited Financial Statement
- Consultancy	43.33				
- Training	0.60				
- Others	0.08	13.34	0.08		

Particulars	Revenue earned by not using Distribution Fixed Assets	Revenue earned by using Distribution Fixed Assets	Income from DSM by using Distribution Fixed Assets	Total	Remark
	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs Cr.	
Less- Expenses incurred	30.19	0.00	0.00	30.19*	Note 37.2 of the Audited Financial Statement
Direct Expenses	30.19		0.00		
Income net of Direct Expenses before Tax	13.83	13.34	0.08	27.24	
Income Tax @ 17.92%	2.48	2.39	0.01	4.88	
Net Revenue available for sharing	11.35	10.95	0.06	22.36	

* Indirect allocation of expenses of Rs. 1.37 Cr. excluded.

Table 3. 81: Petitioner Submission - Sharing of net Revenue from Other Business Income

Particulars	Revenue earned by not using Distribution Fixed Assets	Revenue earned by using Distribution Fixed Assets	Income from DSM by using Distribution Fixed Assets	Total
	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs Cr.
Net Revenue available for sharing	11.35	10.95	0.06	22.36
TPDDL Share %	60%	40%	40%	
Consumer Share %	40%	60%	60%	
Consumer Share	4.54	6.57	0.04	11.15

COMMISSION ANALYSIS

3.262 Regulation 5(5)(a) of *DERC (Treatment of Income from other businesses of Transmission Licensee and Distribution Licensee) first Amendment Regulation, 2017* states that where the Licensee utilises the assets and facilities of the Licenses business for Other business, the Licensee shall retain 40% of the net revenue from such business and pass on remaining 60% of the net revenue to the regulated business. And Regulation 5(5)(b) states that where the Licensee does not utilize the assets and facilities of the licensed business for other business, the Licensee shall retain 60% of the net revenue from such business and pass on the remaining 40% of the net revenue to the regulated business;

3.263 Regulation 96 of DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 stipulates,

“96. The net income after tax from Other Business shall be calculated as per “DERC Treatment of Income from Other Business of Transmission Licensee and Distribution Licensee Regulation, 2005” as amended from time to time and shall be adjusted in the ARR.”

3.264 In view of the above Regulation, the Commission considers the Income tax at effective rate of 17.92% on the net income of the Other Business income of the Petitioner as follows:

Table 3. 82: Commission Approved - Income from Other Business (Rs. Cr.)

Particulars	Revenue earned by not using Distribution Fixed Assets	Revenue earned by using Distribution Fixed Assets	Income from DSM by using Distribution Fixed Assets	Total
	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs Cr.
Total Revenue earned	44.01	13.34	0.08	57.43
- Consultancy	43.33			
- Training	0.6			
- Others	0.08	13.34	0.08	
Less- Expenses incurred net of normative expenses	30.19	0.00	0.00	30.19
Direct Expense	39.30			
Income net of Expenses before Tax	13.82	13.34	0.08	27.24
Income Tax	2.48	2.39	0.01	4.88
Net Revenue available for sharing	11.34	10.95	0.07	22.36

Table 3. 83: Computation of Net direct expenses to be deducted from Other Business Income

Particulars	Revenue earned by not using Distribution Fixed Assets	Revenue earned by using Distribution Fixed Assets	Income from DSM by using Distribution Fixed Assets	Total
	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs Cr.
Net Revenue available for sharing	11.34	10.95	0.07	22.36
TPDDL Share %	60%	40%	40%	
Consumer Share %	40%	60%	60%	
DISCOM share	6.81	4.38	0.03	11.21
Consumer Share in Rs Cr.	4.54	6.57	0.04	11.15
Tax liability on consumer share as paid by DISCOM	0.81	1.18	0.01	2.00

Particulars	Revenue earned by not using Distribution Fixed Assets	Revenue earned by using Distribution Fixed Assets	Income from DSM by using Distribution Fixed Assets	Total
	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs Cr.
Commission Approved Income from Other Business				13.21
Total Income Approved				43.40

INTEREST ON CONSUMER SECURITY DEPOSIT PETITIONER'S SUBMISSION

3.265 The Petitioner referred the Regulation 127 of Tariff Regulations, 2017 specify that:

"Interest paid on consumer security deposits shall be based on the rate specified by the Commission in the "Delhi Electricity Supply Code and Performance Standards Regulations, 2007", amended from time to time, and shall be a pass through in the ARR."

3.266 Regulation 16(vi) of Delhi Electricity Supply Code and Performance Standards Regulations, 2007", specify that

"vi The amount of security deposit shall be as per the Regulation 29 or as approved by the Commission from time to time. The Licensee shall pay interest to the consumer at the rate of 6% per annum, or any other rate prescribed by the Commission payable annually on such deposit w.e.f. date of such deposit in cases of new connection energized after the date of this notification or in other cases, from the date of notification of these regulations. The interest accrued during the year shall be adjusted in the bill for the first billing cycle of the ensuing financial year."

