

Chapter - 5

Tariff Design & Cost to Serve

FY 2015-16



5. Tariff Design

5.1 Components of Tariff Design

The Petitioner has considered the following components while designing the tariff proposal

- (a) Consolidated Sector Revenue (Gap)/Surplus.
- (b) Cost of service
- (c) Cross-subsidization in tariff structure

5.2. Revenue (Gap)/Surplus for the Petitioner

The Petitioner has computed Revenue gap of Rs. 6,442 Cr. till FY 2013-14 and sought revision in the ARR for FY 2014-15 also, therefore seeking liquidation of revenue gap of Rs. 7243 Cr. up to FY 2014-15.

Table 5.1: Revenue (Gap)/Surplus up to FY 2014-15

(Rs Cr)

Sl. No.	Particulars	For FY 13-14	For FY 14-15	Remarks
A	Opening level of Gap for the year	(5,295.82)	(6,442.58)	For FY 13-14 Refer Table 3.39 & Table 3.40
B	Revenue Requirement for the year	5,612.94	5,957.24	
C	Revenue at Existing Tariffs for the year	4,988.50	5,772.78	For FY 14-15 Refer Table 4.39 & Table 4.40
D	Surplus/(Gap) for the year	(624.44)	(184.46)	
E	8% Surcharge for the year	390.70	455.30	
F	Net (Gap)/Surplus for the year	(233.74)	270.85	
G	Rate of Carrying Cost	16.28%	16.40%	
H	Carrying Cost for the year	(913.03)	(1,071.57)	
I	Closing Balance of (Gap)/ Surplus for the year	(6,442.58)	(7,243.30)	



5.3. Revenue at Existing Tariffs for FY 2015-16

The summary of revenue billed at existing tariffs, excluding 8% Deficit Recovery Revenue Surcharge, for FY 2015-16 is given below:

Table 5.2: Revenue at Existing tariff for FY 2015-16

(Rs Cr)

Sl. No.	Category	Fixed Charges	Energy Charges	*Revenue at Existing tariff	Remarks
1	2	3	4	5 = 3 + 4	6
A	Domestic	111.99	1,757.31	1,869.29	Table 4.8
i	Domestic- Other than A(ii)	110.87	1,712.38	1,823.25	
ii	Single delivery point for CGHS	1.12	44.92	46.04	
B	Non-Domestic	189.80	1,333.78	1,523.58	
i	Non-Domestic Low Tension (NDLT)	149.18	877.45	1,026.64	
ii	Non-Domestic High Tension (NDHT)	40.62	456.32	496.94	
C	Industrial	182.10	1,999.31	2,181.41	
i	Small Industrial Power (SIP) [less than 200kW/215kVA]	161.38	1,699.10	1,860.48	
ii	Industrial Power on 11kV Single Point Delivery for Group of SIP Consumers	0.04	0.61	0.65	
iii	Large Industrial Power (LIP) (Supply at 11kV and above)	20.68	299.60	320.28	
D	Agriculture	0.72	4.08	4.80	
E	Mushroom Cultivation	-	0.00	0.00	
F	Public Lighting	-	105.08	105.08	
i	Metered	-	17.11	17.11	
ii	Unmetered	-	87.97	87.97	
G	Delhi Jal Board (DJB)	11.30	216.63	227.92	
i	Supply at LT	2.06	14.94	16.99	
ii	Supply at 11kV and above	9.24	201.69	210.93	
H	DIAL	-	-	-	
I	Railway Traction	3.06	35.26	38.32	
J	DMRC	9.11	137.34	146.46	
K	Adv. & Hoardings	0.07	1.25	1.32	
L	Temporary Supply	1.48	75.35	76.83	
M	Others	1.77	8.86	10.63	
	Total	511.40	5,674.26	6,185.66	sum(A to M)

* Revenue excluding the deficit recovery Surcharge



5.4. Revenue (Gap)/Surplus for FY 2015-16 at Existing Tariffs

Based on the existing tariff, The petitioner has estimated Rs 1,382.94 Cr. as revenue deficit for FY 2015-16. Given below is the amount of Revenue Deficit on the standalone basis for FY 2015-16.

Table 5.3: Revenue (Gap)/Surplus at Existing Tariff for FY 2015-16

(Rs Cr)

Sl.No	Particulars	FY 2015-16	Remarks/Reference
A	Revenue requirement for the year (including Carrying Cost)	8,030.05	Table 4.37 & Table 4.40
B	Revenue at Existing tariff	6,647.11	Table 4.39
C	Revenue (Gap)/Surplus for the year	(1,382.94)	B-A

5.5. Tariff Hike Proposed

5.5.1. The petitioner has estimated Rs 1,382.94 Cr. as revenue deficit (including DRRS recovery and carrying cost) for FY 2015-16 which is required to be recovered in the form of increase in tariff, so that the tariff can become cost reflective.

5.5.2. The reason for such deficit is mainly due to under/non recovery of carrying cost and increases in cost of other components of Tariff.

5.5.3. To meet the revenue requirement for the FY 2015-16, the proposed tariff hike is as follows:

Table 5.4: Tariff Hike Proposed

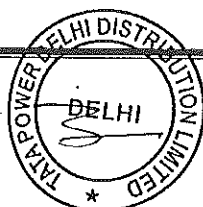
Sl. No.	Particulars	Amount (Rs Cr)	Remarks
A	Revenue (gap)/Surplus during FY 2015-16	(1,382.94)	Table 5.3
B	Tariff hike proposed (%) *	20.65%	
C	Projected Revenue Gap up to FY 14-15, required to be liquidated in a time bound manner	(7,243.30)	Table 4.40

* Tariff hike proposed is the hike required to meet the revenue requirement only for the FY 2015-16

5.6. Cost of Service Model

Allocation of Cost between Wheeling and Retail Supply Activity and Computation of Cost to Serve at different Voltages

The methodology adopted for allocation of costs between Wheeling (i.e. Distribution as per Cost Records) and Retail Supply business (i.e. Supply as per Cost Records) for FY 13-14 is in



line with the Cost Accounting Records as prescribed by the Cost Accounting Record (Electricity) Rules issued by Government of India.

It is further submitted that carrying cost is not considered for the purpose of computation of cost of supply.

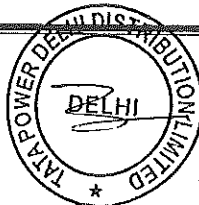
The salient features of this methodology are as follows:

Allocation between Wheeling and Retail Supply Business

1. All Network Assets up to consumer premises have been taken for Wheeling Business and beyond that have been considered as part of Retail Supply Business.

The Common assets such as buildings, furniture, etc. have been considered 60% for Wheeling and 40% for Retail Supply Business.

2. Employee expenses have been segregated between Wheeling and Retail Supply business based on the activity being performed by the employees. Salaries of employees engaged in Commercial activities have been taken to Retail Supply Business whereas that of employees engaged in operation activities have been considered in Wheeling Business. The employee expenditure of management and corporate support functions have been considered in the ratio of 60% and 40% between Wheeling and Retail Supply Business.
3. Administrative and General Expenses have been segregated between Wheeling and Retail Supply business based on activity to which they pertain. Common expenses have been considered in the ratio of 60% and 40% between Wheeling and Retail Supply Business.
4. Repair & Maintenance (R&M) Expenses have been identified to the type of activity i.e. wheeling and retail supply business and accordingly taken part of respective business. Common R&M expenses being apportioned between Wheeling and Retail supply in the ratio of 60% and 40%.
5. Supply Margin has been taken in Retail Supply business.
6. Working Capital has been allocated into wheeling and retail supply on the basis of expenses pertaining each activity. Power Purchase cost and Revenue is considered in Retail supply business whereas revenue up to the requirement of wheeling ARR is considered in Wheeling activity.
7. Return on Capital Employed has been allocated to Wheeling and Retail Supply business on the basis of RRB considered for both the business of respectively.
8. Expenses on account of DVB arrears/carrying cost have not been allocated into wheeling and retail business as these pertain to earlier year.



