Order

on

TRUE UP

for

FY 2011-12,

Aggregate Revenue Requirement

and

Distribution Tariff (Wheeling & Retail Supply)

for

FY 2013-14

for

Tata Power Delhi Distribution Limited (TPDDL)

DELHI ELECTRICITY REGULATORY COMMISSION

July, 2013

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DELHI ELECTRICITY REGULATORY COMMISSION

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

F.11(874)/DERC/2012-13/

Petition No. 03/2013

In the matter of: Petition for True-up of RoCE for the MYT Control Period and True up of FY 2011-12 and Annual Revenue Requirement (ARR) for FY 2013-14.

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

...Petitioner/Licensee

Coram:

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

ORDER

(Date of Order: 31/7/13)

Having deliberated upon the Petition for approval of True up of RoCE for the MYT Control Period and True up of FY 2011-12 and Annual Revenue Requirement for FY 2013-14 field by M/s Tata Power Delhi Distribution Ltd. and the subsequent filings by the Petitioner during the course of proceedings; and having considered the responses received from stakeholders, the Commission in exercise of the powers vested under the Electricity Act, 2003 and the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 hereby passes this Order signed, dated and issued on 31/7/13 .

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

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

CONTENTS

TABLES

List of Abbreviations

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

Abbreviation	Explanation
DVB	Delhi Vidyut Board
DVC	Damodar Valley Corporation
EHV	Extra High Voltage
EPS	Electric Power Survey
FBT	Fringe Benefit Tax
FPA	Fuel Price Adjustment
GFA	Gross Fixed Assets
GIS	Geographical Information System
GoNCTD	Government of National Capital Territory of Delhi
GTPS	Gas Turbine Power Station
HEP	Hydro Electric Power
HPSEB	Himachal Pradesh State Electricity Board
HRA	House Rent Allowance
HT	High Tension
HVDS	High Voltage Distribution System
IDC	Interest During Construction
IGI Airport	Indira Gandhi International Airport
IPGCL	Indraprastha Power Generation Company Limited
JJ Cluster	Jhugghi Jhopadi Cluster
KSEB	Kerala State Electricity Board
LED	Light Emitting Diode
LIP	Large Industrial Power
LT	Low Tension
LVDS	Low Voltage Distribution System
MCD	Municipal Corporation of Delhi
MES	Military Engineering Service
MLHT	Mixed Load High Tension
MMC	Monthly Minimum Charge
MoP	Ministry of Power
MTNL	Mahanagar Telephone Nigam Limited
MU	Million Units
MYT	Multi Year Tariff
NABL	National Accreditation Board for Testing and Calibration of Laboratories
NAPS	Narora Atomic Power Station
NCT	National Capital Territory
NCTPS	National Capital Thermal Power Station
NDLT	Non Domestic Low Tension
NDMC	New Delhi Municipal Council
NEP	National Electricity Policy
NGO	Non Government Organisation
NHPC	National Hydroelectric Power Corporation
NPCIL	Nuclear Power Corporation of India Limited

Abbreviation	Explanation
NRPC	Northern Regional Power Committee
NTI	Non Tariff Income
NTP	National Tariff Policy
O&M	Operations and Maintenance
OCFA	Opening Cost of Fixed Assets
PGCIL	Power Grid Corporation of India
PLF	Plant Load Factor
PLR	Prime Lending Rate
PPA	Power Purchase Agreement / Power Purchase
PPCL	Pragati Power Corporation Limited
PTC	Power Trading Corporation
PWD	Public Works Department
R&M	Repair and Maintenance
RAPS	Rajasthan Atomic Power Station
REA	Regional Energy Account
RoCE	Return on Capital Employed
ROE	Return on Equity
RRB	Regulated Rate Base
RTI	Right to Information
RWA	Resident Welfare Associations
SBI	State Bank of India
SERC	State Electricity Regulatory Commission
SIP	Small Industrial Power
SJVNL	Satluj Jal Vidyut Nigam Limited
SLDC	State Load Despatch Centre
SPD	Single Point Delivery
SPUs	State Power Utilities
SVRS	Special Voluntary Retirement Scheme
THDC	Tehri Hydro Development Corporation
ToD	Time of Day
TPDDL	Tata Power Delhi Distribution Limited
TPS	Thermal Power Station
UI	Unscheduled Interchange
UoM	Units of Measurement
WACC	Weighted Average Cost of Capital
WC	Working Capital
WPI	Wholesale Price Index

A1: 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 for FY 2011-12, True-up of RoCE and depreciation of first extended MYT control period (FY 2007-08 to FY 2011-12), under the Multi Year Tariff Principles specified in the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2007, Review for FY 2012-13 and approval of Aggregate Revenue Requirement for FY 2013-14 in terms of Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 (hereinafter referred to as the 'MYT Regulations').

Tata Power Delhi Distribution Limited (TPDDL)

1.2 Tata Power Delhi Distribution Limited is a company incorporated under the Companies Act, 1956 and is engaged in the business of distribution and retail supply of electricity in the specified area of North and North West of Delhi in the National Capital Territory (NCT) of Delhi.

Delhi Electricity Regulatory Commission

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

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

The Coordination Forum

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

26th Co-ordination Forum Meeting

a) Various issues such as consumer education on conservation of electricity, status of islanding scheme for Delhi, Transmission constraints, status of implementation of ToD tariff, repair of distribution transformers inherited from DVB, replacement of oil filled transformers with dry-type transformers etc., were discussed.

b) The distribution licensees were advised to arrange adequate power to meet the short-fall to avoid any load shedding during summer months of April-September, 2013.

c) Arrangements for sharing of charges in case, one DISCOM schedules share of power of another DISCOM, who is not scheduling were discussed.

d) The DISCOMs were instructed to make all out efforts to maximize revenue from sale of surplus power by exploring other possibilities including bulk consumers of other States.

e) Measures taken by DISCOMs with regard to Absolute Earth Potential and reduction of residential back flow were reviewed.

f) Competitive bidding for RPO.

Multi Year Tariff Regulations

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

Filing of Petition for True Up of expenses for FY 2011-12, Review for FY 2012-13 and approval of ARR for FY 2013-14

Filing and Acceptance of Petition

1.7 TPDDL has filed its petition before the Commission on December 10, 2012 for True-up for FY 2011-12, Review for FY 2012-13 and approval of Aggregate Revenue Requirement for FY 2013-14. The Commission admitted the petition vide its Order dated January 16, 2013 subject to clarifications / additional information, if any, which would be sought from the Petitioner from time to time. A copy of the Admission Order dated January 16, 2013 is enclosed as **Annexure I** to this Order.

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

Interaction with the Petitioner

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

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

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

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

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

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

Table 1: List of Correspondence with TPDDL

Date	Letter No.	Subject
04.01.2013	DERC/2012-13/4/3700/5175 dated 04.01.2013	Additional information / clarification etc. on the petition filed by TPDDL.
16.01.2013	TPDDL/DERC/2012-13 dated 16.01.2013	Additional information as required by the Commission vide letter No. DERC/5175/dated 04.01.2013
22.01.2013	TPDDL/DERC/2012-13 dated 22.01.2013	-do-
28.01.2013	TPDDL/DERC/2012-13 dated 28.01.2013	-do-
04.02.2013	TPDDL/DERC/2012-13 dated 04.02.2013	Submission of power purchase bills for FY 2011-12 as requested by DERC/5175 dated 04.02.2013
13.02.2013	TPDDL/DERC/2012-13 dated 13.02.2013	Additional information as required by the Commission vide letter No. DERC/5175/dated 04.01.2013
19.02.2013	TPDDL/DERC/2012-13 dated 19.02.2013	-do-
01.03.2013	TPDDL/DERC/2012-13 dated 01.03.2013	-do-
04.03.2013	TPDDL/DERC/2012-13 dated 04.03.2013	-do-

Date	Letter No.	Subject
06.03.2013	TPDDL/OPS/PMC&S/DERC/ dated 06.03.2013	Submission of additional information required during prudence check / meeting dated 28.02.2013.
18.03.2013	TPDDL/DERC/2012-13 dated 18.03.2013	Truing up for FY 2011-12 and ARR Petition for FY 2013-14 Additional information.
28.03.2013	TPDDL/Regulatory/03/ dated 29.05.2013	TPDDL True-up Petition for FY 2011-12 – Additional information
09.05.2013	TPDDL/OPS/PMC&S/DERC dated 09/05/2013	Additional information as required by DERC in letter No.F3/Tariff/DERC/2012-13/4/3700 dated 30.05.2013
29/05/2013	TPDDL/Regulation/03 dated 29/05/2013	Methodology for billing reinforcement energy.
05/06/2013	TPDDL letter dated 05/06/2013	Revised revenue collection statement
07/06/2013	TPDDL/DERC/07062013	Additional information in response to Commissions letter no. DERC/990 dated 06/06/2013
12/06/2013	TPDDL/DERC/2013-14 dated 12/06/2013	Information regarding cost accounting records
17/06/2013	TPDDL/DERC/2013-14 dated 17/06/2013	Information regarding Government subsidy received for FY 2012-13

Public Notice

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

(a) Hindustan Times (English) February 2, 2013

(b) Times Of India (English) February 2, 2013

(c) Hindustan (Hindi) February 2, 2013

(d) Daily Milap (Urdu) February 2, 2013

(e) Mint (English) February 2, 2013

1.16 Copies of the above Public Notice in English, Hindi and Urdu are enclosed as **Annexure II** to this Order. A copy of the petition was also made available for purchase from the head-office of the Petitioner on any working day from February 2, 2013 to February 25th, 2013 between 11 A.M. and 4 P.M. in the form of compact disk (CD) on payment of Rs 25/- per CD or in the form of hard copy on payment of Rs.100/-. A copy of the complete petition was also uploaded on the website of the Commission, as well as that of the Petitioner, requesting for comments of the stakeholders thereon.

1.17 The Commission also published a Public Notice in the following newspapers on February 14, 2013 inviting comments from stakeholders on the MYT petitions filed by the Petitioners latest by March 4, 2013.

(a) Hindustan Times (English)

(b) Times of India (English)

(c) The Pioneer (English)

(d) Dainik Jagran (Hindi)

(e) Dainik Bhaskar (Hindi)

(f) Daily Educator, New Delhi (Punjabi)

(g) Milap (Urdu)

(h) Hindustan (Hindi)

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

1.19 At the request of the stakeholders, the Commission extended the last date for filing objections and suggestions up to April 1, 2013 for which the Public Notice was issued in the following newspapers on the respective dates mentioned along side:

(a) Hindustan Times (English) - March 19, 2013

(b) Times of India (English) - March 19, 2013

(c) Indian Express - March 19, 2013

(d) Dainik Jagran (Hindi) - March 20, 2013

(e) The Hindu (English) - March 20, 2013

(f) The Educator (Punjab) - March 20, 2013

(g) Milap (Urdu) - March 20, 2013

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

1.21 In order to extend help to the consumers in understanding the ARR Petition and filing their comments, the Commission prepared a Staff Paper highlighting salient features of the MYT Petition filed by the Petitioner, which was uploaded on the Commission's website along with Annexure-1 (including the comparative analysis of the key submissions made by the DISCOMs). In this regard, two officers of the Commission viz. Joint Director (Tariff-Finance) and Joint Director (Engineering) were made available to all the interested stakeholders for discussion on the ARR Petitions. This was duly highlighted in the Public Notices brought out by the Commission. In order to increase participation of the stakeholders, the Commission also prepared and uploaded the Hindi version of the Staff Paper on its website.

1.22 The Commission published a Public Notice indicating the venue, date and time of public hearings on 3rd and 4th June 2013 in the following newspapers on the respective dates mentioned alongside:

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

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

1.24 The Commission received comments from 242 stakeholders. The comments of the stakeholders were forwarded to the Petitioner. The Petitioner responded to the comments of the stakeholders with a copy of its replies to the Commission. The Commission invited all stakeholders who had filed their objections and suggestions to attend the Public Hearing. A list of the stakeholders who responded to the Public Notice on ARR and tariff petitions and/or who attended the public hearing is enclosed as **Annexure VI** to this Order.

1.25 The public hearings were held at the Commission's Court Room on May 17, 2013 for commercial and industrial consumers and at the Lakshmipat Singhania Auditorium, PHD Chamber of Commerce and Industry, New Delhi on June 3, 2013 and June 4, 2013 from 10.30 a.m. onwards to other consumers to discuss the issues related to the petition filed by the Petitioner. The issues and concerns voiced by various stakeholders have been examined by the Commission. The major issues discussed during the public hearing and/or written comments made by the stakeholders, the responses of the Petitioner thereon and the views of the Commission, have been summarized in Chapter A2.

Layout of the Order

1.26 This Order is organised into six Chapters:

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

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

(c) Chapter A3 provide details/ analysis of the true up for FY 2011-12.

(d) Chapter A4 provides analysis of the petition for determination of the Aggregate Revenue Requirement for FY 2013-14 and Wheeling & Retail Supply Tariff for FY 2013-14.