Further the Delhi Electricity Supply Code and Performance Standard Regulations, 2017 provided that w.e.f 1st September 2017 onwards Rate of Interest for Consumer Security Deposit shall be considered the SBI MCLR rate on 1st April.

Therefore, w.e.f 1st September, 2017 the Petitioner has paid consumer security deposit at SBI MCLR on 1st April, of the respective financial year.

3.267 In addition to the directly payment of interest on consumer security deposit, the Commission has adopted the methodology of reducing differential interest (i.e. Cost of funding working capital – minus Interest actually credited/paid to consumers) from the ARR. Hence in order to compute the differential net interest on consumer security deposit, interest rate equivalent to cost of debt for working capital @ 6.25% has been considered for FY 2022-23.

Table 3. 84: Petitioner Submission - Computation of Interest on Consumer Security Deposit

Sr. No.	Particulars	Amount (Rs. Cr.)	Remark
A	Opening Balance of Consumer Security Deposit	836.94	Note no 18 & 25 of the Audited Financial Statement attached as Annexure-I of the Petition
B	Closing Balance of Consumer Security Deposit	925.12	
C	Average Balance of Consumer Security Deposit	881.03	(A+B)/2
D	Working Capital Interest Rate	6.25%	
E	Normative amount of Interest	55.09	(C*D)
F	Actual Amount of Interest	60.74	Note no 32 (c) of Audited Balance Sheet
G	Difference to be additionally Claimed as on Exp	(5.65)	(E-F)

3.268 Based on the above computation, the Petitioner claimed Rs. -5.65 Cr. as interest on CSD.

COMMISSION ANALYSIS

3.269 The Commission has verified the Consumer Security Deposit with the Petitioner from the Audited financial statements for FY 2022-23. Further, it is observed from the Note 18 and Note 25 of Audited financial statements for FY 2022-23, the Consumer Security Deposit have been bifurcated by the Petitioner under two heads i.e. other financial liabilities – non-current and other financial liabilities – current. The Commission has considered the amount of Consumer Security Deposit depicting under both the heads of the liabilities as the interest is to be paid on total liability towards the Consumer Security Deposit laying under current and non-current financial liability.

3.270 The Commission has considered the working capital interest rate for FY 2022-23 as 6.25% for the purpose of determining normative interest on Consumer Security Deposit.

3.271 The actual amount of interest paid to the consumers comes to Rs. 60.74 Cr as per Note 32 (c) of the Audited Financial Statements for FY 2022-23. Accordingly, the difference in the normative interest income and the actual interest booked as expense for FY 2022-23 is being considered as part of the Non-Tariff Income of the Petitioner as follows:

Table 3. 85: Commission Approved - Consumer Security Deposit for FY 2022-23 (Rs. Cr.)

Sr.No.	Particulars	Petitioner submission	Approved	Ref
A	Opening Balance Of Consumer Security Deposit	836.94	836.94	Note 18 & 25 of Audited Financial Statement
B	Closing Balance of Consumer Security Deposit	925.12	925.12	Note 18 & 25 of Audited Financial Statement
C	Average Balance Of Consumer Security Deposit	881.03	881.03	(A+B)/2
D	Working Capital Interest Rate	6.25%	6.25%	Working Capital
E	Normative amount of Interest	55.09	55.09	(C*D)
F	Actual Amount of Interest	60.74	60.74	Note no 32 (c) of Audited Balance Sheet
G	Difference to be additionally offered	(5.65)	(5.65)	(E-F)

INCOME FROM OPEN ACCESS PETITIONER'S SUBMISSION

3.272 The Petitioner has submitted that for the FY 2022-23, the Petitioner has earned Income of Rs 22.21 Cr. from Open Access consumers including E. Tax. As E. tax is payable to MCD, hence, open access income net of E. Tax is considered as part of Non-Tariff Income. Computation of the same is given below:

Table 3. 86: Petitioner Submission - Income from Open Access (Rs Cr.)

Sr. No.	Particulars	Amount	Remarks
A	Total Income from Open Access	22.21	Note 29.4.1 of the Audited Financial Statement attached as Annexure-I of the Petition
B	Less- E. Tax for the year	0.77	
C	Income from open access available for ARR	21.44	(A-B)

COMMISSION ANALYSIS

3.273 The Commission has considered Rs. 21.44 Cr. on account of income from Open Access Charge in Non-Tariff Income for FY 2022-23.

ADVANCE FROM CONSUMERS

- 3.274 As deliberated in the Order dated 28/08/2020, the Commission is of the view that the advances available with the Petitioner constitute a liability and may be required to be refunded to consumers if not adjusted against the future billing. The Commission therefore sought details of the monthly advance balances held by the Petitioner. Upon examination, it was observed that the opening and closing balances of advances during the financial year were higher than the corresponding monthly average balances. Accordingly, the Commission considered the financing cost, calculated at the applicable working capital interest on the monthly average balances amounting to Rs. 3.37 Cr., and the same to be reduced from the non-tariff income of the Petitioner.