Explanation to Cost Allocation Statement

The complete head wise details are given below:

Employee Expenses:

Allocation of Expenses into Wheeling and Retail Supply Business

The actual expenditure on account of salary is identified with different Functions. Based on such identification normative employee expenses pertaining to any particular activity are retained in the respective activity and common costs are allocated into Wheeling and Retail supply business in the ratio of 60:40.

Summary is given below:

Function wise Employee Expenses

Sl. No	Particular	Based on Actuals % for FY 13-14	Estimated for FY 15-16
A	Administration	46.50%	46.50%
B	System	7.89%	7.89%
C	Direct districts	28.35%	28.35%
D	Street light	0.74%	0.74%
E	Billing & metering	15.77%	15.77%
F	Cenpeid	0.02%	0.02%
G	Net Employee Cost	100.00%	100.00%

Base of Allocation of Employee Expenses in Wheeling and Retail Supply Business

Sl. No	Functions	Wheeling	Retail Supply
A	Administration	60%	40%
B	System	100%	0%
C	Direct Districts	100%	0%
D	Street Light	0%	100%
E	Billing & Metering	0%	100%

Allocations of Employee Expenses into Wheeling and Retail Supply Business

Sl. No	Particular	FY 13-14	FY 15-16
		(Rs Cr)	
A	Employee		
B	Employee – Wheeling	238.01	306.77
C	Employee – Retail	130.29	167.93
D	Total	368.29	474.70

The expenses incurred towards pension liability are apportioned in the proportion of net employee cost calculated above for the respective businesses.



Allocations of SVRS Expenses into Wheeling and Retail Supply Business

Sl. No	Particular	FY 13-14	FY 15-16
		(Rs Cr)	
A	Employee		
B	Employee – Wheeling	2.35	2.03
C	Employee - Retail	1.18	1.11
D	Total	3.53	3.14

Repair and Maintenance Expenses:
Allocation of Expenses into Wheeling and Retail Supply Business

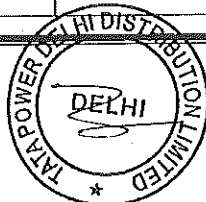
1. First of all normative amount of R&M cost allowed for FY 13-14 are allocated in different heads in the proportion of actual expenses incurred.
2. Based on head wise actual expense for FY 13-14 expenses for FY 15-16 has been projected.
3. Thereafter budgeted expenses are allocated in different heads in the portion of Specific expenses pertaining to Wheeling and Retail Supply business are allocated to respective business.
4. Common Expenses have been allocated in the proportion of 60% & 40% between Wheeling and Retail Supply business.

Breakup of Normative R&M expense under different heads

Sl. No	Particulars	FY 13-14	FY 15-16
		(Rs Cr)	
A	Stores & Spares	21.03	25.35
B	Street Light	4.68	5.64
C	Building	3.48	4.19
D	Computer/Off Equip/Other	4.82	5.81
E	Energy Meter	11.62	14.01
F	Automatic Meter Reading	3.43	4.13
G	Call Centre Charges	4.30	5.19
H	Others	70.94	85.51
I	Total	124.30	149.82

Breakup of R&M expenses under different heads

Sl. No	Particulars	Based on actuals for FY 13-14	FY 15-16
A	Stores & Spares	16.92%	16.92%
B	Street Light	3.76%	3.76%
C	Building	2.80%	2.80%
D	Computer/Off Equip/Other	3.88%	3.88%
E	Energy Meter	9.35%	9.35%
F	Automatic Meter Reading	2.76%	2.76%
G	Call Centre Charges	3.46%	3.46%



Sl. No	Particulars	Based on actuals for FY 13-14	FY 15-16
H	Others	57.07%	57.07%
I	Total	100.0%	100.0%

Based on the above allocation has been carried out as follows:

Base of Allocation of R&M expenses into Wheeling & Retail Supply Business

Sl. No	Particular	Wheeling	Retail
A	Stores & Spares	100%	0%
B	Street Light	0%	100%
C	Building	60%	40%
D	Computer/Off Equip/Other	60%	40%
E	Street Light	0%	100%
F	Automatic Meter Reading	0%	100%
G	Call Centre Charges	0%	100%
H	Others	60%	40%

Allocations of R&M expenses to Wheeling & Retail Supply Business

Sl. No	Particulars	FY 13-14	FY 15-16
			(Rs Cr)
A	R&M Total	124.30	149.82
B	R&M – Wheeling	68.57	82.65
C	R&M – Retail	55.73	67.17

Administrative Expenses

Breakup of the normative A&G expenses based on actuals under different heads is given below:

A&G expenses incurred under various heads

Particulars	FY 13-14	FY 15-16
		(Rs Cr)
A Cash Pick Up	0.44	0.57
B Bill Distribution /Collection	5.10	6.57
C Legal	7.47	9.63
D License fee	2.29	2.95
E Brokerage Commission	1.04	1.34
F Freight	0.82	1.05
G Credit Card	0.70	0.90
H Disconnection Exp	1.81	2.34
I Computer Expenses	5.59	7.20
J Advertisement Expenses	2.39	3.08
K Other Cost	34.63	44.63
L Net A&G Expenses	62.28	80.27



Head wise break up of A&G Expense (%) to total A&G Expense

Particulars	FY 13-14	FY 15-16
A Cash Pick Up	0.70%	0.70%
B Bill Distribution /Collection	8.19%	8.19%
C Legal	12.00%	12.00%
D License fee	3.67%	3.67%
E Brokerage Commission	1.68%	1.68%
F Freight	1.31%	1.31%
G Credit Card	1.12%	1.12%
H Disconnection Exp	2.91%	2.91%
I Computer Expenses	8.97%	8.97%
J Advertisement Expenses	3.84%	3.84%
K Other Cost.	55.60%	55.60%
L Net A&G Expenses	100.00%	100.00%

Expenses at A to J pertains specifically to Retail activity so these are considered in Retail activity whereas, the Other Cost which is common for both Retail and Retail Supply businesses is apportioned in the ratio of 60:40 between the two businesses.

Allocations of A&G Expenses to Wheeling & Retail Supply Business

Sl. No.	Particulars	FY 13-14	FY 15-16
		(Rs Cr)	
A	A&G Total	62.28	80.27
B	A&G – Wheeling	20.78	26.78
C	A&G – Retail	41.50	53.49

New Initiatives

Expenses on new Initiatives/Other cost incurred in FY 13-14 & FY 15-16 are allocated to Retail Business.

New Initiatives Cost apportioned into Wheeling & Retail Supply Business

Sl. No.	Particulars	FY 13-14	FY 15-16
		(Rs Cr)	
A	A&G Total	13.01	35.36
B	A&G – Wheeling	0	0
C	A&G – Retail	13.01	35.36

Gross Fixed Assets

Network assets up to the consumer's premises are considered as wheeling assets and beyond that the assets are considered as Retail assets. Common Assets such as building, furniture etc. are considered 60% for Wheeling and 40% for Retail Supply Business. Summary of the allocation Statement is as follows:



Allocation of GFA into Wheeling & Retail Supply Business

Sl. No.	Particular	Wheeling	Retail
A	Buildings and Civil Work	60%	40%
B	Energy Meters	0%	100%
C	Transformers	100%	0%
D	EHV Switch Gears	100%	0%
E	11KV Switch Gears	100%	0%
F	LT Switch Gears	100%	0%
G	Capacitors	100%	0%
H	SCADA/ Control & Instrumentation	100%	0%
I	Lightening Arrestors	100%	0%
J	Other Plant & Machinery	100%	0%
K	Computers	60%	40%
L	Batteries & Battery Chargers	100%	0%
M	Lines and Cables	100%	0%
N	Street Lightening	0%	100%
O	Office Equipment	60%	40%
P	Furniture & Fittings	60%	40%
Q	Vehicle	60%	40%

Gross Fixed Assets used for RRB are allocated into Wheeling and Retail Supply business in the ratio of Actual Gross Fixed Assets at the end of FY 2013-14 as per Audited Accounts.