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

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

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

(a) Annexure I - Admission Order;

(b) Annexure II - Copies of Public Notices published by the Petitioner;

(c) Annexure III - Copies of the Public Notice published by the Commission inviting comments from the stakeholders;

(d) Annexure IV - Copies of the Public Notice published by the Commission regarding extension of last date of submission of comments;

(e) Annexure V – Public Notice for public hearing held on 3-4 June 2013 at PHD Chamber of Commerce and Industry.

(f) Annexure VI - List of the respondent who submitted their comments on True-up for FY 2011-12, Review for FY 2012-13 and approval of Aggregate Revenue Requirement for FY 2013-14.

(g) Annexure VII – List of Stakeholders who attended the public hearing.

Performance Review

1.28 Regulation 11.2 of the DERC (Terms & Conditions for determination of Wheeling and Retail Supply Tariff) Regulation, 2007 stipulates as under:

> *"The Distribution Licensee shall submit information as part of annual review on actual performance to assess the performance vis-à-vis the targets approved by the Commission at the beginning of the Control Period. This shall include annual statements of its performance and accounts including latest available audited/actual accounts and tariff worked out in accordance with these Regulations."*

1.29 The Commission sought inputs on overall Standards of Performance prescribed in Schedule-II of the Delhi Electricity Supply Code and Performance Standards Regulations, 2007. The details submitted by TPDDL for FY 2011-12 are given in Table 2 below:

Table 2: Over all Standards of Performance for April 2011- March 2012

Sl. No.	Service Area	Prescribed Time Limit / Measure	Overall standard of performance	Total cases received / reported (A)	Complaints Attended (B)		Standard of performance achieved (C)
1	Normal fuse of calls	Within three hours for urban areas	At least 99% calls received should be rectified within prescribed time limits in both cities and towns and in rural areas	67745	67736	9	99.99%
		Within eight hours for rural areas		13495	13486	3	99.93%
2	Line breakdowns	Temporary supply to be restored within four hours from alternate source, wherever feasible	At least 95% of cases resolved within time limit in both cities and towns and in rural areas.	21433	21431	2	99.99%
		Rectification of fault and thereafter Restoration of normal power supply within					

Sl. No.	Service Area	Prescribed Time Limit / Measure	Overall standard of performance	Total cases received / reported (A)	Complaints Attended (B)		Standard of performance achieved (C)
		twelve hours					
3	Distribution transformer failure	Temporary supply to be restored within four hours from alternate source, wherever feasible	At least 95% of failed / defective DTRs to be replaced within prescribed time limit in both cities and towns and in rural areas.	115	102	13	88.7% *
		Rectification of fault and thereafter Restoration of normal power supply within twelve hours					
	Period of Scheduled outage						
4	Maximum duration in a single stretch	Max. duration shall not exceed 12 hours in a day	At least 95% of cases resolved within time limit	15556	15486	70	99.55%
	Restoration of supply by 6.0 pm	Supply to be restored b 6 pm		15554	15487	67	99.57%
5	Rectification of lines faults	72 hours	At least 90% cases should be compiled within prescribed time limits	48358	48065	293	99.39%
	Replacement of fused/ defective unit	72 hours					
	Continuity Indices #						
6	SAIFI	To be laid down by the Commission based on the targets proposed by the licensees		4.38			
	SAIFI			5.917			
	MAIFI			0.066			
7	Frequency variation		To maintain supply frequency within range as per IEGC	0	0	0	0.00%
8	Voltage Unbalance	Computation of voltage unbalance is to be specified by the Commission	Maximum of 3% at point of commencement of supply	0	0	0	0.00%
9	Percentage billing mistakes	%=Bills required modification / total number of bills issued	Not exceeding 0.2%	39722	37362	1401	0.41%
10	Percentage faulty meters	%=Total defective meters / total number of meters in service	Not exceeding 3%	23516	23092	264	1.85%

** in case of distribution transformer, sum of the supply restoration cases got delayed due to equipment being in the high theft area which resulted in overloading and finally failure of the asset.*

 # Since the DISCOMs inter-se have been following different formula for working out indices, the Commission, has not been able to decide the indices.

Approach of the Order

1.30 The Petitioner has submitted the ARR petition for FY 2013-14 along with the True-up petition for FY 2011-12 and also sought review for FY 2012-13.

Approach for true up for MYT Control Period 2007-08 to 2011-12

1.31 Under the MYT framework, The Commission had projected the RoCE and Depreciation for each year of the Control Period in the MYT order 2008-11 issued on February 23, 2008 (hereinafter referred as MYT order). The Commission vide its order dated May 10, 2011 extended the MYT Regulations and the Control period for a further period of one year up to March 31, 2012. The Commission has projected the ARR for the Petitioner for FY 2011-12 in the order dated August 26, 2011. The MYT Regulations 4.16 of MYT Regulation 2007 provide for true-up of Depreciation and RoCE at the end of the control period. The Commission has accordingly trued-up these parameters for FY 2007-08 to FY 2011-12.

1.32 The True up capitalisation has been done provisionally based on petitioner's submission / audited accounts of the Petitioner as the Commission has observed that the audited accounts of the utilities indicate significantly lower level of capitalisation than the anticipated capitalisation considered in the tariff order passed by the Commission for the first MYT control period FY 2007-08 to FY 2011-12. The Commission is also in the process of undertaking a true-up of the capitalization during the first MYT period from FY 2007-08 to FY 2011-12 which also involves physical verification of assets with the procurement and accounting records of the utilities. The final true-up on this basis will be possible only after the exercise of physical verification is completed. The detailed treatment of each parameter has been given in chapter 3.

Approach for FY 2011-12

1.33 Under the MYT Framework, the Commission has projected the ARR for the Petitioner for each year of the Control Period in the MYT Order 2008-11 issued on February 23, 2008 (hereinafter referred to as the 'MYT Order'). The MYT Regulations and the control period were extended for a further period of one year up to March 31, 2012 vide Commission's order dated May 10, 2011. The Commission has projected the ARR for the Petitioner for FY 2011-12 in the order dated August 26, 2011 (hereinafter referred to as the August 2011 order). The MYT Regulations, 2007 provide that actual expenses incurred by the Petitioner in respect of the uncontrollable parameters shall be trued up at the end of the respective financial year based on the audited accounts and prudence check.

1.34 Under the MYT Regulations 2007, the components of ARR have been segregated into controllable and uncontrollable parameters. As per Regulation 5.41 & 5.42 of the MYT Regulations, 2007, the uncontrollable Parameters shall be trued up each year based on the audited accounts and prudence check by the Commission; and, the controllable parameters shall not be trued up. As per clause 4.16 of the MYT Regulations, 2007:

"The true up across various controllable and uncontrollable parameters shall be conducted as per principle stated below:

(a) *Variation in revenue / expenditure on account of uncontrollable sales and power purchase shall be trued up every year;*

(b) *For controllable parameters,*

i) *Any surplus or deficit on account of O&M expenses shall be to the account of the Licensee and shall not be trued up in ARR; and*

ii) *Depreciation and RoCE shall be trued up at the end of Control Period."*

1.35 The Commission has accordingly, trued up the uncontrollable parameters viz. power purchase cost, energy sales and revenue based on the audited accounts and other information submitted by the Petitioner for FY 2011-12 after exercising prudence check. The true up of controllable parameters is governed by Regulation 4.16(b) of the MYT Regulations, 2007 as mentioned above. The detailed treatment of each component of uncontrollable and controllable parameters is provided in Chapter A3 of this Order.

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

Approach for FY 2012-13

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

Approach for FY 2013-14.

1.38 The ARR for the FY 2013-14 shall be determined inter alia based on the following provisions of the MYT Regulations, etc. pertaining to Distribution business:

(a) Regulation 3.2 - ARR and Tariff for Wheeling Business and Retail Supply business separately.

(b) Regulations 4.5 and 4.6 - Base line values (operating and cost parameters) and performance targets.

(c) Regulations 4.7 and 4.8 - Targets for controllable Parameters including AT&C loss, O&M expenditure, Return on capital employed, Depreciation and quality of supply.

(d) Regulations 4.10, 4.11 and 4.12 - Sales forecast

(e) Regulations 5.28 and 5.29 - AT&C loss reduction trajectory for each year of the Control Period.

(f) Regulation 5.30 - Transmission and Load Dispatch Charges and Wheeling charges

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

(h) Availability of power from the new sources of generation, based on their actual / revised Commissioning schedule.

1.39 The Commission has evaluated the ARR submitted by the Petitioner on the basis of the MYT Regulations 2011 and other factors considered appropriate by the Commission.

A2: RESPONSE FROM STAKEHOLDERS

Summary on objections/suggestions from stakeholders, Response of DISCOMs (Tata Power Delhi Distribution Limited (TPDDL), BSES Rajdhani Power Limited (BRPL) and BSES Yamuna Power Limited (BYPL)) and Commission's View.

Introduction

2.1 Section 64(3) of Electricity Act, 2003, stipulates that the Commission shall, within 120 days from the date of receipt of an application for determination of tariff under section 62 of the Act from the distribution licensee, after consideration of all suggestions received from the public and the response of the DISCOMs to the objections/suggestions of stakeholders, issue a tariff order accepting the application with such modifications or such conditions as may be specified in the order. Public hearing, being a platform to understand the problems and concerns of various stakeholders, the Commission has encouraged transparent and participative approach in hearings to obtain necessary inputs required for tariff determination. Accordingly public hearings were held in the Commission's court room on 17th May 2013 for Commercial and Industrial consumers and on 3rd and 4th June, 2013 at Lakshmipat Singhania Auditorium, PHD Chamber of Commerce for all category of consumers to discuss the issues related to the Petitions filed by the three DISCOMs viz., Tata Power Delhi Distribution Limited, BSES Rajadhani Power Limited and BSES Yamuna Power Limited for true up of expenses for FY 2011-12, Review for control period (FY 2007-08 to FY 2011-12) and ARR for FY 2013-14.

2.2 In the public hearings, the stakeholders offered their comments and suggestions before the Commission in the presence of the Petitioners. The Petitioners were also given an opportunity to respond to the comments put forth by the stakeholders.

2.3 The Commission has examined the issues taking into consideration the comments / suggestions offered by the various stakeholders in their written statements and during the public hearings and also the response of the Petitioners thereon.

2.4 The comments/suggestions of various stakeholders, the replies/response by the Petitioners and the views of the Commission thereon are summarized under various subheads below.

Pension Trust Fund

(a) Ensuring of parity and equality among retirees
Stakeholders' View:

2.5 The stakeholders have stated that the management of the Pension Trust is discriminating against the retirees who took voluntary retirement under the relevant rules and therefore requested the Commission to direct DTL to ensure parity and equality among the retirees irrespective of the fact whether they took voluntary retirement or retired on superannuation.

Petitioner's Submission:

2.6 The Commission may consider the concerns shown by Voluntary retirement optees and take a decision.

(b) Payment of retirement dues to those who seek voluntary retirement under Rule 48 A of CCS (Pension) Rules, 1972.
Stakeholders' View:

2.7 The stakeholders have suggested that:

(a) The Commission may issue directive to DTL to provide about Rs. 5 crore to pay the retirement dues to employees who sought Voluntary Retirement under Rule 48 A of CCS (Pension) Rules, 1972.

(b) The amount allowed should be disbursed to retirees including VR holders under section 48A of CCS (Pension Rules), 1972 without discrimination and harassment.

(c) Directions may be given to GoNCTD to make up shortfall in the DVB Pension Trust as per rules.

Petitioner's Submission:

(a) The share of contribution of the DISCOMs has been remitted to the Pension Trust, through DTL's ARR, as directed by the Commission in the last two tariff orders. There is no objection if Rule 48 A optees are paid their benefits from the contributions made. The liability to pay is that of Pension Trust and few employees who opted for Rule 48 A were indeed paid by the Pension Trust few years ago.

(b) The Commission may direct/clarify the Pension Trust to address the concerns of the retirees i.e., Rule 48A optees for release of their payments from the share of contributions for FY 2013-14 without discrimination or prejudice.

(c) As per the Transfer Scheme, Reforms Act and Tripartite Agreements, the GoNCTD is the guarantor for any shortfall of funds in the Trust. The Commission may issue statutory advice under EA 2003, if deemed fit.

(c) Contribution to be made to Pension Trust

Stakeholders' View:

2.8 The stakeholders have stated that (i) DISCOMs have not paid contribution demanded by Pension Trust by disputing their liability; and ii) A sum of Rs. 459.79 crore is recoverable by Pension Trust from successor utilities based on payments released by it towards medical reimbursement, arrears of pension on account of 6th Pay Commission and LTC.