SUMMARY OF NON-TARIFF INCOME

- 3.275 The Commission has approved the Non-Tariff Income for FY 2022-23 as follows:

Table 3. 87: Commission Approved - Non-Tariff Income for FY 2022-23 (Rs. Cr.)

Particulars	Petitioner Submission	Approved
Other Operating Revenue	118.93	118.93
Other Income	106.76	106.76
Total	225.69	225.69
Less: Transfer from capital grants	0.57	0.57
Less: Transfer from consumer Contribution for Capital work	51.43	51.43
Less: Incentive towards Street Light	0.73	0.73
Less: Interest Income /Short term capital gain	9.65	9.65
Less: Financing Cost of LPSC	7.44	7.43
Less: Income from other Business	57.44	43.40
Total	127.26	113.21
Add: Differential amount of Service Line Charges	-7.25	-7.25
Total Non-Tariff Income	91.19	105.23
Income from other Business	11.15	
Interest on Security Deposit	-5.65	-5.65
Add: Income from Open Access	21.44	21.44
Add: Financing Cost of Advance from consumers	-	3.37
Total	118.13	124.40

TRUING UP OF AGGREGATE REVENUE REQUIREMENT FOR FY 2022-23 PETITIONER'S SUBMISSION

3.276 Based on the submission made above the total Aggregate Revenue Requirement for the FY 2022-23 comes to Rs. 9,811.97 Cr. Components wise ARR sought for True up is given in table below:

Table 3. 88: Petitioner Submission - Summary of Aggregate Revenue Requirement (Rs. Cr)

Particulars	Sought Amount
	Rs. Cr.
Power Purchase Cost	7,565.56
Normative O&M Expenses	879.52
Other O&M Expenses	103.48
Depreciation	288.05
Loss on Retirement of Assets	8.35
ROCE (Income Tax)	537.69
Carrying Cost	547.45
Less- Non Tariff Income	(91.19)
Less- Interest on Consumer Security Deposit	5.65
Less- Income from Non Energy Business	(11.15)
Less- Income from Open Access	(21.44)
Total of Aggregate Revenue Requirement	9811.97

COMMISSION ANALYSIS

3.277 The Aggregate Revenue Requirement (ARR) approved by the Commission for FY 2022-23 as follows:

Table 3. 89: Commission Approved-Aggregate Revenue Requirement for FY 2022-23 (Rs. Cr.)

Sr. No.	Particulars	Petitioner Submission	Commission Approved
A	Power Purchase Cost (including Transmission Charges)	7656.56	7,320.41
B	O&M expenses	879.52	879.55
C	Additional O&M expenses	103.48	22.71
D	Depreciation	288.05	319.43
E	Loss on retirement of assets	8.35	5.17
F	Return on capital employed	537.69	418.56
G	Income Tax		37.11
H	Less- Non Tariff Income	91.19	124.40
I	Less- Interest from Consumer Security Deposit	5.65	
J	Less- Income from Non Energy Business	11.15	
K	Less- Income from Open Access	21.44	
L	Aggregate Revenue Requirement	9,264.52	8,878.55
M	Carrying cost	547.45	
N	Gross ARR	9,811.97	8,878.55

TRUING UP OF INCENTIVE FOR REFINANCING OF LOAN PETITIONER'S SUBMISSION

3.278 Regulation 31 of *DERC (Business Plan) Regulations, 2019* deals with Incentive Sharing Mechanism for Re-financing of Loan and provided that

“(1) The incentive due to lower rate of interest on account of re-financing of loan in terms of Regulation 71 of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 from FY 2021-22 to FY 2022-23 of the Distribution Licensee shall be computed as the product of total quantum of loan availed and difference of weighted average rate of interest on actual loans versus margin of 2.00% plus (+) SBI MCLR.

(2) The incentive on account of re-financing of loan computed as per sub clause (1) above shall be shared equally between the Consumers and the Distribution Licensee.”

3.279 The Petitioner has submitted that during the FY 2022-23, the Petitioner is able to bring down the cost of financing, hence, as per the Business Plan Regulations, 2019, the Petitioner is eligible for sharing of Incentive.

3.280 The relevant extracts of Regulation 71 of the Tariff Regulations, 2017 is reproduced herein below:

“71. The Utility shall make every effort to refinance the loan so as to reduce the cost of financing, the net saving in ARR due to such reduced financing cost shall be shared with the consumers in the manner as specified in the Business Plan Regulations specified by the Commission.”