Gross Fixed Assets allocated into Wheeling & Retail Supply Business

Sl. No.	Particulars	FY 13-14	FY 15-16
		Rs Cr	
A	Closing GFA Total	4,586.50	5,561.50
B	GFA – Wheeling	3,756.65	4,539.32
C	GFA – Retail	829.81	1,022.18

Depreciation

Depreciation is allocated between wheeling and Retail Supply business in proportion of depreciation calculated on GFA's of respective businesses.

Depreciation allocated into Wheeling & Retail Supply Business

Sl. No.	Particulars	FY 13-14	FY 15-16
		(Rs Cr)	
A	Depreciation Total	152.26	227.93
B	Depreciation – Wheeling	111.49	165.72
C	Depreciation – Retail	40.77	62.21



Working Capital

Based on the revised revenue requirement working capital is allocated as below

Working Capital allocated into Wheeling & Retail Supply Business

Sl. No.	Particulars	FY 13-14	FY 15-16
			(Rs Cr)
A	W C Total	563.86	682.48
B	W C – Wheeling	115.28	139.01
C	W C – Retail	448.58	543.48

Regulatory Rate Base

Based on the revised estimates of GFA/Depreciation, the RRB for wheeling and retail Supply Business is calculated as below:

ROCE allocated into Wheeling & Retail Supply Business

Sl. No.	Particulars	FY 13-14	FY 15-16
			(Rs Cr)
A	Average RRB (i)	2,996.14	3,556.38
B	RRB (i) - Wheeling	2,119.71	2,523.93
C	RRB (i) - Retail	876.43	1,032.45

ROCE with-out AT&C overachievement incentive allocated into Wheeling & Retail Supply Business

Sl. No.	Particulars	FY 13-14	FY 15-16
			(Rs Cr)
A	ROCE	399.65	476.78
B	ROCE- Wheeling	282.75	338.36
C	ROCE- Retail	116.91	138.41

Income Tax

The tax expenses have been allocated into wheeling and Retail Supply in the ratio of ROCE for Wheeling Business and for Retail Supply Business.

Income Tax allocated into Wheeling & Retail Supply Business

Sl. No.	Particulars	FY 13-14	FY 15-16
			(Rs Cr)
A	Income Tax	55.75	69.04
B	Income Tax- Wheeling	39.44	49.00
C	Income Tax – Retail	16.31	20.04



Apportionment of expenses at different voltage level

Voltage Level wise y-o-y sale is given below (Actual for FY 13-14 and estimated for FY 15-16)

Table 5.5: Voltage Level wise Sales

Sl. No.	Particulars	FY 13-14	FY 15-16
		MUs	
A	Sales Above 66KV level	98.17	105.00
B	Sales at 33/ 66KV level	81.05	155.17
C	Sales at 11KV level	1,129.24	1,241.56
D	Sales at LT level	5,878.94	6,424.83
E	Total	7,187.40	7,926.56

Sales (MUs) are grossed up at specific voltage levels by respective distribution losses estimated at each level in order to ascertain energy requirement at respective voltage levels.

Table 5.6: Voltage Wise Cumulative Distribution Losses (%)

Sl. No.	Particulars	FY 13-14	FY 15-16
A	Loss at 220KV level	0.00%	0.00%
B	Loss at 33/ 66KV level	0.79%	0.79%
C	Loss at 11KV level	2.94%	2.94%
D	Loss at LT level	12.24%	15.59%
E	Over all	10.63%	13.39%

Table 5.7: Energy Input at each voltage level

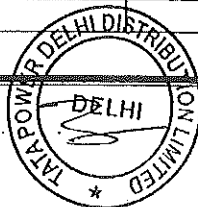
Sl. No.	Particulars	FY 13-14	FY 15-16
		MUs	
A	Inputs for 66KV level	98.17	105.00
B	Inputs for 33/ 66KV level	81.70	156.41
C	Inputs for 11KV level	1,163.50	1,279.23
D	Inputs for LT level	6,698.77	7,611.59
E	Total	8,042.14	9,152.23

Voltage wise allocation between Wheeling and Retail Supply business
Wheeling Activity

Wheeling Costs has been allocated to different voltage levels in the ratio of assets at each voltage level.

Wheeling Cost allocation Assets wise

Sl. No.	Particulars	FY 13-14	FY 15-16
		(Rs Cr)	
A	Asset at 220 KV level		
B	Asset at 33/ 66KV level	183.89	218.72
C	Asset at 11KV level	431.07	513.42
D	Asset at LT level	189.99	215.69
E	Total	804.95	947.83



Based on the energy sales at each level, wheeling charges per unit have been arrived.

Table 5.8: Wheeling charges at different voltage level

Sl. No.	Particulars	FY 13-14	FY 15-16
		Paisa per Unit	
A	Asset at 220 KV level	-	-
B	Asset at 33/ 66KV level	23.33	24.37
C	Asset at 11KV level	80.34	84.41
D	Asset at LT level	121.17	130.63
E	Total	111.99	119.58

Wheeling Costs so allocated are further apportioned to different voltage levels in proportion to the energy input required for sale at that level.

Table 5.9: Wheeling Cost allocation at different Voltage Level

Sl. No.	Particulars	FY 13-14	FY 15-16
		(Rs Cr)	
A	Asset at 220 KV level		
B	Asset at 33/ 66KV level	1.89	3.78
C	Asset at 11KV level	90.73	104.80
D	Asset at LT level	712.33	839.25
E	Total	804.95	947.83

Allocation of Supply Margin and Balance Retail Supply ARR

Employee Exp/Admin exp/Other Income are allocated across all the voltage level in the ratio of input at that level whereas other retail supply expenses are allocated from 66KV or below in the ratio of input at that level. After that cost per unit sold is determine by the cost at that particular voltage level by the unit sold at that level.

Table 5.10: Total Retail Supply cost allocated at different voltage level (Rs Cr.)

Sl. No.	Particulars	FY 13-14	FY 15-16	Remark
A	Above 66KV level	55.38	63.32	
B	At 33/ 66KV level	48.88	99.91	
C	At 11KV level	696.08	817.13	
D	At LT level	4,007.65	4,862.02	
	Total	4,807.98	5,842.37	

Table 5.11: Retail Supply charges (Paisa per unit)

Sl. No.	Particulars	FY 13-14	FY 15-16
A	Above 66KV level	564.06	603.04
B	At 33/ 66KV level	603.04	643.86
C	At 11KV level	616.42	658.14
D	At LT level	681.70	756.75
	Average	668.95	737.06



Table 5.13: Cost of Supply (Paisa per unit)

Sl. No.	Particular	Wheeling	RST	Total	Wheeling	RST	Total
		FY 13-14			FY 15-16		
A	Above 66KV level	-	564.06	564.06	-	603.04	603.04
B	At 33/ 66KV level	23.33	603.04	626.37	24.37	643.86	668.23
C	At 11KV level	80.34	616.42	696.76	84.41	658.14	742.55
D	At LT level	121.17	681.70	802.86	130.63	756.75	887.38
E	Average	111.99	668.95	780.94	119.58	737.06	856.64

5.6 Cross-subsidisation in Tariff Structure

The Electricity Act, 2003 provides for reduction of cross subsidies by moving the category wise tariffs towards cost of supply.