Petitioner's Submission:

2.9 The share of contribution to Pension Trust has been met through DTL's ARR in terms of directions passed by the Commission in the Tariff orders dated 26.08.2011 and 13.07.2012. The liabilities on account of LTA, medical and arrears of 6th pay Commission have not been disputed but it is an on-going dispute with GoNCTD and Pension Trust. Without prejudice to the said liability, Pension Trust has been the beneficiary to the extent premature amounts released by DISCOMs for VRS optees till they reach the date of superannuation and such amount is to be reimbursed to DISCOMs as per arrangement and understanding. The Pension Trust has withheld such amount payable to DISCOMs. The contribution allegedly not paid has indeed been paid by allowing the Pension Trust to adjust such demands for contribution from such withheld amounts receivable by DISCOMs. Thus the same has been adjusted from amounts payable to the Trust.

2.10 Regarding medical, LTA and 6th Pay Commission, the Pension Trust has been raising the demands despite our stiff opposition in terms of the Reforms Act and Transfer Scheme Rules, 2001 as the demand of the Pension Trust is not legal. This dispute is to be sorted out between the parties.

(d) Proposal of LIC for funding of Pension Trust

Stakeholders' View:

2.11 The stakeholders have requested the Commission to direct the successor utilities to take a decision on the proposal of the LIC (arranged by Pension Trust) so that funding of Pension Trust for the future is decided.

Petitioner's Submission:

2.12 The proposal of LIC is only a way forward for management of the Pension Trust and the issues raised by the DOP over the years and by us on under-funding have not been addressed. The matter has been taken up with the GoNCTD and it sought certain details and it is under consideration.

(e) Release of payments without recovery of TDS

Stakeholders' View:

2.13 The stakeholders have requested the Commission to direct the DISCOMs to release the payments without recovery of TDS in future.

Petitioner's Submission:

2.14 Since the contributions are being raised in bills for transmission charges, it is already being adhered to.

(f) Delinking the issue of payment of outstanding dues by successor entities of DVB.

Stakeholders' View:

2.15 The stakeholders have requested for delinking of the issue of payment of outstanding dues by the successor entities of DVB as estimated by actuarial valuation as on 01.04.2007 from the issue of short funding by GoNCTD as on 01.07.2002, which is completely separate and distinct matter.

Petitioner's Submission:

2.16 The actuarial valuation dated 01.04.2007 stands withdrawn by Pension Trust and this can be got clarified with Pension Trust. By no stretch of imagination can the initial under-funding be linked with the future gap which accrued in corpus/funds of the Pension Trust. The underfunding is the subject matter in WP No. 1698/2010 filed against GoNCTD and Pension Trust. The relief sought for deposit of shortfall was expressly made against the GoNCTD and Pension Trust.

(g) Reimbursement of Demand Raised by Pension Trust

Stakeholders' View:

2.17 The stakeholder has requested the Commission to direct the Petitioner to pay the demand raised by Pension Trust on pro-rata basis for total sum of Rs. 434.8 crore actually paid by Pension Trust on behalf of Petitioner to the pensioners/beneficiaries as on 31.12.2012.

Petitioner's Submission:

2.18 Any sum paid by the Pension Trust cannot be fastened on the Petitioner to be its liability. The Stakeholders' Association should seek financial assistance from the GoNCTD as well since the Commission has already been allowing adhoc contribution to the Pension Trust through ARR of DTL. As per the statutory advice issued by the Commission to GoNCTD, such *adhoc* allowances cannot continue in tariff year on year.

Commission's View on the above issues pertaining to "Pension Trust" raised by the stakeholder's and the Petitioner's Submission on the same:

The Commission has, as an exception, made provision of Rs. 150 Crore and Rs. 160 Crore in the DTL Tariff order of FY 2011-12 and FY 2012-13 respectively for passing on to the pension trust to avoid undue hardship to the pensioners.

Under the provisions of DERA 2000, Transfer Schemes Rules, 2001 & the Tripartite Agreement, it is obligatory on part of the GoNCTD (which is one of the signatory of the Pension Trust Agreement) to put in place an appropriate system of governance of the DVB Pension Trust and to ensure that an equitable system of funding, the liabilities of the trust is put in place. The Commission vide letter no. F.17(44)/Engg./DERC/2012-13/C.F. No.3481/3320 dated 11.09.2012 has already issued Statutory Advice under Section 86(2) to Govt. of NCT of Delhi, wherein GoNCTD has been advised to constitute an Oversight Committee to look into the issues related to pensioners of erstwhile DVB. The Commission is of the view that ad-hoc provisions of this nature cannot continue in long term and the parties to the dispute before the Hon'ble High Court of Delhi should expedite the proceedings before the court and explore other avenues for settlement of dispute.

The legitimate pension needs of the pensioner must be met. The Govt. of NCT of Delhi has written to the Commission vide letter no. F.11(33)/2013-14/1750 dated

18.07.2013 requesting that the legitimate needs of pensioners may be met by allocating Rs.460 Crore in the ARR of DTL. The Commission has accordingly decided to allow Rs. 400 Crore for pensioners needs during FY 2013-14.The GoNCTD would have to take a decision on the proposal of LIC for funding of Pension Trust and consider appropriate other options.

Tariff for DMRC

Stakeholders' View:

2.19 The stakeholder has requested that.

i) The DMRC may be exempted from ToD tariff and 8% surcharge; and

ii) DMRC may be allowed tariff on the principle of actual cost to serve excluding subsidy and cross subsidy elements.

Petitioner's Submission:

2.20 The concept of ToD tariff aims at shifting time of peak demand and thereby flattering the load curve for which utility provides incentives to shift the consumption to off-peak load hours and offers disincentives for consumption during peak hours. The concern is as how to encourage shifting of energy consumption from peak hours to non-peak hours to reduce marginal cost of power required for meeting the peak demand. ToD is quite beneficial to stakeholder.

2.21 The Commission in tariff order dated 13.07.2012 has for the first time introduced ToD tariff for large industrial and commercial categories with a sanctioned load/MDI (whichever is higher) of more than 300 KVA and it is applicable till date. The Commission has also issued a public notice on 15.02.2013 that it will deliberate the matter of extension of implementation of ToD tariff for consumers in industrial and commercial categories having sanctioned load/MDI (whichever is higher) of 100 KVA and above with a view to reduce peak consumption and increase consumption during off-peak hours

2.22 In the absence of cost reflective tariff, huge regulatory assets have been created and the Commission also recognized regulatory assets of Rs. 3225 crore up to FY 2010-11 in Tariff order dated 13.07.2012. In order to recover the regulatory assets, the Commission has determined surcharge of 8%. This surcharge of 8% is not enough to recover the carrying cost for funding Regulatory Assets. In its statutory advice dated 01.02.2013, the Commission has recognized that not only has tariff increased significantly in the last two years but the residual gap has also built up to alarming level. A fuel surcharge was levied in addition to the tariff increase. Further in a span of less than one year i.e., from 01.07.2012, a tariff hike of 23% was announced with an additional surcharge of 8% in order to recover the accumulated shortfall.

2.23 In ARR, the surcharge has been calculated on a consolidated basis and not for a particular consumer.

Commission's View:

2.24 The Commission is of the view that DMRC has already been considered under a special tariff category in view of the essential services being provided to common consumers of Delhi. The Commission has levied a surcharge for the recovery of revenue gap so that the burden of carrying cost may be mitigated. Further efforts are being made to analyze tariffs and bring them to cost to serve basis.

Tariff for Railway Traction

(a) Railway tariff to be brought down

Stakeholders' View:

2.25 The Northern Railway has suggested that there should be no increase in railway traction tariff for FY 2013-14 and should be brought down to reasonable level taking into account the rates prevailing in NTPC/NHPC i.e., Central generating agencies rate of supply to DISCOMs.

Petitioner's Submission:

2.26 Tariff fixation is the prerogative of the Commission.

Commission's View:

2.27 While the Commission acknowledges the critical role played by railways in the economic development of the Nation, it may be difficult to reduce the Tariff in view of growing costs, particularly power purchase costs year on year.

(b) No disparity in tariff between Railways and DMRC

Stakeholders' View:

2.28 The Northern Railway has stated that there should be no disparity in the tariff of Railways and DMRC. The railway traction tariff should be at least at par, if not less than the DMRC Tariff.

Petitioner's submission

2.29 Tariff fixation is the prerogative of the Commission.

Commission's View:

2.30 The Commission treated the DMRC as a distinct special class for the purpose of tariff as DMRC provides Mass Rapid transit systems in Delhi. Railways also are treated as special category for the critical role it plays but the tariff cannot be on par with DMRC since DMRC plays a special role in Delhi as provider of Mass Rapid Transit System.

2.31 The Appellate Tribunal for Electricity in the matter of Northern Railway versus Delhi Electricity Regulatory Commission and others upheld the impugned Order of the Commission, whereby, the Commission treated the DMRC as a distinct special class for the purpose of the tariff. The Appellate Tribunal for Electricity further observed that the establishment of DMRC for providing the Mass Rapid Transit System is itself an important ground for treating the DMRC as a separate distinct class of consumers. In view of the above, the Commission is of the view that Railways and DMRC will continue to be in different tariff categories.

(c) Applicability of Billing Demand for Railway Traction as in Haryana

Stakeholders' View:

2.32 The Northern Railway has requested that the billing demand should be 65% of contract demand or recorded maximum demand during the month, whichever is higher, for Railway traction load as in Haryana.

Petitioner's Submission:

2.33 The billing demand concept followed is in line with Delhi Electricity Supply Code and Performance Standards, 2007. Penalty charge on over-drawl should be in line with that of other categories of consumers as per directives of DERC. Exemption from the same to one category of consumer may result in discrimination among the consumers which is against the provisions of the Act, 2003.

Commission's View:

2.34 The Commission is of the view that the billing demand has already been defined in Delhi Electricity Supply Code and Performance Standard Regulation 2007. Whereas in the supply agreement, it is the option of the consumer to choose lower contract demand as per the requirement. However, contract demand in any case can not be less than 60% of the sanctioned load.

(d) Exemption from payment of ACD/Consumption Security Deposit

Stakeholder View:

2.35 The Northern Railways has requested for exemption from payment of additional consumption deposit/security deposit, as in Rajasthan, or the railways may be permitted to make payment of ACD/CSD in the form of letter of guarantee from RBI, instead of cash, as in Maharashtra and UP.

Petitioner's Submission:

2.36 Banks do not issue Bank guarantee with life time validity. It may be noted that on the security deposit paid by the consumers, the DISCOMs are paying interest.

Commission's View:

2.37 The Commission is in the process of revision of Delhi Electricity Supply Code and Performance Standard Regulations, 2007 and will examine the issue of interest rate on Security Deposit and, providing security deposit in the form of Bank Guarantee, while finalizing the revised Delhi Electricity Supply Code and Performance Standards Regulations.

(e) Revenue gap

Stakeholders' View:

2.38 The Northern Railways has stated that:

(i) Revenue gap should be supported by Government subsidy; and

(ii) Tariff should not be increased to cover the revenue gap.

Petitioner's Submission:

2.39 The revenue gap is the difference between the costs to be allowed as per MYT Regulations Vis-a Vis actual cost. The actual cost is different from the cost estimated at the time of tariff fixation, which is to be passed on to the consumers based on actual. Hence any revenue gap needs to be recovered from consumers as per MYT Regulations. Regarding Government subsidy, the Commission has to decide.

Commission's View:

2.40 The Commission is of the view that provision of a government subsidy is the sole prerogative of the State Government. The Commission determines the tariff as per the provisions of the Electricity Act, National Tariff Policy and other regulations notified from time to time. The issue of providing subsidy to any class has to be decided by the GoNCTD and the Commission has no role to play in such a matter.

(f) Concession in Tariff to Railway Traction

Stakeholders' View:

2.41 The Northern Railway has requested for concession/rebate in tariff to railway traction for availing supply at 66 KV as their distribution losses are negligible.

Petitioner's Submission:

2.42 A rebate of 2.5% on energy charges is already given for availing supply at 66 KV as per directives of the Commission.

Commission's View:

2.43 The Commission is of the view that a rebate of 2.5% is already being given over the tariff at 111kv level for availing supply at 66 KV.

(g) Fixed charges to be as in the neighbouring supply utilities

Stakeholders' View:

2.44 The Northern Railways has stated that levy of fixed charges at Rs. 150/- per KVA are high as compared to neighbouring supply utilities.

Petitioner's Submission:

2.45 Fixation of tariff is the prerogative of the Commission.

Commission's View:

2.46 The Commission is of the view that the fixed cost in the Tariff is to recover partly the fixed cost element in power purchase cost and distribution cost. The fixed cost of Rs. 150/ KVA/ month for railway traction has been fixed after taking into consideration all the factors so that a reasonable part of the fixed cost is recovered.

Tariff for DIAL

Stakeholders' View:

2.47 The stakeholders have stated that 96% of the consumption of DIAL is for aviation purpose and requested the Commission to the fix the tariff for DIAL in two part manner, namely, to the extent of more than 80% should be HT industrial tariff for aviation consumption and for the balance, it should be HT commercial tariff consistent with the use of electricity. It is also stated that for DMRC, who have commercial establishments in metro station, the two part tariff is applied and the statement from DMRC in the bifurcation of the consumption has been accepted by the DISCOMs. It would be unjust that even when authenticated measures are available for ascertaining the aviation purpose, the entire electricity consumption is being subjected to tariff on average basis.