3.281 The Petitioner has further submitted the following points: -

- a) Due to huge build-up of Regulatory Asset and acute shortfall of cash flow in the absence of cost reflective tariff in past years, TPDDL has been resorting to refinancing the debt repayment with new loans. In spite of the liquidity situation, it has always been endeavour of TPDDL to bring down the cost and continuous efforts have been made towards the same.
- b) Purpose of regulation 71 of (Terms and Conditions of Determination of Tariff) Regulations 2017 (“Tariff Regulations 2017”) read with Regulation 31 of *DERC Business Plan Regulations 2019* (“BPR 2019”) is to incentivize the Discom reducing cost of capital thereby putting less burden on its consumer and sharing the said incentives with consumers.

- c) If the loans are not refinanced or reset on periodic interval as per loan agreement, then pre-payment penalty is applicable as per terms and conditions of loan agreement. Therefore, refinance/reset has to be done around that time only.
- d) At the time of reset also, negotiations are initiated from the Appellant side to reduce the interest rates as no bank will offer reduce rates at time of reset on its own.
- e) Refinancing with same bank helps to avoid any cost incurred and total benefit is passed to the consumers which would not have been possible if refinanced with some other bank.
- f) If the Appellant's interest rates are compared with other DISCOMS operating in Delhi, it clearly shows the efforts and negotiations initiated by the Appellant to reduce interest rates in the range of 8%-9% thereby resulting in significant higher saving to consumers in terms of lower ROCE, Carrying Cost etc. than the eligible refinancing incentive.

3.282 The aforementioned benefit is being generated by virtue of efficient and comparative better operations by the Petitioner which is being recognized by the rating agencies and lenders, resulting in getting better interest rates on its loan portfolio as compared to the market which include other Delhi DISCOMs.

3.283 The Petitioner has been able to bring down the overall cost of funds which demonstrates enormous efforts put in by TPDDL in getting the interest rate reduced beyond 'reset of loan on its own'.

3.284 The Petitioner has submitted the computation of total Incentive and sharing of the petitioner is given below:

**INCENTIVE COMPUTATION WITH RESPECT TO REDUCTION IN CAPEX/WORKING CAPITAL
LOANS
PETITIONER'S SUBMISSION**

3.285 The Petitioner has first computed the actual cost of debt and benchmark rate for comparison. The differential amount if any is applied on amount of debt both for capex and working capital loans as total savings and then 50% of the said savings has been kept by the Petitioner as refinance incentive.

Table 3. 90: Petitioner Submission - Computation of Incentive to be kept by the Petitioner is given below:

Sr. No.	Particulars	Amount of Debt	Actual Rate of Interest	Rate of Interest considered for Incentive	Total incentive – Rs. Cr.	Petitioner Share – Rs. Cr.
A	Capitalization	1,622.19	7.39%	9.00%	26.13	13.06
B	Working Capital	1,004.87	6.25%	9.00%	27.60	13.80
C	Total Incentive					26.86

3.286 The Petitioner has then reduced its share of incentive of Rs 26.86 Cr. from the Revenue available towards ARR.

INCENTIVE COMPUTATION WITH RESPECT TO REDUCTION IN REVENUE GAP LOANS PETITIONER'S SUBMISSION

3.287 The Petitioner has first computed the rate of Carrying Cost based on the approved cost of funding and then compared the computed carrying cost as sought for the Truing up. The differential amount if any is considered as total saving and then 50% of the said savings has been kept by the Petitioner as incentive.

Table 3. 91: Petitioner Submission - Computation of Incentive to be kept by the Petitioner is given below

Sr. No.	Particulars	Amount of Debt (Rs. Cr.)	Rate of Interest	Rate of Interest considered for incentive	Total incentive (Rs. Cr.)	Petitioner share (Rs. Cr.)
A	Revenue Gap	4,066.78	7.46%	9.00%	62.57	31.28

3.288 The Petitioner has then reduced its share of incentive of Rs 31.28 Cr. from the Revenue available towards the ARR.

COMMISSION ANALYSIS

3.289 Regulations 71 of the *DERC (Terms and Conditions of determination of Tariff) Regulations, 2017* states that the Utility shall make every effort to refinance the loan so as to reduce the cost of financing, the net saving in the ARR due to such reduced financing cost shall be shared with the consumers in the manner as specified by the Commission in its Business Plan Regulations.

3.290 Further, in terms of Regulations 31 of the *DERC Business Plan Regulations, 2019*:

1. *The incentive due to lower rate of interest on account of re-financing of loan in terms of Regulation 71 of the DERC (Terms and Conditions for Determination of Tariff) Regulations,*

2017 from FY 2021-22 to FY 2022-23 of the Distribution Licensee shall be computed as the product of total quantum of loan availed and difference of weighted average rate of interest on actual loans versus margin of 2.00% plus (+) SBI MCLR.

2. The incentive on account of re-financing of loan computed as per sub clause (1) above shall be shared equally between the Consumers and the Distribution Licensee.