Regarding Cross subsidy, clause 8.3 of the National Tariff Policy states,

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

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

At present, there are a number of consumer classes such as some slabs of domestic consumers, Agriculture and Mushroom Cultivation, Government Schools/Colleges, Hospitals, etc. which are being cross subsidized by other consumers, therefore the Petitioner has continued with the existing approach of subsidizing the Domestic consumers below the cost of supply and shifted part of the burden vide reasonable hike above Cost of supply for other categories, since these areas directly impact the consumers.

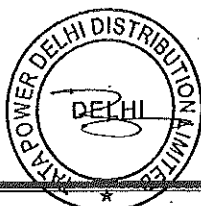


5.7 Proposal on tariff Structure:

Based on the above submission an average Tariff hike of approx. 20.65% has been proposed by the Petitioner which is a mix of hike in the Fixed Charges as well as Energy Charges does not include Deficit Recovery Revenue Surcharge.

Table 5.14: Expected Revenue with tariff hike proposed:

Sl. No.	Category	Revenue at Current Tariff (Rs. Cr)	Hike in Tariff (%/o)	Revised Revenue proposed (Rs. Cr)	Average Billing rate as per revised tariff (Rs./Unit)	Remarks
1	2	3	4	5	6	7
A	Domestic	1,869.29	10%	2,064.41	6.12	
	Domestic - Others than A(ii)	1,823.25	10%	2,012.27	6.08	
	Single delivery point for CGHS	46.04	13%	52.14	8.20	
B	Non -Domestic	1,523.58	27%	1,936.61	13.51	
	Non -Domestic Low Tension (NDLT)	1,026.64	27%	1,307.78	13.68	
	Non -Domestic High Tension (NDHT)	496.94	27%	628.83	13.17	
C	Industrial	2,181.41	27%	2,762.23	11.69	
	Small Industrial Power (SIP) [less than 200kW/215kVA]	1,860.48	27%	2,360.54	11.97	
	Industrial Power on 11 kV Single Point Delivery for Group of SIP Consumers	0.65	25%	0.82	10.36	
	Large Industrial Power (LIP) (Supply at 11kV and above)	320.28	25%	400.87	10.31	
D	Agriculture	4.80	24%	5.93	4.23	
E	Mushroom Cultivation	0.00	0%	0.00	5.50	
F	Public Lighting	105.08	8%	113.49	8.33	
	i Metered	17.11	8%	18.48	7.88	
	ii Unmetered	87.97	8%	95.01	8.42	
G	Delhi Jal Board (DJB)	227.92	11%	252.86	9.93	
	i Supply at LT	16.99	19%	20.25	12.15	
	ii Supply at 11kV and above	210.93	10%	232.61	9.77	
H	DIAL	-	-	-	-	
I	Railways Traction	38.32	22%	46.67	9.30	
J	DMRC	146.46	20%	176.17	8.39	
K	Adv. & Hoardings	1.32	22%	1.61	15.52	
L	Temporary Supply	76.83	18%	90.88	13.35	
M	Others	10.63	17%	12.40	4.87	
	Total	6,185.66	21%	7,463.26	9.42	sum (A to M)



5.9. Ratio of Average Billing rate to Average cost of supply:

The Ratio of ABR to Average Cost of Supply and category-wise tariff hike proposed for FY 2014-15 is given in the Table below:

Table 5.15: Ratio of Average billing rate to Average cost of supply for FY 2015-16

Sl. No.	Category	Average Cost of supply including carrying cost (Rs./Unit)	Average billing rate at current tariff including DRRS (Rs./Unit)	Hike in Tariff %	Average billing rate at Revised tariff including DRRS (Rs./Unit)	Ratio of average billing rate at revised tariff to average cost of supply (Rs./Unit)	Remarks
1	2	3	4	5	6	7=6/3	8
A	Domestic	10.17	5.99	10%	6.61	65%	
i	Domestic - Others than A(ii)	10.17	5.95	10%	6.57	65%	
ii	Single delivery point for CGHS	10.17	7.82	13%	8.86	87%	
B	Non -Domestic	10.17	11.48	27%	14.59	144%	
i	Non -Domestic Low Tension (NDLT)	10.17	11.60	27%	14.78	145%	
ii	Non -Domestic High Tension (NDHT)	10.17	11.24	27%	14.23	140%	
C	Industrial	10.17	9.97	27%	12.63	124%	
i	Small Industrial Power (SIP) [less than 200kW/215kVA]	10.17	10.19	27%	12.92	127%	
ii	Industrial Power on 11 kV Single Point Delivery for Group of SIP Consumers	10.17	8.94	25%	11.19	110%	
iii	Large Industrial Power (LIP) (Supply at 11kV and above)	10.17	8.90	25%	11.14	110%	
D	Agriculture	10.17	3.70	24%	4.57	45%	
E	Mushroom Cultivation	10.17	5.94	0%	5.94	58%	
F	Public Lighting	10.17	8.33	8%	9.00	88%	
i	Metered	10.17	7.88	8%	8.51	84%	
ii	Unmetered	10.17	8.42	8%	9.10	89%	
G	Delhi Jal Board (DJB)	10.17	9.66	11%	10.72	105%	
i	Supply at LT	10.17	11.02	19%	13.13	129%	
ii	Supply at 11kV and above	10.17	9.57	10%	10.55	104%	
H	DIAL						
I	Railways Traction	10.17	8.25	22%	10.05	99%	
J	DMRC	10.17	7.53	20%	9.06	89%	
K	Adv. & Hoardings	10.17	13.73	22%	16.76	165%	
L	Temporary Supply	10.17	12.19	18%	14.42	142%	
M	Others	10.17	4.51	17%	5.26	52%	
	Total	10.17	8.43	21%	10.17	100%	

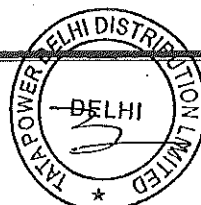
For the purpose of computation of average cost of supply, the petitioner has considered collected units so that entire revenue deficit can be realized and there is no further accumulation in Revenue Gap.

5.10. Tariff Schedule Proposed

The proposed category wise tariff schedule is given below:

Table 5.16: Tariff Schedule proposed for FY 2015-16

Sl. No.	Category	Existing		New	
		Fixed Charges	Energy Charges	Fixed Charges	Energy Charges
1	Domestic				
1.1	Domestic				
a.	Upto to 2 kW connected load				
	0-200 units	40 Rs/month	400 Paisa/kWh	50 Rs/month	420 Paisa/kWh
	201-400 units	40 Rs/month	595 Paisa/kWh	50 Rs/month	643 Paisa/kWh
	401-800 units	40 Rs/month	730 Paisa/kWh	80 Rs/month	803 Paisa/kWh
	801- 1200 units	40 Rs/month	810 Paisa/kWh	80 Rs/month	932 Paisa/kWh
	Above 1200 units	40 Rs/month	875 Paisa/kWh	80 Rs/month	1006 Paisa/kWh
b.	Between 2-5 kW connected load				
	0-200 units	100 Rs/month	400 Paisa/kWh	125 Rs/month	420 Paisa/kWh
	201-400 units	100 Rs/month	595 Paisa/kWh	125 Rs/month	643 Paisa/kWh
	401-800 units	100 Rs/month	730 Paisa/kWh	200 Rs/month	803 Paisa/kWh
	801-1200 Units	100 Rs/month	810 Paisa/kWh	200 Rs/month	932 Paisa/kWh
	Above 1200 Units	100 Rs/month	875 Paisa/kWh	200 Rs/month	1006 Paisa/kWh
c.	Above 5 kW connected load				
	0-200 units	25 Rs./kW/month	400 Paisa/kWh	50 Rs /kW/month	420 Paisa/kWh
	201-400 units	25 Rs /kW/month	595 Paisa/kWh	50 Rs /kW/month	643 Paisa/kWh
	401-800 units	25 Rs /kW/month	730 Paisa/kWh	50 Rs /kW/month	803 Paisa/kWh
	801-1200 Units	25 Rs /kW/month	810 Paisa/kWh	50 Rs /kW/month	932 Paisa/kWh
	Above 1200 Units	25 Rs /kW/month	875 Paisa/kWh	50 Rs /kW/month	1006 Paisa/kWh
1.2	Single delivery point on 11kV for CGHS				
	First 40%	25 Rs /kW/month	595 Paisa/kWh	50 Rs /kW/month	643 Paisa/kWh
	Next 30%	25 Rs /kW/month	730 Paisa/kWh	50 Rs /kW/month	803 Paisa/kWh
	Next 20%	25 Rs /kW/month	810 Paisa/kWh	50 Rs /kW/month	932 Paisa/kWh
	Balance 10%	25 Rs /kW/month	875 Paisa/kWh	50 Rs /kW/month	1006 Paisa/kWh
2	Non-Domestic				
2.1	Non- Domestic Low Tension (NDLT)				
	Up to 10 kW	100 Rs/kW/month	880 Paisa/kWh	200 Rs/kW/month	1012 Paisa/kWh
	Between 10 kW(11kVA) -100 kW (108 kVA)	115 Rs/kVA/month	850 Paisa/kVAh	230 Rs/kVA/month	978 Paisa/kVAh
	Greater than 100 kW / 108 kVA (400 volts) (No Supply on LT for load > 215 kVA)	150 Rs/kVA/month	995 Paisa/kVAh	300 Rs/kVA/month	1194 Paisa/kVAh
2.2	Non-Domestic High Tension (NDHT)*				