Petitioner's Submission:

2.48 The tariff determination for retail supply of electricity in the NCT Delhi is the prerogative of the Commission.

2.49 The tariff has to be determined on the basis of the methodology and guidelines mandated under section 61 and 62 of the Act, 2003, which confer jurisdiction on the Commission to categorise in accordance with the criteria mentioned under section 62(3) of the Act and determine tariff under part VII of the Electricity Act, 2003 as held by the Hon'ble Tribunal in the case of Tata Steel Limited Vs. Orissa Electricity Commission, reported as 2011 ELR (APTEL) 1022. The criteria specified under section 62(3) of the Act are load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required, geographical position of any area, nature of supply and purpose for which supply is required.

2.50 The Hon'ble APTEL in its judgement dated 31.05.2011 (Mumbai Airports International Limited Vs. MERC, Appeal No. 195 of 2009) ruled as under:

"86 (iv) The State Commission could have differential tariff for the aviation as well as for the purely commercial activities, such as shops, restaurant, etc., at airport. However, if it is not feasible to have separate metering arrangements for the aviation activities and purely commercial activities, then the State Commission could re-categorize the Appellant in a separate category other than HT Commercial II and determine the composite tariff for aviation and the commercial activities of the Appellant."

2.51 The Commission has also acknowledged the same and addressed the issue of determination of tariff in the Tariff Order dated May 28, 2009 as under:

" 2.88 The Commission understands that airports play an important role in the economic development of the country. The Commission is in the process of reducing the cross subsidy to the levels proposed by the Government of

India over a period of time. ***The Commission also acknowledges that the airport operations carry a mix of activities however, the metering in the existing system is integrated and it will be difficult to segregate the commercial operations from purely aviation services. Hence, till the time the commercial activities within the airport separately metered, the Commission proposes that an average tariff be charged from DIAL, which shall be lower than the existing non-domestic charges applicable to them.***

" 5.70 *The Commission has observed the submissions made by DIAL regarding creation of a new slab for charging lower tariffs than the existing commercial tariffs applicable to them. The Commission also acknowledges that airport operations carry a mix of activities. Keeping in view the relevant parameters, the Commission shall propose a differential tariff for electricity consumption pertaining to purely aviation services and purely commercial activities in due course till the airport is fully operational. Till such time, the tariff as indicated in the tariff schedule shall be applicable for the entire airport."*

2.52 Therefore, the Commission has already created a separate tariff category for DIAL in consonance with the Judgment of Hon'ble APTEL (Appeal 195 of 2009).

Commission's View:

2.53 The Commission has already created a separate category and given a specific composite tariff for Airport as per the directive of Hon'ble APTEL considering that airport operations have a mix of aviation and commercial activities. The Commission has also directed DIAL to meter its consumption and supply documentary evidence regarding the energy consumption for aviation and for commercial purposes. The Commission is of the view that till the time the consumption is segregated, the composite tariff prescribed by the Commission will continue to be applicable.

Tariff for Telecom Towers

Stakeholders' View

2.54 Representative of the Telecom Towers Operators have stated that:

(a) The current supply to telecom towers is not reliable and is deficient.

(b) The telecom tower industry forms a very different profile and should be considered under domain of essential service provider for social benefits and hence appropriate relaxation in tariff should be provided.

Petitioner's Submission

(a) There is no specific complaint regarding quality and reliability of supply being faced by telecom towers.

(b) The tariff has to be ultimately cost effective along with recovery of the accumulated revenue gap.

Commission's View:

2.55 The Commission is of the view that the tariff being charged from commercial category, which includes Telecom Tower Operators, has to be seen in totality with respect to the quality as well as reliability of supply. As such creation of a separate tariff category for Telecom Tower Operator is not considered necessary

ToD Tariff

Stakeholders' View:

a) The stakeholders have suggested for introduction of ToD metering.

b) The stakeholders have also stated that DERC has made ToD metering applicable for industrial and commercial consumers having SL/MDI >= 300 KVA. In view of consumer's interest and to smooth the load curve, the off-peak hours proposed should be revised.

Petitioner's Submission:

a) The Commission has directed DISCOMs to submit load curve data which would be used to analyse the effect of Time-of-day tariff. Based on the results, the Commission may introduce ToD tariff to consumers with sanctioned load less than 300 KVA. The Commission has also invited comments from stakeholders on the proposal to extend ToD tariff for consumers in industrial and commercial categories having sanctioned load/MDI of 100 KW or higher in its press notice dated 15.02.2013.

For consumers having sanctioned load of 300 KW and above, ToD has already been implemented. The Commission may extend ToD to industrial and commercial consumers having sanctioned load/ MDI greater than 50 KW in this year and upto >

10 KW in the successive year to achieve shift in peak load and to optimise power purchase cost.

b) It may not be prudent to have frequent changes in ToD time zones, since even a single parameter change in time zone requires programming of all the applicable meters which shall be a time consuming activity and has cost implication.

Commission's View

2.56 The Commission believes that Time of Day (ToD) tariff is an important Demand Side management (DSM) measure to give a tariff signal so that peak hour consumption is charged at higher rates which reflect the higher cost of power purchase during peak hours. At the same time, a rebate is being offered on consumption during off-peak hours. This is also meant to incentivize consumers to shift a portion of their loads from peak time to off-peak time, thereby improving the system load factor and even out the load curve. The ToD tariff is aimed at optimizing the cost of power purchase, which constitutes over 80% of the tariff charged from the consumers. It also assumes importance in the context of propagating and implementing DSM and achieving energy efficiency. This is important in the Delhi situation as load varies from 3000 MW to 5000 MW in summer causing problem of surplus during off peak hours.

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

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

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

2.60 The Commission has decided to introduce ToD Tariff on a pilot basis for large industrial and consumers having sanctioned load of 300 KW and above from FY 2012-13. Introduction of TOD tariff to commercial and industrial consumers segment is justified since they have the capacity to bear a higher burden for peak hour consumption and also at least partly (if not fully) offset the impact of this increase through higher off peak consumption at lower rates.

2.61 The off-peak hours have been fixed based on experience on load demand during a day in summer and winter months. It may not be desirable to change the off-peak hours frequently.

Fixed Charges and Security Deposits Issues

(a) Abolition of Fixed Charges

Stakeholders' View

2.62 The stakeholders have suggested that a consumer is already paying a higher slab rate for higher consumption off-setting the need to charge on the basis of sanctioned load. A one-time fee for higher load meters, wiring and a security deposit is already levied. Permitting DISCOMs to charge fixed charges from every consumer on monthly basis is nothing but charging twice under two different heads for the same thing i.e., minimum and fixed charges. The stakeholder's questioned as to why this charging the fixed charges cannot be abolished and a single rate structure cannot be established?

Petitioner's Submission

2.63 The Commission, in its Tariff order dated 26.06.2003 decided to abolish minimum charges and instead levy fixed charges, which is in line with section 45(3) of E, Act 2003, after due deliberation.

2.64 Fixed charges are part of total tariff which is actually charged to create and maintain distribution network according to load demand in the area, irrespective of the fact whether such load demand is actually used or not but the DISCOMs are required to have such infrastructure in place. Fixed charges being part of tariff is again based on recovery of cost concept. Such infrastructure is to be maintained to give services to the consumers prescribed under Performance Standard Regulations framed by the Commission.

2.65 In case a property is locked, only fixed charges are payable which would enable the DISCOMs to at least recover fixed cost incurred in dedicating certain capacity from its network to that consumer and if consumer has consumed no energy, the capacity allocated to that consumer will be provided to someone else. Hence the DISCOMs are given the opportunity to recover the fixed costs. Abolition of fixed charges would entail in proportionate increase in energy charges.

Commission's View:

2.66 The Commission is of the view that it is a well accepted economic principle that the fixed cost of the utility should be recovered to a certain extent through fixed charges to ensure revenue stability. Hence the Commission has determined tariffs such that a reasonable part of the fixed cost is recovered through a fixed charge. The fixed charges are usually levied on the basis of demand charges on sanctioned load or contract demand/billing demand.

2.67 The Commission had explained the rationale of two-part tariff and the reasons for introduction of fixed charges in its previous Tariff Orders. While doing so, the Commission abolished the Monthly Minimum Charges (MMC).

2.68 In view of the suggestions received from the various stakeholders, the Commission has reviewed the various options for levying fixed charges. The Commission has considered options such as fixed charges per connection, fixed charges linked to consumption, fixed charges linked to sanctioned load in kW, etc. When a consumer is connected to the system, the utility has to provide/allocate certain capacity of the distribution system to serve the consumer. In addition to this, some expenses such as meter reading, billing, bill delivery, maintenance etc. are fixed in nature and independent of energy consumption. Ideally, the fixed charges levied on the consumer should reflect the cost of such capacity requirements of the consumer after considering the fixed cost of such system and diversity of load in the system.

2.69 Section 45 (3) of Electricity Act, 2003 also provides for the levy of fixed charges. This Section states that : *"The charges for electricity supplied by a distribution licensee may include – (a) a fixed charge in addition to the charge for actual electricity supplied;"*

2.70 The Commission in its Tariff Order dated 26 June, 2003 had introduced fixed charges for most of the categories to recover certain component of the fixed costs.

2.71 The Commission would also like to point out that if fixed charges are removed, the energy charge would increase correspondingly as these forms a part of total revenue of the utility. Therefore, whether only energy charge is levied or energy charge as well as fixed charge is levied, the same ARR would have to be recovered from the consumers.

The Commission is of the opinion that the best method of levying fixed charges is on the basis of the sanctioned load, as other options do not representatively reflect the cost of providing the capacity requirements of the consumer. After analysing all the options of levying fixed charges, the Commission continues with the existing methodology of levying fixed charges.

Clubbing of NDHT & NDLT and LIP & SIP Categories

i. Clubbing of NDHT & NDLT categories

Stakeholders' View:

2.72 The stakeholders have stated that both NDHT and NDLT consumers cannot be kept under the same category.

Petitioner's Submission:

2.73 Both NDHT and NDLT consumers use electricity for the same purpose i.e., 'Commercial Activity' and if merged, this will help in reducing the number of categories and simplify tariff structure further and also to curb malpractice.

Commission's View:

2.74 The Commission has in its earlier Tariff order already rationalized tariff categories based on voltage of supply. Accordingly, Non-Domestic consumers are now charged either at NDLT or NDHT Tariff. Similarly, industrial consumers are charged on SIP (LT) or LIP (HT) tariff based upon voltage of supply. Different charges based on voltage of supply are a reasonable distinction and supported by the Tariff Policy.

ii. Continuance of LIP & SIP categories

Stakeholders' View

2.75 The stakeholders have suggested that LIP and SIP should continue. Merger would not be in the consumer interest.

Petitioner's Submission

2.76 Both SIP and LIP consumers use electricity for the same purpose i.e. industrial activity and if merged, shall help in reducing the number of categories and simplifying tariff structure further and reduce malpractices.

Commission's View

2.77 The Commission agrees with the view of the stakeholders that merger of Small Industrial Power (SIP) and Large Industrial Power (LIP) will impact the low end consumers (SIP) the most. Therefore, the Commission is of the view that the SIP and LIP categories will continue as before.

iii. Increase of fixed charges for SIP consumer category

Stakeholders' view

2.78 The stakeholders have stated that DERC has allowed enhanced SIP load up to 200 KW, however, the rate charged to consumers who are already using power upto 10 KW is more than the SIP rate but are charged with higher fixed charges. There should be no demarcation in rates upto 200 KW SIP consumers.

Petitioner's Submission

2.79 The tariff has to be ultimately cost reflective along with recovery of accumulated past revenue gap.

Commission's View

2.80 The Commission is of the view that the consumer ordinarily shall avail electricity connection for load more than 100kW at 11kV level. In special case if consumer desires to avail the load more than 100kW at LT level, in such a case losses at LT level increase. However the Commission considering the requirement of specific consumers has allowed supply at LT for loads more than 100kW and accordingly higher fixed charges and energy charges are levied as compared supply at to 11 KV voltage level.

(d) Abolition of Slab System

Stakeholders' View:

2.81 The stakeholders have suggested that categorisation should be on domestic, industrial and commercial bases and tariff should be uniform within a particular category without any slab system.

Petitioner's Submission:

2.82 Fixation of tariff for any consumer category and sub-category is the prerogative of the Commission.

2.83 In order to simplify the tariffs and to reflect true cost of service, there should be less number of categories.

Commission's View:

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

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

(e) Re-categorisation of consumers having MDI exceeding 100 KW

Stakeholders' View:

2.86 The stakeholders have stated that re- categorisation of consumers having MDI exceeding 100 KW should not be done.

Petitioner's Submission:

2.87 Honest consumers having sanctioned load more than 100 KW and MDI being less than equal to sanctioned load are getting unnecessarily burdened with higher tariff, whereas unscrupulous consumers having sanctioned load less than 100 KW and MDI having more than 100 KW end up in paying lesser tariff even after 30% surcharge for load violation, which is not fair.