3.291 The Commission in its Tariff Order dated 30/09/2021 has analysed the incentive on account of refinancing of loan from FY 2017-18 to FY 2019-20 as follows:

“INCENTIVE ON REFINANCING OF LOAN FOR FY 2017-18 AND FY 2018-19

3.104 During the Prudence Check Session for 2019-20 held with the petitioner on 22nd March 2021, the petitioner was asked to explain on their claim of benefit on account of Refinance and the basis of the same. When the Petitioner explained the same, prima facie, it came to the knowledge of the Commission that, what the Petitioner has agreed with the various Bankers on various loans is not Refinancing and it is a mere Resetting. Hence the Petitioner was directed to justify their claim related to incentive on account of refinancing of loan by way of submitting Details of period wise change in interest rates, clearly showing the MCLR and spread (loan wise) both pre Refinance and after Refinance; Copies of the loan agreements with the respective Banks for such refinancing; In case of refinancing is done from the same Bank, the copies of the previous agreements as well. These details were required to be submitted from 2016-17 considering the fact that the Regulation for Refinancing was first introduced in Tariff Regulations, 2017 and becoming effective from FY 2017-18. Subsequently the Petitioner submitted the complete details of the various loans for the year 2019-20 as well as for 2016-17, 2017-18 & 2018-19 and claimed that they have done Refinancing in majority of the loans. The complete loan details, year wise Capex as well as Other than Capex loans for the year 2016-17 to 2019-20 has been analyzed by the Commission. It is observed that many of the loans active during the FY 2019-20 are existing from 2016-17. From the details as submitted by the Petitioner, it is observed that the Loan portfolio consists of majority of loans with floating rate of interest with reset clause and these loans were held even before the notification of the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017, wherein for the first time, the Commission introduced in Regulation 71, allowing the incentive on account of refinancing of loan. Further, these loans are linked with MCLR rates besides there is also an element of spread. It is pertinent to state that in the recent times, the interest rates in the debt market (MCLR) have come down gradually due to various economic forces prevailing in the market, which in turn has brought down the interest rates of the Petitioner also without any effort from the Petitioner side. However, the Petitioner has claimed incentive on account of Refinance considering such reduction in interest induced by reduction in MCLR. The details of MCLR for the past prevailing years are provided separately. In terms of Regulations 71 of the DERC (Terms and Conditions of determination of Tariff) Regulations, 2017. The Utility shall make every effort to refinance the loan so as to reduce the cost of financing, the net

saving in ARR due to such reduced financing cost shall be shared with the consumers in the manner as specified in the Business Plan Regulations specified by the Commission. In terms of Regulations 31 of the DERC Business Plan Regulations, 2017 1. The incentive due to lower rate of interest on account of re-financing of loan in terms of Regulation 71 of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 from FY 2017-18 to FY 2019-20 of the Distribution Licensee shall be computed as the product of total quantum of loan availed and difference of weighted average rate of interest on actual loans versus margin of 2.00% plus (+) SBI MCLR. 2. The incentive on account of re-financing of loan computed as per sub clause (1) above shall be shared equally between the Consumers and the Distribution Licensee. The petitioner is holding a basket of various loans which are floating interest rate loans invariably arranged from various banks under which the floating interest rate resets at regular intervals periodically. These interest rates based on the MCLR supplemented with the spreads which are extended by the bankers based on the credit ratings of the petitioner. As such the interest rates of the individual loans resets at periodical intervals as per the agreement and the spread is adjusted (increased or decreased) to determine the total rate of interest. As such the change in interest rates are on account of the periodical resetting of the loan as per the individual loan agreement and this is a normal resetting of loan which is routine and periodical throughout the loan period. In Contrast. Refinancing is a one-time affair, where the existing loan is replaced with a totally new and cheaper loan and through a new agreement.

3.105 It is inferred from the claim and further submissions made by the petitioner, the loan portfolio consists of loans which are existing for the past several years even from before 01.04.2017 and the respective agreements have been entered into with the bankers originally as Floating rate loans with periodical resetting. It is not any new loan drawn in replacement of existing loans subsequent to the Tariff Regulations 2017. Further these loans are linked with MCLR rates and in addition there is an element of spread according to the credit rating of the borrower. This spread increases or decreases based on the market forces such as liquidity. It could be seen from the following table, the SBI MCLR rates have gradually fallen but for a small period in between.....

3.106 As such the interest rates have come down generally in the case of the Petitioner also based on the MCLR Rates and the petitioner has not made any special efforts to bring down the interest rates. In the Tariff Regulations it has been categorically specified that "The Utility shall make every effort to refinance the loan so as to reduce the cost of financing". The Tariff Regulations nowhere mentions about Resetting of the loan.