	For supply at 11 KV and above (for load greater than 108 kVA)	125 Rs/kVA/month	840 Paisa/kVAh	250 Rs/kVA/month	1008 Paisa/kVAh
3	Industrial				
3.1	Small Industrial Power (SIP) (less than 200kW/215 kVA)				
	Up to 10 kW	80 Rs/kW/month	845 Paisa/kWh	160 Rs/kW/month	972 Paisa/kWh
	Between 10 kW(11kVA) -100 kW (108 kVA)	90 Rs/kVA/month	790 Paisa/kVAh	180 Rs/kVA/month	948 Paisa/kVAh
	Greater than 100 kW / 108 kVA (400 volts) (No Supply on LT for load > 215 kVA)	150 Rs/kVA/month	950 Paisa/kVAh	300 Rs/kVA/month	1140 Paisa/kVAh
3.2	Industrial Power on 11 kV Single Point Delivery for Group of SIP Consumers	90 Rs/kVA/month	710 Paisa/kVAh	180 Rs/kVA/month	852 Paisa/kVAh
3.3	Large Industrial Power (LIP) (Supply at 11 kV and above)	125 Rs/kVA/month	740 Paisa/kVAh	250 Rs/kVA/month	888 Paisa/kVAh
4	Agriculture	20 Rs/kW/ month	275 Paisa/kWh	40 Rs/kW/ month	303 Paisa/kWh
5	Mushroom Cultivation	40 Rs/kW/ month	550 Paisa/kWh	40 Rs/kW/ month	550 Paisa/kWh
6	Public Lighting				
6.1	METERED:				
a.	Street Lighting		730 Paisa/kWh		788 Paisa/kWh
b.	Signals and Blinkers		730 Paisa/kWh		788 Paisa/kWh
6.2	UNMETERED:				
a.	Street Lighting		780 Paisa/kWh		842 Paisa/kWh
b.	Signals and Blinkers		780 Paisa/kWh		842 Paisa/kWh
7	Delhi Jal Board				
7.1	Supply at LT				
a.	Up to 10 kW	80 Rs/kW/month	800 Paisa/kWh	160 Rs/kVA/month	864 Paisa/kWh
b.	Between 10 kW(11kVA) -100 kW (108 kVA)	90 Rs/kVA/month	780 Paisa/kVAh	180 Rs/kVA/month	842 Paisa/kVAh
c.	Greater than 100 kW / 108 kVA (400 volts) (No Supply on LT for load > 215 kVA)	150 Rs/kVA/month	930 Paisa/kVAh	300 Rs/kVA/month	1004 Paisa/kVAh
7.2	Supply at 11 kV and above	125 Rs/kVA/month	720 Paisa/kVAh	200 Rs/kVA/month	778 Paisa/kVAh
8	Delhi International Airport Limited	150 Rs/kVA/month	790 Paisa/kVAh	150 Rs/kVA/month	
9	Railway Traction	150 Rs/kVA/month	680 Paisa/kVAh	300 Rs/kVA/month	782 Paisa/kVAh
10	DMRC (Supply at 220 kV and 66 kV)	125 Rs/kVA/month	610 Paisa/kVAh	250 Rs/kVA/month	702 Paisa/kVAh
11	Advertisements and Hoardings	500 Rs/month/hoardin g	1120 Paisa/kVAh	1000 Rs/month/hoardin g	1288 Paisa/kVAh
12	Temporary Supply				
12.1	For a total period of				
A	Less than 16 days	50% of the relevant category	Higher by 30% (temporary surcharge) of the relevant category of tariff	50% of the relevant category	Higher by 30% (temporary surcharge) of the relevant category of tariff

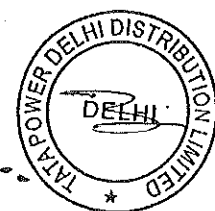
Tariff Design for FY 15-16

B	More than or equal to 16 days	Same as that of relevant category	Higher by 30% (temporary surcharge) of the relevant category of tariff	Same as that of relevant category	Higher by 30% (temporary surcharge) of the relevant category of tariff
12.2	For residential cooperative group housing connections and other residential connections	Same as that of relevant category	Domestic tariff without temporary surcharge	Same as that of relevant category	Domestic tariff without temporary surcharge
12.3	For religious functions of traditional and established characters and cultural activities	Same as 1.1	Same as 1.1 without temporary surcharge	Same as 1.1	Same as 1.1 without temporary surcharge
12.4	For major construction projects	Same as that of relevant category	Same as that of relevant category with temporary surcharge of 30%	Same as that of relevant category	Same as that of relevant category with temporary surcharge of 30%
12.5	For threshers				
A	During the threshing season for 30 days	Electricity Tax of MCD : Rs 270 per connection	Flat rate of Rs 5,400	Electricity Tax of MCD : Rs 270 per connection	Flat rate of Rs 5,400
B	For extended period		On pro-rata basis for each week or part thereof		On pro-rata basis for each week or part thereof

The above Tariff rates shall be subject to existing DRRS of 8% on the fixed and energy charges.



Tariff Rationalization



5.11. Any other submission (Measures for Tariff Rationalization)

At the outset, TPDDL wishes to clarify that while proposing tariff rationalization measures, the intention is not to earn net extra revenue in the process but to make structure simpler, balanced, Consumer friendly and more realistic.

TPDDL, would, therefore, request the Hon'ble Commission to determine Tariff structure in such a manner that the impact on the total revenue requirement merely on account of the rationalization is 'Nil', and allow such revenue to meet the approved expenditure of the Licensee.

TPDDL proposals on "Tariff Rationalization" are as follows:

5.11.1 Time Bound Recovery of Regulatory Assets / Revenue Gap

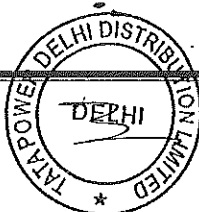
The Hon'ble Commission in its tariff order dated 13th July 2012 had first time introduced additional surcharge of 8% **towards recovery of past accumulated deficit / regulatory assets and continued** the same rate for FY 2014-15 also in its Tariff order dated 23rd July 2014.

It is pertinent to mention that the said surcharge is not even sufficient to ensure recovery of carrying cost for the year which needs to be seen while fixing of Tariff.