Commission's View:

2.88 The Commission has directed the DISCOMs to enhance the sanctioned load based on the maximum demand as follows: "*Where energy meters have provision for recording maximum demand, the average of the three highest maximum demand readings recorded by the consumer during the 12 month period from April to March (rounded off to the next higher whole number) would be adopted to revise the sanctioned load. For such consumers, the security deposit would be revised accordingly on the above* *basis. First such period shall take place during the current financial year*." If the consumer is having sanctioned load less than 100 kW and average of three highest MDI for last FY comes out to more than 100 kW then his category will be changed as per the above direction.

(f) Tariff for floor type construction and billing for common facilities

Stakeholders' View:

(a) The stakeholders have suggested that the same tariff may be levied for floor type construction as exists for DDA/Society flats.

(b) The stakeholders have suggested that if common facilities are limited to lighting, they should be billed on lowest tariff while for lift/parking should be billed on highest tariff.

Petitioner's Submission:

(a) The suggestion is agreed to. In case of co-operative group housing societies having independent connection for consumer facilities through separate meter, energy charges are billed at highest slab tariff for domestic category. Now independent connection(s) are being applied by residential consumers for common services like lifts, parking etc in floor type constructions in plotted structure. Based on the above logic, even such connections for common services in floor type construction should be billed at the highest slab tariff for domestic category.

(b) The electricity bill for common facilities, such as stair cases, pump house and street lighting are classified under lowest slab of Domestic category, which is at present Rs. 3.70 per unit instead of the present highest slab of Domestic category.

The residents using common services are already availing the slab tariff benefit for their house meters. So the slab tariff (double benefit) should not be made applicable for common usage/stair case/common service meter. It should be billed at the highest slab tariff for domestic category.

Commission's View

2.89 The Commission is of the view that tariff applicable for DDA/Society flats cannot be extended to floor type construction because in case of DDA/Society flats, the societies receive bulk supply at 11 KV and the distribution, operation and maintenance is being done by them.

2.90 The Commission is of the view that the existing tariff for CGHS having independent connection for common facilities through separate meter, energy charges shall be billed at highest tariff for domestic category. It is not practically feasible to separate lighting load and lift/parking load in case of common facilities and therefore they are being billed at highest slab.

(g) Rebate for consumers who opt for 11 KV supply with dedicated transformers

Stakeholders' View

2.91 The stakeholders have suggested giving an additional rebate of 4% to all consumers who opt for 11 KV supply with dedicated transformers.

Petitioner's Submission

2.92 The suggestion is agreed to.

Commission's View

2.93 The Commission is of the view that the rebate for 11 KV supply and above is already available as per tariff schedule.

(h) Withdrawal of electricity tax by MCD

Stakeholders' View

2.94 The stakeholders have stated that MCD should withdraw imposition of 5% electricity tax in Delhi.

Petitioner's Submission

2.95 The Commission may take up the matter with MCD which is the competent authority.

Commission's View:

2.96 The Commission is of the view that Electricity tax is levied by MCD and withdrawal/modification of the same has to be done by MCD.

(i) Increase in Tariff

Stakeholders' View:

a) The stakeholders have stated that increase in tariff is unbearable.

b) The stakeholders have stated that DISCOMs should not be allowed to increase tariff to meet their revenue but they must check theft, T&D losses etc.

Petitioner's Submission:

a) The current tariff is not fully cost reflective to cover the entire power purchase cost, O&M expenses and increases interest burden on loan taken to fund accumulated revenue gap. Hence the tariff hike is proposed. The Commission may consider the same after prudent check.

b) DISCOMs are required to invest Capex for strengthening of existing network to meet load growth and execution of various capital schemes, most of which are aimed at bringing down AT&C losses. Without such investments of Capex, it would not have been possible to bring down losses from 48% in FY 2002-03 to 16.36% in FY 2011-12 which by any standard is a significant reduction of around 34.7% over a period of 9 years. The Commission ensures that only prudent capital expenses are allowed in ARR and capital schemes undergo detailed scrutiny before they are allowed in ARR. Further since the current tariff is not fully cost reflective to cover the entire power purchase cost, O&M expenses and increasing interest burden and loans taken to fund the accumulated revenue gap, tariff hike is proposed which may considered after prudent check.

Commission's View

2.97 The Commission is of the view that the power purchase cost has increased substantially and the cost incurred has to be recovered through tariff. Deferment of legitimate increase in tariff will increase the burden on consumers due to additional carrying cost.

Power Purchase Cost

(a) Surrender of Allocated Power

Stakeholders' View:

2.98 The stakeholders have stated that PPA charge is unjustified when DISCOMs have surrendered allotted power of 2083 MW. The rate of such power and reasons for surrender are to be given.

Petitioner's Submission:

2.99 The Commission determined the base Power Purchase Price while determining the tariff. But the actual power purchase cost incurred by the DISCOMs varies significantly due to a number of factors, such as variation in price of fuel, cost of transportation of fuel etc. Power Purchase Adjustment charge is primarily allowed to neutralise these variations and allow the DISCOMs to recover the additional cost incurred.

2.100 In the meeting held on 08.08.2011, the Commission expressed concern regarding the availability of short and medium surplus with respect to long term PPAs entered into by the DISCOMs. Keeping in view the impact of these surpluses on increasing cost of power purchased by DISCOMs, the Commission directed the DISCOMs to explore the possibility of selling round the clock the surplus or short-term reassignment of PPAs especially in the context of additional capacity which is likely to be available in near future. DISCOMs have surrendered the aforesaid allocation and also appraised the Commission.

Commission's View:

2.101 A number of PPAs have been entered into earlier for purchase of Power from various public sector generating companies in anticipation of higher demand in the future. This is to ensure that adequate power is available on a firm basis at all times particularly during the peak winter and summer seasons. In addition, the demand pattern of Delhi is such that it has two peak periods, morning and evening and the rest of the time, the demand is low in off peak periods resulting in considerable surplus of power. The sale price during these off peak hours is less than the average purchase cost, since there is no demand during these hours. Given this constraint, the DISCOMs have been directed to maximize returns on sale of surplus power by preferably tying up sale of as much power as possible through banking and intra-state sale arrangements and minimize sale through UI or the exchanges. However, the Commission recognises that despite one's best intentions and given the vagaries of demand and sudden outages we may not be able to sell surplus power at the rates of purchase. This loss is the price we have to pay for ensuring availability of quality power at all times. Hence approval of surrender of surplus allocated power is being considered by the Commission only after a detailed analysis of the steps taken by DISCOMs to maximise sale of surplus power.

(b) Increase in Average Power Purchase Cost.

Stakeholders' View:

2.102 The stakeholders have stated that,

(i) The average power purchase cost is higher by Re. 0.16 in FY 2012-13 than in FY 2011-12.

(ii) DISCOMs may be asked to plan initiatives to mitigate increase in cost.

Petitioner's Submission:

(i) The actual average power purchase cost for FY 2011-12 was the lowest as can be seen from the following table:

FY/DISCOMs	BRPL	BYPL	TPDDL
FY 2011-12	5.18	5.32	5.29

The benefits of the lowest average power purchase cost have been passed on to the consumers.

The average power purchase estimated for FY 2012-13 is based on actual bills upto October 2012 and projections for November – March 2013. The projected power purchase cost is based on the following:

(a) RPO (Renewable Purchase obligation) has not been taken.

(b) Lower energy projection for gas based power plants.

(c) Past period arrears not considered.

(ii) DISCOMs are doing their best to reduce the power purchase cost, which constitutes 80% of the tariff. A policy advocacy at various forums to reduce the same, including surrendering of costly power plant, is being made.

(iii) The power purchase cost, which constitutes more than 80% of the DISCOMs expenditure, has alone increased by 300% since take over, which gets factored in the tariff. The power tariff in Delhi has gone up only 65%, despite 300% increase in the bulk tariff. The reasons and justification for the increase in tariff have been explained in detail in the ARR Petition. The power purchase costs are treated as uncontrollable in terms of Regulations 4.2(f), 4.16 and 5.42 of the DERC (Terms and Condition for determination of wheeling tariff and retail supply tariff) Regulations, 2007.

Commission's View:

2.103 The Commission is of the view that the DISCOMs purchase power from central generating stations/State generating stations for which the tariff is determined by CERC/DERC. The average power purchase cost increases every year based on increase in fuel and other operational costs. The Commission fixes the tariff for the DISCOM taking into account the above various factors. If there is abnormal increase in the power purchase cost during any financial year then the entire increase in the power purchase cost is not passed in one year as this will result in a tariff shock to the consumers.

(c) No control over power purchase cost by DISCOMs

Stakeholders' View:

2.104 The stakeholders have stated that the power purchase cost accounts for 85% the total cost, which is procured from sources such as NTPC and Delhi GENCOS through long-term PPAs. Who determines the Tariff for generating plants and why DISCOMs have no control over the purchase cost?

Petitioner's Submission:

2.105 The cost of power purchase is determined of CERC and forms part of major cost incurred by DISCOMs. Minor purchases are made through bilateral agreements depending upon peak requirement.

Commission's View:

2.106 The tariff for generating stations is determined by respective Electricity Regulatory Commissions as per the provisions of the Electricity Act 2003. DISCOMs can participate in tariff determination process of Generating Stations as Stakeholder.

2.107 The cost of long term power is being fixed by the Central Electricity Regulatory Commission (CERC) for plants supplying power to more than one State and by the Delhi Electricity Regulatory Commission (DERC) for plants located within the NCT of Delhi and supplying only to distribution utilities in Delhi. The charges for unscheduled interchanges and Inter State transmission charges including RLDC charges are being fixed by the CERC. The purchase/ sale of intra state power and intra state transmission charges are fixed by the DERC. The short term purchases/ sale are through traders, bilateral contracts, banking, and power exchanges at market determined prices.

2.108 The power purchase costs vary based upon price and calorific value of fuel (coal /gas) which is reflected in the bills submitted by the generators every month. Also, the level of generation from these stations each month determines the per unit impact of fixed charges. The above make the entire power purchase cost process unpredictable for the distribution utilities, and hence, uncontrollable in nature.

(d) Claiming of Power Purchase Cost

Stakeholders' View:

2.109 The stakeholders have stated that the Petitioner has claimed the Power Purchase cost twice, one by way of PPAC and another in the ARR Petition filed on 07.12.2012.

Petitioner's Submission:

2.110 The total power purchase cost incurred by DISCOMs needs to be recovered through tariff. The Power Purchase Cost incurred over and above the cost considered by the Commission in tariff is recovered through PPAC as per the formula approved by the Commission.

Commission's View:

2.111 The power purchase cost included in the Tariff is the basic power purchase cost which is decided on an estimated basis considering the rate at the time of determination of tariff. PPAC is levied to recover/refund the increase/decrease over the cost adopted for tariff determination during the year.

(e) Transparent Power Purchase Mechanism

Stakeholders' View:

2.112 The stakeholders have requested for transparent power purchase mechanism. DERC to instruct DISCOMs to place on website every fortnight details of power purchased like quantity, price, source etc to enable consumers to verify the prevailing competitive costs in the market. Further, capitalisation has to be stopped and purchases amongst sister concerns have to be discouraged.

Petitioner's Submission

2.113 The Petitioner has submitted that.

(i) Power is purchased mostly from Government owned entities whose tariff is determined by CERC. The tariffs of private owned companies are determined by DERC.

(ii) Power Purchase Cost constitutes more than 80% of expenditure.

(iii) Power tariff in Delhi has gone up only 65% despite 300% increase in bulk supply tariff. The reasons and justification for increase in tariff have been explained in the ARR Petition.

(iv) Power Purchase cost consists of fixed cost, Variable cost, Fuel Price Adjustment and Transmission charge.

(v) No supply is availed from SASAN.

(vi) Complete details of power purchase (input) and sources are available on the website of Delhi SLDC.

2.114 The Commission has constituted the Delhi Power Procurement Group, which is chaired by the General Manager, DTL, which has the Delhi SLDC as member, in addition to DISCOMs. The group approves all power procurement and sale transactions. Details of each such transaction are provided to the Commission by the SLDC. Any information requested by the Consumers can be had from the Commission.

Commission's View

2.115 The Commission has already issued guidelines for short term power procurement which inter-alia includes provisions related to power purchase and sales from sister concerns. Most of the power for Delhi is purchased from Central Generating stations and State Generating Stations based on long term Power Purchase Agreements. The price of power supplied by Central Generating station is determined by CERC/DERC. A small quantum of power is purchased in the short term during summer months to meet the demand. The entire process for power purchase for Delhi is transparent. The Commission approves the cost of power procurement after prudence check. The guidelines for capital investment issued by the Commission have laid down stringent conditions for procurement of equipment/material from sister concerns.