3.107 As the Petitioner had claimed the incentive for Refinancing during true up of FY 2017-18 and FY 2018-19 as well and was allowed by the Commission, the Commission issued a Notice on 02nd Sep, 2021 to the Petitioner wherein the Petitioner was directed as state below. Whereas, Regulation 71 of DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 stipulates that the Utilities shall make every effort to refinance the loan so as to reduce the cost of financing and the net saving in ARR due to such reduced financing cost shall be shared with

the consumers in the manner as specified in the Business Plan Regulations specified the Commission. Whereas, Regulation 31(2) of DERC (Business Plan) Regulations, 2017 stipulates that the incentive on account of re-financing of loan shall be shared equally between the consumers and the distribution licensee. Whereas, it has been observed that the TPDDL has not refinanced the loan to reduce the cost of finance during FY 2017-18 and FY 2018-19. The interest rate has been lower on account of reset at its own. Whereas the Commission has allowed the incentive to TPDDL on refinancing of loan in the true-up of Aggregate Revenue Requirement (ARR) for FY 2017-18 and true-up of ARR for FY 2018-19. You are hereby directed to submit the reply, whether TPDDL has refinanced the loan during FY 2017-18 and FY 2018-19 or it was reset at its own and if it was reset, why not the incentive allowed in FY 2017-18 and in FY 2018-19 on refinancing of loan be withdrawn.

3.108 Consequent to the said Notice, the petitioner submitted their reply vide their letter dtd. 09th Sep 2021 stating that "TPDDL has been resorting to refinancing of the debt repayment with new loans". But neither they have substantiated the same with their actual loan portfolio along with nature of loans explaining where all they have refinanced nor they have denied that they have not adopted Resetting. In real situation as explained in the Table as stated previously, the loan portfolio of the petitioner is consisting maximum of loans with floating rate with resetting conditions and the interest rates have come down generally based on the MCLR Rates. The reduction in interest rate is not on account of any specific efforts taken by the petitioner.

3.109 Based on the above observations and explanations and based on the situation as specified in Regulation 71, there is no reduction of cost of financing out of special effort to refinance the loan made by the petitioner. As the petitioner has made only a resetting and that too it had happened periodically as per the loan agreement entered into much before, the Commission is disallowing the incentive on account of refinancing of loan for True-up for FY 2017-18 and FY 2018-19 as stated below....."

- 3.292 Accordingly, in line with the observations made in the True-up order dated 19/07/2024 & 25/10/2025, the Commission, during the prudence check, observed that there is no reduction in cost of financing attributable to any special efforts undertaken by the Petitioner to refinance the loan. As the Petitioner has made only a resetting and that occurred periodically as per the loan agreement executed earlier, the incentive claimed by the Petitioner is not maintainable and has therefore been disallowed by the Commission.

COMPUTATION OF NET REVENUE AVAILABLE TOWARDS ARR PETITIONER'S SUBMISSION

3.293 In the given below table, the Petitioner has computed the Revenue available towards the ARR (net of Incentive towards refinancing of capex loans and revenue gap loans).

Table 3. 92: Petitioner Submission - Computation of Net Revenue available (Rs. Cr.)

Sr. No.	Particular	Actual as per Petitioner
A	Revenue Available	8,467.79
B	Less- Incentive towards Capex Loan/workingcapital	26.86
C	Less- Incentive towards Revenue Gap Loan	31.28
D	Revenue Available towards ARR net of Incentives	8,409.65

COMMISSION ANALYSIS

3.294 The Commission has computed the Revenue available towards the ARR as follows:

Table 3. 93: Commission Approved - Revenue Available towards ARR FY 2022-23 (Rs. Cr.)

Sr. No.	Particulars	As per Petitioner	As per Commission
1	Actual Revenue realised excluding Electricity duty, LPSC, Regulatory Surcharge, Pension trust surcharge	8,562.67	8,562.67
	Less:-		
2	Incentive/(Penalty) on account of Transmission & Distribution Loss	66.57	64.41
3	Incentive/(Penalty) on account of Collection Efficiency	28.31	28.32
4	Penalty towards RPO compliance		-
4	Incentive towards refinancing of loan	26.86	-
5	Incentive towards Revenue Gap Loan	31.28	-
6	Incentive towards Sale of surplus power	-	-
7	Revenue available towards ARR	8,409.65	8,469.94

REVENUE SURPLUS / (GAP) FOR FY 2022-23 PETITIONER'S SUBMISSION

3.295 The Petitioner has computed the actual Revenue Gap for FY 2022-23 as given in the table below:

Table 3. 94: Petitioner Submission - Computation of Revenue surplus/ (Gap) for FY 2022-23 (Rs. Cr.)

Sr. No.	Particular	Actual as perPetitioner
A	Revenue Available towards ARR net of Incentives	8,409.65
B	Aggregate Revenue Requirement (net of carrying cost)	9,264.52
C	Revenue Surplus/(Gap)	(854.88)

COMMISSION ANALYSIS

3.296 The Revenue (Gap)/ Surplus after true up of the ARR for FY 2022-23 as approved by the Commission is as follows:

Table 3. 95: Commission Approved - Revenue (Gap)/ Surplus during FY 2022-23(Rs. Cr.)