Further, we would further like to draw your kind attention to the Judgment dated 11th Nov 2011 in OP No. 1 of 2011 of Hon'ble Appellate Tribunal for Electricity (ATE) regarding *Tariff Revision (Suo-Moto action on the letter received from Ministry of Power)* where-in the Hon'ble ATE has emphasized on timely recovery of regulatory assets.

The relevant observation of the Hon'ble Tribunal in the said matter is as under:

"65 (iv).....The recovery of the Regulatory Asset should be time bound and within a period not exceeding three years at the most and preferable within Control period. Carrying Cost of the Regulatory Asset should be allowed to utilities in the ARR of the year in which the Regulatory Assets are created to avoid problem of cash flow to the Distribution Licensee."



Also, as per the National Tariff Policy, 2006, some of the relevant guidelines for allowing recovery of regulatory asset are as follows:

- Carrying cost of Regulatory Asset should be allowed to the utilities;
- Recovery of Regulatory Asset should be **time-bound and within a period not exceeding three years at the most** and preferably within control period;
- The use of the facility of Regulatory Asset **should not be repetitive**.

Accordingly, it is requested to the Hon'ble Commission to devise a plan to amortize the recovery of Regulatory Assets in a time bound manner of not exceeding 3-years in line with the judgment of Hon'ble ATE as well as National Tariff Policy.

5.11.2 Revised Power Purchase Cost Adjustment (PPA) Formula and process related to PPAC approval from DERC.

We would further like to draw your kind attention to the Power Purchase Adjustment (PPA) Formula as prescribed in the tariff order dated July, 2014. It has been observed that the variance in power purchase is allowed up to the extent of transmission charges, but the variance in sale rate (which is also a part of power purchase) should not be allowed in the PPA formula. It is further clarified that any under-recovery/over-recovery of PPA of previous quarters should also be factored in Power Purchase cost adjustment.

In this regard TPDDL has already suggested a new PPAC formula to the Honorable commission vide its letter number TPDDL/Regulatory 3 dated 19th June 2013. The same is being reproduced considering the new formulae approved by the Hon'ble Commission in FY 2014-15 order.

Proposed Formula for consideration is suggested:

$$\text{PPA for nth Qtr. (\%)} = \frac{A * C - B * F + XPPAC(n-1) + (D-E)}{\{Z * (1 - \text{Distribution Losses in \%}/100)\} * ABR}$$

Where,



A = Total units procured in (n-1)th Qtr. (in kWh) from power stations having long term PPAs - to be taken from the bills of Gencos issued to distribution licensees (No change from existing formula)

B = Proportionate bulk sale of power from Power stations having long term PPAs in (n-1)th Qtr. (in kWh) (No change from existing formula)

= Total bulk sale in (n-1)th Qtr. (in kWh) * A

Gross Power Purchase including short term power in (n-1)th Qtr. (in kWh)

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

C = C actual – C projected (Change from existing formula)

C actual = Actual average Power Purchase Cost (PPC) from power stations having long term PPAs in (n-1)th Qtr. excluding fixed cost of regulated stations and power purchase cost of not paid stations (Rs./kWh).

C projected = Projected average Power Purchase Cost (PPC) from power stations having long term PPAs including new long term PPAs Added and excluding regulated stations / surrendered stations (Rs./kWh) (from tariff order) (Base Rate)

Regulated/Added/Surrendered stations to be taken from SLDC/DERC. Discoms will provide audited figures for not paid stations.

D = Actual Transmission Charges paid in the (n-1) th Qtr (no change)

E = Base Cost of Transmission Charges for (n-1) th Qtr= (Approved V Transmission Charges/4) (no change)

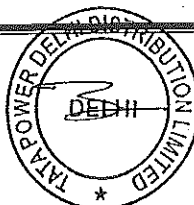
F (new) = Actual average Power Sale Rate in the (n-1)th Qtr. (Rs./kWh) – Projected Average Sale Rate by DERC (from tariff order) (Change from existing formula).

Discoms will provide duly audited average sale rate.

XPPAC(n-1) = Adjustment factor for over-recovery / under-recovery i.e. Difference between the amounts actually recovered through PPAC and amount billed for (n-1)th Qtr. (Change from existing formula).

Discoms will provide duly audited figures.

Z = [{Actual Power purchased from Central Generating Stations having long term PPA in (n-1)th Qtr. (in kWh) * (1 – PGCIL losses in %/100) + Power from Delhi Gencos including BTPS (in kWh)} * (1 - DTL losses in %/100) } – B] in kWh (No change from existing formula)



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

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

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

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

DTL Losses (in %) = $100 \times \frac{\text{Approved DTL Losses (from the Tariff Order)}}{\text{Power available at Delhi periphery (from energy balance table-tariff order)}}$

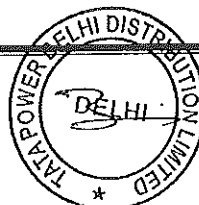
It is pertinent to mention that the Hon'ble Commission in its Judgment dated 28th November, 2014 has directed in pursuant of its judgment in OP1 of 2011 dated 11.11.2011 to the Hon'ble Commission that *"entire power purchase cost is to be allowed as pass through under PPAC mechanism."*

Therefore, the Petitioner again requested to the Hon'ble Commission to revise the existing PPAC formula.

Further it is pertinent to mention that in current process of revision of PPAC, after our submission it takes 2-3 months for approval which delays the timely recovery of increase in Power Purchase Cost. Hence it is requested that in place of the current process Hon'ble Commission may allow provisional increase in Tariff by Utility itself, subject to adjustment in the next Quarter/ True Up after its review. To avoid any misuse of this, Hon'ble Commission may impose checks and balances e.g. max. increase of 10%, penalty in case utilities charges extra from consumer on the name of PPAC. This will result in faster and better financial planning at both Utility and Hon'ble Commission's end.

5.1.1.3 Enhancement in Security Deposit (SD) in line with current tariff

We would like to strongly highlight the need for revision in Security Deposit (SD) / Advance Consumption Deposit rates in line with revision in tariff and hence, making the existing security deposit sufficient as per Section 47(2) of the Electricity Act 2003.



Here, we would like to bring to your notice, the practice being followed by other State Regulators such as J&K, Orissa, Chhattisgarh, Maharashtra, West Bengal, Punjab, and UP etc., who review and revise the Security Deposit charges on annual basis.

We would further like draw the kind attention of Hon'ble Commission towards the relevant extract on Security Deposit as specified in West Bengal Electricity Regulatory Commission (Miscellaneous Provisions) Regulations, 2013, which is reproduced below: .

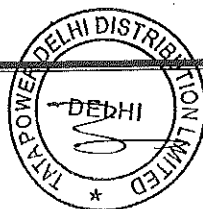
"Subject to the provisions of the Act, the distribution licensee may require any person to give security deposit with such licensee, for an amount covering 3 months of estimated bills of consumption of electricity at the prevailing rates. The estimated consumption shall be based on 12 months consumption of the previous period as on 1st April of each year or estimated consumption based on his application in case of the new applicant".

It may be noted that the existing Security Deposit charges in Delhi were last finalized in 2003, based on the tariff applicable at that time, vide Hon'ble Commission's letter F.8(11)/DERC/2002-03/944 dated June 02, 2003, which are reproduced below:

Category	Existing SD rates (in Rs./KW)
Domestic	600
Non domestic	1500
Industrial	1500
Agriculture	300

It is pertinent to mention that the Hon'ble Commission had also mentioned in the said letter that *"the DISCOMs proposal regarding replenishment of Advance Consumption Deposit based on consumption pattern on yearly basis shall be addressed separately"* but the same has not been incorporated yet.

We would further like to highlight the fact that since 2003, there have been a number of tariff revisions but the Security Deposit has not been revised even once and also, no replenishment of Security Deposit (based on the consumption pattern on yearly basis) allowed by the Hon'ble Commission.