(f) Capping of unbridled over-provisioning of Power Procurement

Stakeholders' View:

2.116 The stakeholders have stated unbridled over-provisioning must be capped not to give scope for DISCOMs to indulge in power trade and pocketing the profits and passing on losses to consumers.

Petitioner's Submission:

2.117 Entire power procurement is approved by the Commission and hence the question of over-provisioning does not arise. Any provision is done taking into account the peak demand plus a reasonable margin to ensure uninterrupted power supply can be assured to consumers.

It is also submitted that.

(i) Extra power is procured during peak hours at high rates and any surplus power, if available after meeting the demand is sold through power exchange and CERC licensed traders.

(ii) As per directives issued by the Commission, DISCOMs have to supply uninterrupted power supply, duly ensuring that electricity which could not be supplied should not exceed 1% of the total energy sold in units (kWh) in a particular month.

(iii) Even with all state-of-the-art software used for demand forecasting, there would always be some surplus power and this trend is common for all DISCOMs.

(iv) Any surplus power is sold through exchanges and the revenue earned is added to the ARR, which ultimately goes to reduce the retail supply tariff.

(v) Surplus power is sold at high rates than NDMC, which is government owned.

Commission's View:

2.118 The long term Power Purchase Agreements are entered into by the Petitioner for meeting the peak demand of the consumers. The surplus power available due to difference in demand during peak hour and non peak hour is being sold by Petitioners. The Commission has directed the Petitioner to maintain transparency in short term power purchase and sales.

2.119 The Commission has already approved various PPAs entered into by the utilities for procurement of power from long term sources. The Commission has also directed the DISCOMs vide its letter dated 21.10.2009 that they should endeavour to provide uninterrupted power supply to the consumers in their respective areas. The licensees shall ensure that electricity which could not be served due to any reason what-so-ever (including maintenance schedule, break-downs, load shedding etc.) shall not exceed 1% of the total energy supplied by them in any particular month, except in cases of force-majeure events which are beyond the control of the Licensee.

2.120 The Commission has also noted that the load curve in Delhi is peculiar in nature with high morning and evening peaks and very low load demand during night hours. It is due to the fact that a majority of the load in Delhi is of commercial establishments, office buildings, which have requirement primarily during day time. The round-the clock industries, which are a common feature in most of the States and which contribute towards flattening of the load curve are very little in Delhi.

2.121 To cater to the peak demand during day time, DISCOMs have been buying Round the-Clock (RTC) Power. The surplus power during night hours/off peak hours gets sold at the prevailing short-term market rate/Power Exchange Rate/UI Rates which are much lower. In order to optimize the cost of power purchase, the Commission has advised the distribution utilities to explore the possibility of higher purchase of peaking power, so as not to burden the consumers with avoidable purchases of RTC power which entail the sale of off-peak surplus at very low rates under the mechanism of

Unscheduled Interchange (UI). The Commission has also urged the distribution utilities to explore possibility of selling surplus power to bulk consumers in adjoining areas in neighboring states who are deprived of grid power and are resorting to generation of expensive power from captive units. This will result in a win–win situation for all concerned. In this regard, the Commission has also issued statutory advice to the Govt. of NCT of Delhi to facilitate this process

2.122 The Commission has put in place a mechanism whereby all the power procurements are approved by Delhi Power Procurement Group, comprising of SLDC, DTL, NDPL, BRPL and BYPL.

Power/Fuel Cost Adjustment

Stakeholders' View:

2.123 The stakeholders have stated that the Commission already amended the tariff in its Tariff orders dated 13.07.2012 and 22.10.2012 and the power purchase adjustment order is illegal and void in view of section 62(4) of the Act and requested for calling back the orders. What is the rationale of the PPAC? What is the legal provision for imposing the PPAC every quarter?

Petitioner's Submission:

2.124 Many SERCs in the country have adopted suitable mechanisms to speedily recover the variations in power costs through retail tariff and to ensure that future consumers are not burdened with costs of the past and also allow the utilities to economically and efficiently recover the power purchase costs.

2.125 The fuel costs adjustment or fuel surcharge is a mechanism designed to recover the cost of fossil fuels, primary fuel oils etc used for generation of electricity. The effect of fuel cost is directly or indirectly felt on the power procurement expenses of the distribution utilities. Hence it becomes inevitable for the distribution utilities to share this burden with the consumers as well. In line with the procedure being followed in other states, the DERC also adopted PPAC (Power Purchase Cost Adjustment Charges) mechanism in its order dated 13.07.2012 which allows DISCOMs to true-up variance between estimated power purchase cost and actual power purchase cost on a quarterly basis. The percentage of PPAC recoverable by the DISCOMs is decided by the

Commission after prudent check of bills raised by the generators and payments made by the DISCOMs for power purchase.

Commission's View:

2.126 The Commission is of the view that the mechanism of PPCA is to recover the uncontrollable factors of power purchase cost. It is difficult to accurately estimate the power purchase cost at the time of annual tariff fixation because of highly unpredictable prices of the fuel (Coal/Gas), availability of power from new sources, weather conditions and demand supply gap of power within the country.

2.127 The commission in its tariff order dated July 13, 2012 has observed regarding the provisions of Electricity Act and National Tariff Policy as under:

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

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

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

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

2.130 The Hon'ble ATE vide in its judgment dated November 11, 2011 in the matter of suo moto action on the letter received from Ministry of Power (O.P. 1 of 2011) has observed that the Power Purchase Cost is a major expenditure in the ARR of the Distribution Licensee. Both the Fuel and Power Purchase Cost are uncontrollable and both have to be allowed to be recovered as quickly as possible so as to avoid imposition of additional carrying cost in subsequent years.

2.131 In view of the above, Commission has implemented a Power Purchase Cost Adjustment for generating stations having long term PPAs with DISCOMs on quarterly basis in order to adjust the changes in the Power Purchase Cost levied by these Generating Companies on the Distribution Companies. The PPAC is presently calculated as a percentage increase in tariff required to be imposed during a quarter due to additional power purchase cost (over the estimated costs) incurred during the previous quarter.

Non- Publication and participation of public on PPAC Petition

Stakeholders' View:

2.132 The stakeholders have stated that PPAC order dated 31.01.2013 is illegal since the PPAC Petitions were never published and public are not even invited to participate and the enhancement of tariff was made by DERC as it is domestic affair. The power purchase cost adjustment order dated 31.01.2013 is illegal and to be withdrawn.

Petitioner's submission

2.133 The PPAC was put in place only after detailed discussion during public hearing in last tariff order(s). Once PPAC is introduced, it continues till the next tariff orders.

Commission's View:

2.134 The PPAC was put in place in the MYT tariff order of FY 2012-13 to FY 2014-15 after detailed Petitioners discussions during public hearing. DISCOMs are submitting PPAC petitions every quarter based on claims of payment of enhanced power purchase cost in the previous quarter as compared to the level allowed in the tariff determination process. The formula is given in the Tariff order and PPAC percentage is finalized only after prudence check. This enables timely recovery of power purchase cost and is in the interest of the average consumer.

CAG Audit

Demand for CAG Audit and Referring of High Profit Making Companies to CAG
Stakeholders' View:

a) The stakeholders have stated that DERC has not ordered for an independent audit of accounts filed by the DISCOMs for the last 5 years and ARR submitted cannot be termed as accurate and genuine. DISCOMs Accounts must be audited through CAG.

b) Some of the stakeholders have suggested the cases of high profit making companies (DISCOMs) be referred to CAG.

Petitioner's Submission

a) The CAG, being a creature of statute, its power do not extend to private companies like DISCOMs. DERC in its tariff order dated May 28, 2009 has observed that DISCOM being a company incorporated under Companies Act, 1956, there is no such provision of CAG in respect of private companies.

The accounts of the DISCOMs are audited both internally and externally by reputed statutory auditors as per the requirement of the Companies Act 1956. All ARR Petitions are made available in public domain and are also subjected to rigorous prudent check by the Commission and also its consultants. However, the matter relating to CAG audit is also Sub-judice in the Delhi High Court.

b) The matter of CAG audit is Sub-judice in Delhi High Court. Further the DISCOMs are registered under Companies Act for which audit is done as per rules/regulations and accounting standards issued by Institute of Chartered Accountants of India. Any increase in tariff is decided by DERC based as recovery of cost concept and DISCOMs are entitled only the ROE subject to achievement of AT&C loss target.

Commission's View:

2.135 In view of the overwhelming public sentiment in favour of CAG audit of account of DISCOMs and with a view to bringing transparency in the functioning of the DISCOMs, the Commission has reiterated its recommendation to the Delhi Government to have the accounts of DISCOMs audited by the CAG. An affidavit to the effect has also been filed in a court of law where the issue is being heard.

O&M Expenses

(a) Increase in O&M expenses in FY 2012-13

Stakeholders' View:

2.136 The stakeholders have sought reasons for increase in O&M expenses by 23.25% in FY 2012-13 as compared to FY 2011-12. What is the basis for approving O&M expenses in the tariff determination process?

Petitioner's Submission:

2.137 The O&M expenses for the control period are as per Multi Year Tariff filing procedure. The O&M expenses for the base year are approved by the Commission taking into account the latest available audited accounts, Business Plan; estimates based on actual for the base year, after prudent check and any other factor considered appropriate by the Commission.

2.138 O&M expenses for FY 2012-13 are sought as approved by the Commission in its tariff order. The O&M expenses for FY 2012-13 to FY 2014-15 have been fixed by the Commission based on new MYT Regulations in Tariff Order dated 13.07.2012. If there is any variation on account of unbudgeted expenses, the DISCOMs will seek approval of the Commission while truing up of FY 2012-13 and FY 2013-14.

Commission's View:

2.139 O&M expenses are approved from one MYT period to another MYT period based on the actual audited statements for the respective base years after prudence check and benchmarking the expenses of all the DISCOMs. Prudence check of the expenses in the base year is made and O&M expenses projected for the MYT periods. During the MYT control period, the O&M expenses are allowed on a normative basis after providing for an appropriate escalation factor on the base year expenses. Thus irrespective of claims made by the DISCOMs, the O&M expenses are allowed on a pre-determined normative basis in the tariff fixation process.

(b) Administrative and General expenses

Stakeholders' View:

2.140 The stakeholders have stated that DISCOMs have been over-costing and over-charging for the administrative and general expenses allowed in the tariff process.

Petitioner's Submission:

2.141 All expenses including interest are allowed by the Commission only after a prudence check.

Commission's View:

2.142 The Administrative and General Expenses are allowed in the Aggregate Revenue Requirement on a normative basis. Administrative and General (A&G) Expenses has been approved for the control period by first arriving at a judicious base year figure based on an evaluation of the expenditure incurred in the previous years. An appropriate escalation factor is then used to arrive at normative figures for each year in the MYT Control Period. Only these normative expenses are approved while carrying out the tariff determination process in the Control Period.

Losses

(a) Distribution Losses

Stakeholders' View:

(a) The stakeholders have stated that after achieving 11.27% losses in FY 2011-12, how losses have increased to 12% in FY 2012-13 as given in the Petition of TPDDL.

(b) The stakeholders have stated that measures should be put in place to achieve loss reduction target assigned by DERC.

Petitioner's Submission:

(a) The fixation of loss target has been made by the Commission and actual AT&C losses will be known only after the year end. Further the true up shall be done based on actual AT&C losses.

(b) A policy has already been in place to monitor AT&C loss reduction target assigned by DERC.

Commission's View:

2.143 The Commission has fixed the targets of AT&C loss for each year and these are given in the MYT Order for the control period. The DISCOMs are given an incentive if the loss is reduced to below the target. If the losses are more than the target fixed, the DISCOMs are penalised and the penalties are reflected in the tariff order. The targets every year are progressively decreasing and it is expected that DISCOMs will endeavour to meet these. Otherwise exceeding the target will be to the account of the DISCOMs alone as penalties. If actual AT&C losses increase in a year over the previous year, the DISCOMs will face an increasing penalty.

(b) Transformers with Negative Losses

Stakeholders' View:

2.144 The stakeholders have stated that some RWAs have reported that there are hundreds of transformers with negative losses. How is this being allowed? How are these high loss figures commensurate with DISCOM claims of lower AT&C loss levels? How are some transformers showing negative losses?

Petitioner's submissions:

2.145 The distribution transformers (DT) loss is based on many factors downstream of electrically connected network of such a DT. The DT losses are calculated by metering the consumption of a particular DT and comparing with the consumption recorded in the meters of all consumers fed from the DT on a normative basis. The distribution LT network is dynamic and load balancing/transfers are routinely carried out from one transformer to another depending on the local overloading/ under loading of LT lines, feeders and distribution transformers. Till the actual change -over is transferred in the record and indexed, the transformers may show negative losses as consumers shifted to another DT/ new DT/ other LT network still continue to show up on previous DT meters. Moreover, in few cases of DTs, metering arrangement, which has Current Transformer (CT) and is in open, could develop snag while recording the energy and give erroneous reading and these CTs/ Terminals attended once such calibration check is done. However the most common situation that occurs is that, as per ground situation, the consumer load could have been shifted and are being fed from other transformers and till indexing exercise shifts consumers to different DT, it continues to show in the record of previous DT.