Sr. No.	Particulars	As per Petitioner	As per Commission
A	ARR For FY 2022-23	9264.52*	8878.55
B	Revenue Available Towards ARR	8409.65	8469.94
C	Revenue (Gap)/Surplus	(854.87)	(408.61)

*Net of Carrying Cost

CONSOLIDATED REVENUE (GAP)/SURPLUS**REVENUE (GAP)/SURPLUS TILL FY 2022-23****PETITIONER'S SUBMISSION**

3.297 The Petitioner has submitted that the Commission has provisionally approved the closing revenue gap of Rs. 1,762.82 Cr. upto FY 2019-20 as per previous Tariff Order dated 30/09/2021. The Petitioner has considered same amount as opening Revenue Gap for FY 2020-21 & FY 2021-22 as per True-up petition filed by the Petitioner against which Tariff order is yet to be released by the Commission:

Table 3. 96: Petitioner Submission - Computation of Inclosing Revenue Gap for FY 2022-23 (Rs. Cr.)

Sr. No	Particulars	Amount (Rs Cr)	Remark
A	Opening Provisional trued up Revenue Gap upto FY 2019-20	(1,762.82)	Table 5.3 of Tariff Order FY 21-22
B	Add: Revenue Gap sought for FY 2020-21 (including carrying cost & DRRS)	(587.35)	Table 3.67 of True up Petition FY 20-21
C	Add: Revenue Gap sought for FY 2021-22 (including carrying cost & DRRS)	(789.04)	
D	Closing Provisional trued up Revenue Gap upto FY 2021-22	(3139.21)	(A+B+C)
E	Impact of Prior Period Judgement	(2232.80)	
F	Revised Opening Revenue Gap for FY 2022-23	(5372.01)	(D+E)

Sr. No	Particulars	Amount (Rs Cr)	Remark
G	Add: Revenue Gap sought for the year	(854.88)	Table 3.59
H	Add: Rithala impact FY 2022-23	(20.48)	Table 3.61
I	Total addition during the year FY 2022-23	(875.36)	(G+H)
J	Average revenue gap	(5,809.69)	(F+I/2)
K	Carrying Cost Rate	9.42%	
L	Add: Carrying Cost	(547.45)	(J*K)
M	Less- Realization from 8% Deficit Revenue Recovery Surcharge	575.89	Table 3.9
N	Closing Revenue Gap	(6218.93)	(F+I+L+M)

3.298 The Petitioner has computed carrying cost @ 9.42% considering actual cost of debt, in the average balance of revenue gap for the year. During the FY 2022-23 the Petitioner has collected Rs. 575.89 Cr. towards 8% Deficit recovery surcharge and adjusted the said amount against the total of closing revenue gap of Rs. 6218.93 Cr. in line with the Commission directions for adjusting the 8% DRS against the liquidation of Revenue Gap.

COMMISSION ANALYSIS

3.299 The Revenue (Gap)/ Surplus upto FY 2022-23 is summarized in the table as follows:

Table 3. 97: Commission Approved - Revenue (Gap)/ Surplus during FY 2022-23(Rs. Cr.)

Sr. No.	Particulars	Amount (Rs. Cr.)	Remarks
A	Opening Balance of Revenue (Gap) / Surplus	(6,160.57)	As per True-up order dated 25/10/2025
B	Revenue Requirement for the year	8,878.55	
C	Revenue realized	8,469.94	
D	(Gap) / Surplus for the year	(408.61)	
E	8% Surcharge for the year	575.89	
F	Net (Gap)/Surplus for the year	167.28	F=D+E
G	Closing Revenue (Gap)/Surplus	(5993.29)	G = A+F
H	Average Revenue (Gap)/Surplus	(6076.93)	
I	Rate of Carrying Cost	9.12%	
J	Amount of Carrying Cost	(553.97)	J=(A+F/2)*I
K	Closing Balance of (Gap)/Surplus	(6,547.26)	K=G+J

Annexure I**DELHI ELECTRICITY REGULATORY COMMISSION**

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

F.11(2155)/DERC/2023-24/7918

Petition No. 17/2024

In the matter of: **Petition for approval for Annual Revenue Requirement (ARR) for FY 2024-25 and True up for FY 2022-23.**

Tata Power Delhi Distribution Ltd.

....Petitioner

Coram:

Hon'ble Justice (Retd.) Jayant Nath, Chairperson

Appearance:

Sri Venkatesh, Advocate for TPDDL

Record of Proceedings

(Date of Hearing: 07.06.2024)

(Date of Order: 07.06.2024)

Heard. Admitted.