Additional fund on account of revision of security deposit rates, will also reduce the pressure on annual revenue requirement because of reduced cost of financing.

Accordingly, based on above facts, we would like to propose revision of Security Deposit, as follows:

- (I) Going by the present tariff rates and using 2003 as a base, we would request the Hon'ble Commission to consider the revision of Security Deposit by at least 3 times or covering 3 month's average consumption.
- (II) Security Deposit rates should be reviewed and revised on annual basis based on the revised Tariff or revised consumption pattern.

5.11.4 Fixed Charges till the load of 5.0 kW

The Hon'ble Commission's observations on the fixed charges in earlier tariff orders are reproduced herewith, for ready reference.

"The Commission agrees that with the existing tariff structure, the recovery from fixed charges is very nominal as compared to the fixed costs of the Licensees."

"The Commission is of the opinion that the recovery from Fixed Charges has to be increased in a gradual manner to minimize the billing impact to the consumers."

Presently there are two slabs of fixed charges under 5 kW i.e. 0-2 KW and 2-5 KW, There are several categories of Domestic Consumers according to slab of usage within these two categories of sanctioned load but in the category of sanctioned load of less than 2.0 kW, though the consumption of some consumers is higher than 2 KW but still these consumers are not enhancing the load due to higher amount of fixed charges. The Licensees' fixed charges incurred per consumer per month are much more than present charges being paid by consumer category of 0-2 KW, causing other domestic consumers of sanctioned load above 2.0 kW, therefore petitioner proposes to charge different amount of fixed charges per month according to the usage within the same category.



Further the Licensees' planning is done for meeting minimum 5 kW load requirement and all hardware, meters are accordingly used.

The Hon'ble Commission is requested to restructure the fixed charges for the domestic category slab wise till the load of 5.0 KW.

Additional fund on account of uniform fixed charges till the load of 5kW, will also reduce the pressure on annual revenue requirement because of reduced cost of financing.

5.11.5 Upward revision in Credit Card / Debit Card Payment Limit

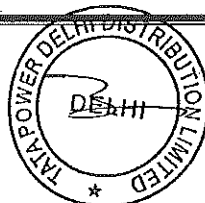
In present times, Consumers have moved from traditional mode of Cheque/cash payments to electronic payments as it offers convenience. Accordingly, for payments through Debit Card / Credit Card by the Consumers, no processing fees should be charged for payments up to Rs. 20,000 and the Cost of same should be allowed as pass through in the ARR.

5.11.6 Cash transaction for theft bills

Hon'ble Commission at page 76, paragraphs 2.237-2.240 of the Tariff Order for FY 2014-15 for the TPDDL has directed that no revenue collection above Rs.4000/- should be collected through cash including theft charges.

In this regard we would like to submit that this direction will create certain problems in collection of theft bills and the following points are submitted for kind consideration of the Commission:

- a) Theft bills are generally of big amounts raised at double the tariff for 12 months. Most of the theft cases are presently detected in JJ clusters and villages where the consumers do not always have bank accounts to issue cheques.
- b) Even if applied, acceptance of cheques itself poses problems of bounced cheques and further requirements of notices and litigation under Negotiable Instruments Act.
- c) Recovery in theft cases is very difficult and there are frequent defaults. A very large number of consumers of JJ Clusters and villages seek installments for payments and



there is lot of default and such consumers are less educated. Asking such persons to go to banks for preparation of drafts every month (due to installments) will be a strong dissuading factor and would involve inconvenience, extra formalities, delays and loss of work for such consumers.

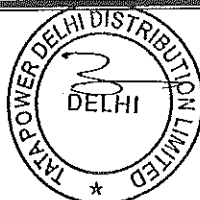
- d) Private banks do not issue drafts unless the applicant has an account with the bank and the public sector banks require PAN No. for transactions above Rs.50000/-. The consumers of such areas would not be able to meet such requirements.
- e) Hon'ble Commission has issued the direction mainly due to an apprehension of cash collection without issuing receipts. The TPDDL follows a SAP based transparent process of recovery and unless a bill is issued, no payment can be accepted. Also, payment of only exact amount of the installment bill can be accepted and no one can make or accept any payment less or more than the amount of the bill. There is absolutely no possibility of any collection without being accounted for in SAP or without issuing receipts. Both the activities of accounting for and issuing receipts are instant. Also, collections of theft bills are not carried out through any contractor or commission agent and all payments have to be made only at the collection counters of the company. The TPDDL assures the Hon'ble Commission that no such transactions are carried out nor are such transactions possible.

For the reasons cited above, the Hon'ble Commission may kindly exempt theft collections from this direction.

5.11.7 Enhancing the limit of cash collection of electricity bills

This is with reference to Hon'ble Commission's directive in the tariff order that in case the bill for consumption of electricity is more than Rs. 4,000, payment for the bill shall only be accepted by the Petitioner by means of an Account Payee cheque/DD.

In this regard, we would like to submit that we have been complying with the said directive of the Hon'ble Commission, however, considerable resistance has been faced by our district offices from low income consumer groups / JJ Clusters, especially the habitants of areas like Mangolpuri, Jahangirpuri etc. for the above mentioned directive. These low income group



(JJ Cluster) consumers have negligible exposure to banking transactions and most of them do not even have bank accounts, but their bills have exceeded Rs. 4000/-.

Also, there have been several malpractices observed where-in money is being collected from such Consumers in Cash and Cheque issued in favor of TPDDL, with the amount collected in Cash being more than the amount of Cheque by unscrupulous Consumers. We would also like to mention that no such practice of prescribing cash limits is being followed in other service sectors viz. telecom etc.

In view of the ground realities and chances of default by such Consumers in case the payments are not accepted in Cash, we would request the Hon'ble Commission to do away with the limit of acceptance of cash payments from low income consumer groups / JJ Cluster Consumers for increasing Consumer convenience and better revenue recovery / realization.

Further on the issue, we would also like to request that if any Consumer has an electricity bill of more than Rs. 4000/-, he may be allowed to make part payments of up to Rs. 4000/- on per day basis in cash, if he approaches us for the same.

5.11.8 Penalty (ADSM – Additional Deviation Settlement Mechanism) on account of transmission line trippings

TPDDL submits that the trippings in the DTL & PGCIL network cause heavy under drawl for TPDDL which lead to huge penalties. Further for every under drawl beyond 38 MW TPDDL loses energy at Zero paise/ unit. In case of frequency more than 50.10 Hz, TPDDL pays penalty @ Rs. 1.78/- per unit in DSM as per CERC regulations.

The revenue losses due to trippings of transmission lines during the period from Mar'14 to May'2014 are approx. Rs. 244 Lakhs. The loss also lead to 3.22 MU's which could not be reached to the end consumer thereby affecting the system reliability. It may also be noted that besides revenue loss mentioned as above, TPDDL had to pay a penalty of 32 Lakhs on account of under drawl when the system frequency was high and every unit lost additionally incurred a penalty of Rs. 1.78/- per unit.



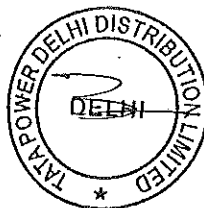
Hence we request the Hon'ble commission to consider suspension of Additional Deviation Settlement Mechanism (ADSM), penalty applicable on discoms for reasons beyond their control such as transmission outages/ scheduling errors of third parties such as SLDC and NRLDC. In the event, suspension of Additional Deviation Settlement Mechanism (ADSM) is not possible, the responsibility for penalty and revenue loss by discoms on account of transmission constraints must be borne by the transmission company and not discom.