Commission's View:

2.146 The Commission is of the view that the major reason for negative and high DT Losses was due to incorrect consumer tagging / consumer indexing. Further, the reading of DT meters and the consumers are not time synchronized. The Commission has issued directions to the DISCOMs to take appropriate action in the matter within 3 months so that all incorrect consumer tagging/indexing is rectified & DT losses reflect the true level of losses in the area.

(c) Incentives/Penalties for Low/High Loss Areas

Stakeholders' View:

2.147 The stakeholders have suggested that incentives and penalties should be planned for loss and high loss areas.

Petitioner's Submission:

2.148 The Commission may like to decide on the same.

Commission's View:

2.149 AT&C targets are set for an entire DISCOM area. It is expected that each DISCOM will give extra attention to reducing losses in high loss areas where the potential to reduce losses is greater. DERC has separately issued a directive that at least 10% losses must be reduced in areas with over 30% AT&C loss, otherwise penalty will be imposed.

(d) Authentication of loss levels

Stakeholders' View:

2.150 The stakeholders have stated that the Commission has authenticated loss levels when the establishments of DISCOMs and street lights were without meters for 9 years.

Petitioner's Submission:

2.151 For accounting of energy consumed in the DISCOMs premises and establishments, bills were generated for own consumption at zero rate to avoid the same being reflected as sales and as well as cost on the other side. Street lights which were unmetered were billed based on LDHF basis and the collections for the same were taken in ARR.

Commission's View:

2.152 The energy consumed by the establishments of DISCOMs and street lights which are not metered are assessed based on norms. The DISCOMs have been directed to provide meters to all the establishments of DISCOMs and street lights, so that a true picture of consumption in street lighting is available.

Energy Audit

Stakeholders' View:

2.153 The stakeholders have stated that DISCOMs are not implementing latest techniques/technologies and suggested for conducting of proper energy audit.

Petitioner's Submission:

2.154 Technologies like GIS, SCADA and AMR to track energy consumption at various points have been put in place, which enable collection of automatic energy consumption data and mapping of network assets. EHV level data in the areas of operation are uploaded on GIS server network and integration with SAP is completed. Updated single line diagram for all grid stations is attached and access through GIS is completed. Due to paucity of funds, cost leg of GIS linkage to consumer level for LT network is in progress.

2.155 Each unit of electricity is accounted for based on the regular energy audit done at District, zonal, feeder and DT level to consumer level.

Commission's View:

2.156 The Commission has directed the DISCOMs to conduct the energy audit regularly and display the losses on its website. The DISCOMs of Delhi have reported that they have adopted the latest technology like GIS, SCADA, Distribution Automation etc.

Curbing of theft and illegal tapping of electricity

Stakeholders' View:

2.157 The stakeholders have suggested for curbing of theft and illegal tapping of electricity from street light poles.

Petitioner's Submission:

2.158 When DISCOMs took over business in July 2002, the actual opening loss levels were higher (51.5%) than the bid opening loss levels (48.5%). Since privatisation, the AT&C losses have been reduced from 48.1% in FY 2002-03 to the current level of losses of about 15 to 17% in FY 2011-12 which is a significant reduction.

In order to reduce losses and theft, the following measures are taken.

- Augmentation of enforcement teams and required infrastructure.
- Establishment of analytics to assist in targeted enforcement metrics.
- Significant improvements across all enforcement metrics.
- Defined and rolled out incentive schemes for personnel against targets.
- Ensuring positive press coverage to raids and in general for education on ill effects of power theft.

- Enforcement of legal entitlements through courts to ensure that there is not only an effective deterrent to theft but also ensuring greater collections through court intervention.

Commission's View:

2.159 The Commission acknowledges the efforts being made by the DISCOMs for curbing of theft and illegal taping of electricity. The Commission is of the view that Distribution licensees should make all out efforts to prevent theft of electricity by strengthening their enforcement activities without harassing the paying consumers.

Meter Related Issues

(a) **Metering of unmetered services**

Stakeholders' View:

2.160 The stakeholders have suggested that all unmetered services should be fixed with meters within a stipulated time.

Petitioner's Submission:

2.161 As a pro-active initiative, almost all 1,25,000 consumers under JJ Cluster areas have been metered in the last 3 years. Any left out unmetered connections are also identified from time to time and are brought into the billing net.

Commission's View:

2.162 The Commission is also of the view that all services should be metered. The Commission has in the Electricity Supply Code & Performance Standards Regulations, 2007 mandated the DISCOMs to follow the Regulations for installation and operation of meters, as given by the CEA.

(b) Fast running of meters

Stakeholders' View:

2.163 The stakeholders have stated that meters are fast running due to residual backflow. The past reports should be reviewed by the Regulators with the help of a cross functional team and a clean final verdict be put on record as to:

(i) Whether the meters are accurate or not; and

(ii) If inconclusive, what final test should be done to certify quality/accuracy level?

Petitioner's Submission:

2.164 The meter has to be consistent with the CEA Regulations for Installation & Operation of Meters, 2006 in terms of Section 55 of the Act, 2003 and should have all additional features as approved by the Commission. All meters shall conform to the requirements laid down in the regulations issued by the CEA. The meters purchased by the consumer shall be tested, installed and sealed by the DISCOMs and the meters purchased have also to comply with standard specified in IS 13779. DISCOMs also provide details regarding the purchase of own meter on their website.

2.165 Any consumer can get his meter tested at the meter testing labs of DISCOMs by paying a nominal charge of Rs. 50/- for a single phase meter and Rs. 100/- for a three phase meters. The DERC has also laid down the procedure for testing of meters by independent third party. Consumer's awareness is also being brought out through energy bills, bi-monthly newsletters attached with bills, interaction with RWA's and Bhagidari meets etc.

2.166 Further all consumers care centers have been sensitized about consumer rights and obligation and if a consumer has a concern with the meter, the DISCOMs will get it checked for accuracy by NABL accredited labs.

Commission's View:

2.167 The Commission is in process of accreditation of reliable independent third party test laboratories for testing of the fast running meters. If the consumers have any complaint, they may approach any of the accredited laboratories and get the meter tested. The exact details of the process to be followed will be advertised after the accreditation process is completed.

(c) Installation of standard meters by DISCOMs

Stakeholders' View:

2.168 The stakeholders have suggested that DERC should ascertain whether the meters installed by DISCOMs are in accordance with the standards as specified by CEA Metering Regulations, 2006, IS 13779 & IS 15707.

Petitioner's Submission:

2.169 All meters procured by DISCOMs conform to BIS/CEA standard and all these meters are manufactured by reputed suppliers.

Commission's View:

2.170 The Commission has already directed the DISCOMs to install meters in accordance with the CEA Regulations on installation and operation of meters. The Delhi Supply Code and Performance Standards Regulations 2007 prescribe compliance with the standard of IS 13779 and IS 15707. Any contravention of same is liable for penal action u/s 142 of EA, 2003.

(d) Meter readings leading to inflated bills

Stakeholders' View:

2.171 The stakeholders have stated that owing to three phases with single neutral transformers, Residual Back flow gets recorded in meter reading leading in inflated bills. Some stakeholders have stated that due to common neutral in meters, consumers have paid 20% extra charges to DISCOMs.

Petitioner's Submission:

2.172 A transformer is metered separately and cannot influence the recording of consumption in a consumer's household or establishment. The consumers are billed on the basis of electronic meters installed in their premises, which record electrical consumption in the premises. DISCOMs have several channels of testing available and any consumer can get his meters tested if he feels that the meter is recording excess consumption. Further all meters procured confirm to BIS/CEA standards and the meters in Delhi have been checked on several occasions and many consumers also got their meters checked.

2.173 All the Electronic meters have a provision to clear LED illumination to warn the consumer in case there is a problem with his electrical wiring/neutral. During every billing, the meter reader is also capturing the information about the Earth Leakage (E/L) and, if the E/L indicator is found "ON" , an intimation is sent to the consumer about the faulty wiring/earth leakage along with the electricity bill.

Commission's View:

2.174 Neutral looping occurs when outgoing neutral of the consumer's meter is connected to incoming neutral of another consumer's meter. This results in a meter recording higher consumption. To avoid neutral looping, neutral wires to consumer meter should be energized through bus bars. The problem is seen to occur more in the case of multi-storey buildings. The consumer may keep his internal wiring exclusive to his connection and ensure that there is no interconnection with any other consumer's meter. The consumer may get the wiring checked by a licensed electrical contractor to ensure that there is no neutral looping in his connection. The Commission has advised DISCOMs to ensure that connections are given with separate neutrals. In case of any specific complaint, the consumer may approach their respective DISCOMs.

DISCOMs Own Consumption

Stakeholders' View:

2.175 The stakeholders have stated that DISCOMs are drawing electricity without meters for 9 years, which amounts to theft. Have the DISCOMs abided by the directions of DERC to install meters in DISCOMs offices in 2011? Why should their high own consumption be paid by the consumers?

Petitioner's Submission:

2.176 In case where meter is absent, dysfunctional or under repair, energy accounting for self consumption is done in accordance with the LDHF (Load, Days, Hour and Load Factor) formula specified in Supply Code and Performance Standard Regulations, 2007. This formula is applicable to both consumers as well as DISCOMs for assessment of energy consumption and has been duly considered and approved by the Commission in all the previous tariff orders.

2.177 The bills generated for own consumption is billed at zero rates to avoid the same being reflected as sales as well as cost on the other side. The Commission in its last tariff order has mentioned that the licensee may avail zero tariffs to the extent of normative self consumption as approved by the Commission at the end of the financial year.

Commission's View:

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

Details of consumers in each DISCOM-category-wise

Industrial commercial, domestic and agricultural to be provided

Stakeholders' View:

2.179 The stakeholders have sought for details of number of consumers-category-wise- i.e., Industrial, Commercial, Domestic and Agriculture.

Petitioner's Submission:

2.180 The numbers of consumers for each consumer category at the end FY 2011-12 have already been furnished in Table 9 of the Petition.

Commission's View:

2.181 The details of category wise consumers are provided in the ARR and Tariff Petitions of the respective DISCOMs. These may be downloaded from the relevant tariff petition available on our website www.derc.gov.in and on the website of the DISCOMs.

Reliability charges

Stakeholders' View:

2.182 The stakeholders have stated that a domestic consumer has got his load sanctioned for which he is already paying a monthly fixed sum for decades. His demand is always below this level. Any additional charge under the guise of "Reliability" would be unethical, illegal and should not be levied.

Petitioner's Submission:

2.183 The DISCOMs have managed to enhance reliability of power to such an extent that even the requirement of managing alternate power supply arrangement (eg. through Diesel generating sets etc) by the consumers has gone down considerably.

2.184 The intent of levying Reliability charges is in lieu of the amount which the high-end consumer category has been saving by not having to maintain and operate alternate arrangement of power sources and to safeguard the low-end consumer so that they are not subjected to the burden in the form of high tariff rates.

2.185 Reliability charges, as a separate component of tariff, has been proposed to be levied on high-end consumers, having high consumption of electricity, who are spending Rs. 10-12/- per unit by operating and maintaining personal DG sets etc to ensure reliability of supply.

Commission's View:

2.186 The Commission is of the view that it is the obligation of the Distribution Licensee to provide un-interrupted power supply to their regular consumers. The Commission has already directed the distribution licensees to strive for uninterrupted power supply and minimum load shedding. The Commission has also directed the Distribution licensees that power which could not be supplied, due to any reason whatsoever, should not exceed 1% in a month. Therefore, the Commission is of the view levy of an additional reliability charge on any set of consumers has no merit and the proposal has not been accepted.

Elimination of carrying cost

Stakeholders' View:

2.187 Stakeholders have stated that efforts need to be taken to eliminate carrying cost as it will create a great problem if it is allowed to go on mounting as at present. The ever-increasing interest will ruin the system if better and pain taking steps are not taken immediately. It is therefore suggested that, instead, a surcharge may be imposed for a limited time.

Petitioner's Submission:

2.188 The Commission may initiate measures to increase surcharge in such a way that the revenue gap may be recovered by minimising the carrying cost.

2.189 The DISCOMs are required to recover tariff from consumers and since tariffs are not cost reflective in nature, it is not possible to recover the total expenditure. Hence huge Regulatory Assets have been created instead of earning profits. The current situation is alarming. The following may therefore be considered.

(a) Timely recovery of variations in power purchase cost.

(b) Recovery of Regulatory Asset as envisaged in clause 8.2.2 of Tariff policy as under:

(i) Carrying of Regulatory Assets should be allowed to the utilities.

(ii) Recovery of Regulatory Assets to be time bound and within a period not exceeding three years at the most, preferably within the control period.