Sd/-

**(Justice (Retd.) Jayant Nath)
Chairperson**

Annexure II**LIST OF RESPONSES RECEIVED FROM STAKEHOLDERS ON TRUE UP OF FY 2022-23**

Sr.	Name	Address	Category	Company / Licensee	Date of Receipt
1	Pankaj Gupta	Delhi Metro Rail Corporation Ltd. Metro Bhawan, Fire Brigade Lane, Bharakhamba Road, New Delhi 110 001	Govt.	BRPL, TPDDL	13-Dec-24
2	Pradeep Khullar	All India Cold Storages Association Plot No. C-5, Lawrence Road Industrial Area, Delhi 110005	RWA & industry associations	TPDDL	14-Dec-24
3	Gyan Chand Dhamija	Ugyog Nagar Factory Owner's Association Z-101, (Opp. H-18), Udyog Nagar, Rohtak Road, Delhi 110 041	RWA & industry associations	BRPL	14-Dec-24
4	Sanjay Kumar	Association of Manufacturers of Ayurvedic Medicines T-10, Okhla Industrial Area, Phase-2, New Delhi 110 020	RWA & industry associations	BRPL	16-Dec-24
5	Navdeep Varshneya	Mohan Estate Welfare Association J-3, Block B-1, Mohan Co-operative Industrial Estate New Delhi 110 044	RWA & industry associations	BRPL	16-Dec-24
6	Nishchal Pandey	GNA Energy Private Limited 706, Palm Spring Plaza, Sector-54 Gurugram, Haryana 122 009	Commercial	Generating and Transmission Licensee	16-Dec-24
7	Arun Popli	Plot No. B-19 Okhla Industrial Area, Phase II, Delhi 110 002	Industrial area	BRPL	14-Dec-24
8	Harvinder Singh	Basera Engineering Works Plot No. 86 Pocket C, Sector-2 DSIDC Industrial Area, Bawana, Delhi	Industrial area	TPDDL	16-Dec-24
9	P.D. Kabeer	Municipal Corporation of Delhi Dr. S.P.M Civic Centre, Minto Road, New Delhi 110 002	Govt.	BRPL, TPDDL	16-Dec-24
10	Ajay Aggarwal	Jan Seva Welfare Society (Regd.) Office No. 17, Saraswati Vihar, DDA Market A-Block, Pitampura, Delhi 110 034	RWA & industry associations	BRPL BYPL TPDDL	17-Dec-24
11	Nikita Gupta	Nikita.gupta@powerfoundation.org.in	Govt.	DISCOMs	3-Jan-25

12	K.K. Verma	Delhi Transco Ltd. General Manager (Commercial & Regulatory Affairs) 33kV Grid S/Station Building, I.P. Estate, New Delhi 110 002	Govt.	BYPL, TPDDL & NDMC	30-Jan-25
	K.K. Verma	Delhi Transco Ltd. General Manager (Commercial & Regulatory Affairs) 33kV Grid S/Station Building, I.P. Estate, New Delhi 110 002	Govt.	BRPL	23-Jan-25
13	Abhishek Roy	Bharti Airtel Limited Airtel Center, Plot No. 16 Udyog Vihar, Phase – IV Gurugram 122015	Public Ltd. Co.	Discoms, Gencos & Transco	26-Mar-25

Annexure-III

**STAKEHOLDERS WHO HAVE REGISTERED AT THE PUBLIC HEARING FOR THE PETITION FILED BY
DISCOMs, GENCOs, AND TRANSCO ON THE APPROVAL PETITION FOR TRUING UP OF EXPENSES UP
TO FY 2022-23**

Sr. No.	Name	Organisation/Category
1	Balram Chawla	Maitreyi Federation of RWA
2	Satwan Singh	Domestic Consumer
3	Ritu Gupta	TPDDL
4	Nikhil kumar	DMRC
5	Somya Tripathi	DMRC
6	Shubham Kumar	DMRC
7	Vikas Dixit	DISCOM
8	Amarjeet Singh	DISCOM
9	Brajesh Kumar	DISCOM
10	Naveen Vats	DISCOM
11	Garima Belwal	DISCOM
12	Sameer Singh	DISCOM
13	Rajeev Chowdhury	DISCOM
14	Jaya Rathi	DISCOM
15	Gaurav Thapan	DISCOM
16	Kanishk Khetarpal	DISCOM
17	Amal Sinha	DISCOM
18	Akash Gupta	DISCOM
19	Shweta Chaudhary	DISCOM
20	Rajul Agarwal	DISCOM
21	N D Arora	RWA
22	Sanket Sharma	TPDDL
23	RajKumar	RWA
24	Amar Ramanuj Yadav	RWA
25	Narender Kumar	RWA
26	Abhishek Roy	Industrial
27	Dr. Anu Chhakara	Domestic Consumer
28	Suresh Goyal	RWA
29	Rajeev Kumar	Industrial
30	Suranjit Mishra	TPDDL
31	Harmeet Singh	Koshish RWA
32	Dr. Kunal Tanwar	RWA
33	Manisha	TPDDL
34	Deepak Patel	NDMC
35	Prachi Mishra	NDMC
36	Tarun Manik	DERC
37	Buddhidev Shastri	DTL
38	Brij Mohan Garg	Industrial
39	Ashok Bhasin	North Delhi Residents Welfare Federation
40	Chetan Garg	Bharti Airtel
41	Raj Kumar Garg	Domestic Consumer