5.11.9 Deferment of Renewable Purchase Obligation (RPO)

The Commission has directed that RPO shortfall from FY 12-13 to FY 14-15 be met in the current financial year either through power or purchase of RECs as per directive 6.18. However, it is suggested that as TPDDL is in the process of procurement of Renewable Power through competitive bidding, the RPO accumulation be deferred over the next 4-5 years and TPDDL be allowed to procure power instead of REC's which result in unnecessary tariff rise without any flow of physical power to the utility. Further, with the release of net metering guidelines, if the procurement is deferred, it shall incentivize consumers and TPDDL both to have more and more of distributed generation to meet its RPO shortfall. The Commission may kindly consider the same. Going forward, TPDDL's surplus shall reduce and we shall be able to effectively use the power under renewable to meet our requirements.

5.11.10 Uniform Tariff for industrial, mushroom cultivation and commercial categories

The tariffs of industrial, mushroom cultivation and commercial categories should be rationalized so as to have a uniform tariff. All these aforesaid consumers are using electricity for business purposes and, therefore, there is no logic in charging different tariffs for these categories. Further, this Uniform tariff shall reduce the number of categories leading to simplified tariff structure and curbing malpractices, which would also result in higher customer satisfaction.



5.11.11 Flat Tariff for Pre-Paid connections (Domestic Category)

Due to complex slab based tariff structure for domestic category and logics involved in billing of Pre-paid connections, Hon'ble Commission may consider allowing separate tariff for billing of such prepaid consumers under domestic category.

5.11.12 O&M expenses for TPDDL

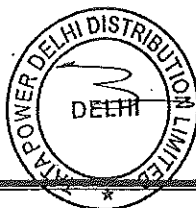
This is continuation to our various earlier letters and most recently one being TPDDL/CEO&ED/2014 dated 10th Sep 2014 wherein we have requested the Hon'ble Commission to modify the norms for allowance of O&M expenses so as to meet the actuals costs required to provide/maintain better service to the consumers. Hon'ble commission may kindly consider the same.

5.11.13 Introduction of Online Spot Billing

We would like to inform the Hon'ble Commission that many state electricity utilities i.e. of Punjab, Uttar Pradesh, Rajasthan, West Bengal, Jharkhand, Goa etc. has either implemented spot billing or are on the verge of introducing Spot Billing for their customers.

Under the system, meter reading teams armed with hand-held devices linked to a central database, will visit consumers' homes or offices, while the device will generate instant printed bills after reading the meters. The system will not only have increased consumer convenience and satisfaction (viz. eliminating the issues related to wrong reading, bill delivery etc.), but will also help in cost reduction by avoiding subsequent bill distribution activity.

Accordingly, it is requested to the Hon'ble Commission to consider the above and issue suitable directions for implementation of the same by all DISCOMs. Additionally, the initiative will also help in contribution to climate change.



5.11.14 Street Light Maintenance Charges based on Market Prices

Due to regular increase in minimum wages and also considering other inflation factors, it is requested to the Hon'ble Commission to allow the DISCOMs to decide and finalize the maintenance charges based on the prevalent market conditions.

5.11.15 Value Added Services on Paid Basis

We would like to inform the Hon'ble Commission that based on our interaction with various institutional consumers and other consumers having multiple connections, we time to time keep on receiving the following requests

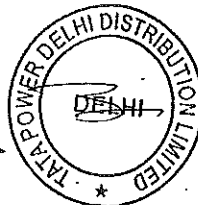
- a. Sharing of load survey data,
- b. Sharing of yearly account statement,
- c. Tool for consumption analysis and helping in demand side management etc.

This is also pertinent to mention that many services of similar nature, offered by banks / financial institutes, like issuance of detailed account statement, duplicate statement etc. are on paid basis. Similarly, railways issue duplicate tickets on chargeable basis.

Considering the increasing consumer requirement for data stored in meter in form of load survey data, a consumer ledger providing detailed billing and payment history over a period time, it is requested to the Hon'ble Commission to allow the DISCOMs to initiate such value added services on paid basis.

5.11.16 Separate Tariff Rate for E-Vehicles

Considering the huge inflow of E-Vehicles in the recent past and increasing acceptability for E-Vehicles, it is requested to the Hon'ble Commission to announce separate tariff rate category for purpose of charging of E-Vehicles.



5.11.17 Levy of Surcharge on all residential connections under temporary supply

Recent Tariff Orders reveals that surcharge on residential connection under temporary supply category has been removed as is the case with residential co-operative group housing connections. It is pertinent to mention that the applicability of the domestic tariff (without surcharge) for "other" residential connections may create problem due to following reasons.

- a) Apparently now, there is no motivation for residential consumers to switch from temporary to permanent connection as he is availing temporary connection at the same tariff.
- b) Also it will create a lot of safety concerns, since, there is no standardization of cables used by consumer and chances of pilferage as well as accident will be more.
- c) Further, there is no fear of any penalty etc. on account of using existing permanent connection as temporary connection for construction of additional floor/units by consumer. Hence, he will never go for temporary connection for construction purpose.
- d) As per Regulation 19(iii), No Temporary connection up to 10 KW is denied on technical grounds. Hence, there is possibility that consumer will use the same and will not go for permanent connection which is released after getting SLD charges subject to feasibility (availability of proper distribution network etc.)
- e) Already domestic consumer is subsidized and excluding surcharge from temporary connection is like providing them double benefit.
- f) Also, TPDDL procures long term power based on the demand of the existing consumers and for the temporary connections (based on load demanded), we have to make temporary arrangement in terms of procuring additional power on short term basis, which is at much higher rates as compared to long term power being procured on a regular basis.

In view of above, it is requested to consider levy of surcharge on all residential connections under temporary supply category.



5.11.18 Power Banking should be allowed at the average procurement cost instead of Normative price of Rs. 4/unit

We would like to inform that the Hon'ble Commission in its Tariff Order has always encourages DISCOMs to go for power banking as a source for best use of surplus power. Power banking mean the transfer of surplus power by one entity to another for its simultaneous and instantaneous consumption and to get back the power at different point of time on mutually agreed term. In other words power banking transactions are classified in two type of banking 1) Forward banking & 2) Reverse Banking. It is further clarified that the utility which has surplus power has to pay cost of the same to generating company at the time of purchase whereas revenue is realized later on, therefore involve cost of financing based on such timing difference.

With respect to the financing cost of power banking, the Hon'ble Commission believes that banking contracts are revenue neutral. However, the electricity industry follows a practice wherein in case of forward/ advance banking, the utility demands additional power @ 4% to be returned and in case of backward banking, the utility has to return 4% extra power. The Commission considers the power banked in advance by the utility as energy sale at Rs 4 per unit because if it does not consider it then it would be burdening present consumers for future consumption, which the Commission deems inappropriate. The utility will be receiving the power banked along with 4% additional power in the next year. The Commission considers total power received as power purchase @ Rs 4 per unit. This allows the utility power purchase cost on additional 4% power received by them @ Rs 4 per unit, which is equivalent to the financing cost of this banking.

The Hon'ble Commission in its Tariff Order for True up of FY 07-08 has mentioned that the power banking transaction to be recorded on normative price of Rs 4.00/unit. Relevant Extract of the same is reproduced below:

"4.111. Both power purchase and sale through banking transactions has been considered at Rs. 4.00 per unit during FY 09-10."



The Petitioner hereby wants to clarify that the aforesaid normative rate of Rs 4/unit which was fixed by the Hon'ble Commission taking into consideration the power purchase cost and scenario at that point of time (i.e. Rs 3/unit for FY 07-08).

It is further submitted that since FY 07-08 to FY 15-16 the Power Purchase cost has been increased from Rs.3/unit to Rs 6/unit (projected) therefore the corresponding impact of such increase in per unit power purchase cost has to be factored in power banking also and requesting the Hon'ble Commission to allow the petitioner to consider the power banking transaction **at the average procurement cost of the energy per unit in that respective year.**