(iii) The use of the facility of Regulatory Assets should not be retrospective.

(iv) In case when Regulatory Asset is proposed to be adopted, it should be ensured that the ROE should not become unreasonably low in any year so that the capability of licensee to borrow is not adversely affected."

2.190 The Hon'ble Appellate Tribunal for Electricity (ATE) has also reiterated the above policy in its judgment dated 11.11.2011 (Op No. 11 of 2011).

Commission's View:

2.191 For meeting the carrying cost of the revenue gap till FY 2010-11 and liquidation of revenue gap, the Commission had decided to introduce a surcharge of 8% over the revised tariff in tariff order dated July 13, 2012 and appropriate surcharges shall be considered by the Commission in FY 2013-14 also to reduce the burden of carrying cost on the consumers of Delhi.

Up gradation of voltage levels for reduction of line losses and improve reliability of supply

Stakeholders' View:

2.192 The stakeholders have stated that voltage levels for industrial consumers having load > 500 KW should be upgraded from existing 11/.4 KV to 33/.4 KV to achieve reduction in line losses and improve reliability of supply.

Petitioner's Submission:

2.193 The 33/0.4 KV transformation is beneficial in reducing technical losses but more space is required for the same and can certainly be considered where a consumer is willing to provide space. However, some consumers are already finding it difficult to even spare space within premises to house 11/0.4 KV transformers and protective equipment.

Commission's View:

2.194 The Commission is of the view that the consumer has the choice of opting for 11/0.4 kV or 33 kV / 0.4 kV supply for his premises depending upon the space available and according to techno-economic feasibility of supply from the System. The Commission, to encourage customers to take supply at higher voltage, prescribes rebates in tariff for supply at voltage above 11 kV.

Treating of Distribution loss as Business Loss

Stakeholders' View:

2.195 The stakeholders have suggested that

(i) Treating distribution losses as business loss should not be allowed through the tariff process.

(ii) There is no incentive for DISCOMs to curb theft as such losses are allowed to be offset through tariff.

Petitioner's Submission:

(i) The power distribution losses are factored in tariff to be charged to the consumers and to the extent approved by the Commission;

(ii) Any loss in excess of targets losses approved by the Commission is not allowed to be recovered through tariff and is to be borne by the DISCOMs but not the consumers.

(iii) As per the provisions of MYT Regulations in force, financial penalties are imposed on DISCOMs for non-achievement AT&C losses targets and the financial quantum of the penalty is deducted from the RoCE of the licensee which means that distribution loss/AT&C loss is indeed a part of business loss and DISCOMs have every incentive to curb theft in their areas.

Commission's View:

2.196 The Commission is of the view that Distribution loss is an inherent loss in the System which can be minimized up to technical permissible limit whereas AT&C losses also include the theft/commercial losses which can be controlled by DISCOMs. The Commission is fixing the AT&C loss targets for DISCOMs on year to year basis. The incentive/disincentive for over and under achievement of AT&C loss target is being accounted for in the ARR of the relevant financial year as per the applicable Regulations. The Commission has prescribed penalties for non-achievement of targets and, it is expected that the DISCOMs would take all possible measures to reduce AT&C losses in their areas to avoid these penalties.

Levy of tariff for Educational Institutions and Hospitals

Stakeholders' View:

2.197 The stakeholders have stated that.

(i) To differentiate private hospitals or educational institutions from Government hospitals or educational institutions on the ground that private institutions are having the capacity to pay the higher tariff is against the judgment passed by the Divisional Bench of Kerala High Court in the matter of SR Celine, Manager, Karikkamata Convent Vs. State of Kerala and others reported in WA No. 1064 of 2009 dated 17.08.2009 based on the judgment passed by the Supreme Court in the matter of Rohtans Industries Limited Vs Chairman BSES reported in AIR 1984 SC 657. The High Court held that the capacity to pay cannot be a differentiating factor under section 62(3) of the Act and held that categorisation of Self Financial Educational Institutions under LT VII (A) as commercial is bad in law in so far as such differentiation is not for any of the other grounds specified under section 62(3) of the Act.

(ii) The Appellate Tribunal of Electricity held in the matter of Association of Hospitals Vs. Maharashtra Electricity Regulatory Commission and others on 20/11/2011 that (a) The State Commission classified wrongly all the consumers, including appellants, who are neither domestic nor industrial nor falling under any of the categories, under commercial category. The appellants are seeking separate categorisation on the basis of purpose for which supply is required by the appellants rendering essential services.

(iii) The real meaning of expression "purpose for which the supply is required as used in section 62(3) of the Act does not merely relate to the nature of the activity carried out by a consumer but has to be necessarily determined from the objects sought to be achieved through such activity. The railway and Delhi Metro Rail Corporation have been differentiated as separate category as they are providing essential services. The same would apply to hospital as well. The stakeholders have stated that the judgment passed by the Appellant Tribunal is binding upon all the ERCs.

(iv) The Government hospitals are kept under domestic category but the private hospitals are kept under non-domestic category which amounts to discrimination and hence private hospitals are also required to be kept under domestic category. Alternatively, a separate category can be created for private hospitals having lower tariff than non-domestic tariff.

Petitioner's Submission:

2.198 The Commission in its tariff order dated 26.08.2011 had observed that it would be ideal to fix electricity tariff for all consumers on cost to serve basis and any subsidy based on Socio-economic factors or otherwise should be extended by the State Government. The Commission was also of the view that extending any concession would be a retrograde step and increase the cross subsidy element.

Commission's View:

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

Safety Audit

Stakeholders' View:

2.200 The stakeholders have stated that safety audit of DISCOMs to be got conducted.

Petitioner's Submission:

2.201 A comprehensive safety manual has been submitted to Commission, which contains detailed safety procedures. These procedures are strictly followed to minimise the accidents. Safety audit for equipment is also being undertaken in line with the procedures laid down in the manual, submitted to the Commission, by nominating a Safety officer. DISCOMs are also furnishing the data on accidents occurred in their respective areas.

Commission's View:

2.202 The Commission intends to appoint consultants to assist in monitoring proper maintenance of infrastructure and compliance with the provision of Delhi Electricity Supply Code and Performance Standards Regulations for reliable supply and meeting safety requirements as per Measures for Safety Regulation stipulated by CEA. The Commission has directed the DISCOMs to conduct a safety audit and ensure proper fencing, locking arrangements and grounding of the fencing as per code of practice for earthing.

Application of RTI Act to DISCOMs

Stakeholders' View:

2.203 The stakeholders have stated that the DISCOMs must fall in the ambit of RTI Act as per the recent order of the consumer court which has been got stayed by the DISCOMs in the High Court. The DERC should get the stay vacated for the welfare of the consumers.

Petitioner's Submission:

2.204 The matter of applicability of RTI Act to DISCOMs is subjudice in the Delhi High Court and it would not be appropriate to comment on the issue.

Commission's View:

2.205 The Commission is of the view that Distribution licensees are Public Utilities and they must comply with the provisions of Right to Information (RTI) Act, 2005. The said opinion of the Commission pertaining to the status of Distribution licensees in the RTI Act was upheld by the Central Information Commission (CIC) in its Order dated 30 November 2006.

2.206 The said impugned Order of the CIC was subsequently challenged before the Hon'ble High Court of Delhi by the Distribution licensees and the said Order was stayed by the Hon'ble High Court. The Commission as one of the Respondents in this matter has filed its reply before the Hon'ble High Court of Delhi reiterating its stand that the distribution licensees should be covered under the RTI.

Unbiased Redressal System

Stakeholders' View:

2.207 The stakeholders have stated that unbiased Redressal system is not available which is leading to loss of trust in working of DISCOMs/DERC. Public trust must be restored.

Petitioner's Submission:

2.208 Effective, transparent and well defined institutions for redressal of grievances are in place and these institutions are presently well equipped to sort out grievances of consumers, as under:

(i) Consumers can register their grievances either by sending an e-mail or visit the consumer care centre and contact the customer care officials/Business District Manager in person.

(ii) All complaints lodged are monitored internally for faster resolution of complaints.

(iii) There are dedicated help line numbers for billing and metering.

(iv) In case any consumer is not satisfied with response given by the Internal Grievance cell, he/she may approach the Consumer Grievance Redressal Form (CGRF), which is a statutory body under the Act, 2003, for adjudication of disputes between consumers and DISCOMS.

(v) Consumers may also appeal to Electricity Ombudsman for redressal of their grievances, if they are not satisfied with the outcome of CGRF.

Majority of cases are disposed in favour of consumers by the CGRF/Ombudsman.

Commission's View:

2.209 The Commission is of the view that DISCOMs have put in position the required system to address the grievances of the consumers. If the DISCOM is not able to address the grievance(s) to the satisfaction of consumers, the consumer(s) may approach Consumer Grievance Redressal Forum (CGRF) which has been set up in each DISCOM area as per the provision of the Electricity Act 2003. If consumer is not satisfied with the orders of CGRF he may appeal to Electricity Ombudsman for redressal of his/her grievance.

Uniform allotment of time to stakeholders in public hearing

Stakeholders' View:

2.210 The stakeholders have suggested that there should be uniform allotment of time to stakeholders in public hearings.

Petitioner's Submission:

2.211 This is a matter to be decided by the Commission. It is suggested that separate public hearing for registered consumers of DISCOMs should be held.

Commission's View:

2.212 The Commission held the public hearing for two days on 3^{rd} & 4^{th} June, 2013 and allowed the entire stakeholder to voice their views. The Commission during the public hearing has requested the stakeholders to be brief and succinct wherever required in order to accommodate the views of all the stakeholders.

Benefit under Grants/Schemes.

Stakeholders' View:

2.213 The stakeholders have suggested that the DISCOMs should be entitled for the benefits under grants and schemes such as APDRP etc.

Petitioner's Submission:

2.214 The suggestion is agreed to.

The consumers of Delhi are deprived of such financial grants and support towards creating safe distribution network and the Department of Power, GOD, has been requested to consider providing the utilities in Delhi such financial support as provided to all other State

Distribution Companies in the country. The GoNCTD may be requested to take up the matter with MOP, GOI.

Commission's View:

2.215 The Commission has issued statutory advice to Govt of NCT of Delhi u/s 86(2) of EA, 2003. As per statutory advice the Commission is of the view that Govt of NCT of Delhi should approach the Govt of India to arrange a special financial package for this modernization and development through IDA credit/IDBI loan/ funding from other multilateral financing agencies at interest rates which are more favorable than financing to the domestic, commercial, financial institutions presently being availed by the DISCOMs.

Basis to arrive at peak demand and sources for the same

Stakeholders' View:

2.216 The stakeholders have sought to know the basis to arrive at peak demand of 5028 MW to be provided and the sources from which it is met.

Petitioner's Submission:

2.217 The coincident peak demand in Delhi was 5028 MW on August 2, 2011 in accordance with Annual Report of SLDC, as available on the website of SLDC.

2.218 Regarding the source to meet the demand, the slot-wise estimation for surplus/shortages is made on an ongoing basis, based on the demand projected by SLDC as well as internal projections and availability as per the most recent data of outages.

2.219 All contracts, except Exchange Contracts, are discussed with Delhi Power Procurement Group (DPPG), which is an informal coordination group/arrangement approved by council of Ministers of GoNCTD in 2007 to ensure proper arrangement of short term power procurement by DISCOMs. In case of contingencies and depending on variation in power prices in the short term market, the DISCOMs have to deviate from the above mentioned methodology.

Commission's View:

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

Incorporation of judgments of Hon'ble ATE on two pending Petitions in the tariff order

Stakeholders' View:

2.221 The stakeholders have sought to know how the judgments of Hon'ble ATE on the two pending Petitions will be incorporated in Tariff Order in case tariff is decided on the present ARRs.

Petitioner's Submission:

2.222 The last two tariff orders were challenged and are pending disposal in the ATE. On pronouncement of the judgments, the Commission has a right to accept them or to go on an appeal. In case, the Commission is not preferring an appeal, the Commission has to implement the said judgments in the Tariff Order under consideration.

Commission's View:

2.223 The appeals are pending with APTEL. Appropriate decision will be taken based on the judgments of APTEL.

Engagement of Consultants by DERC

Stakeholders' View:

2.224 The stakeholders have stated that any consultant/consultancy firm/auditors who have been engaged by either DISCOMs or their parent companies or their sister concerns should not be engaged by the DERC for a minimum period of 10 years from the date of completion of their last assignment.

Petitioner's Submission:

2.225 The Commission has issued the "Appointment of consultant" Regulations and the same are followed by the Commission. The Commission takes care of all apprehensions of the stakeholders. All such disclosures are to be made out by the consultants at the time of short listing.

Commission's View:

2.226 The Commission has modified its tender documents for appointment of consultants to ensure that any consultant/consultancy firm/auditors who have a conflict of interest with the DISCOMs are not appointed for the Tariff determination work. The Consultant Firm shall have an obligation to disclose any situation of actual or potential conflict that impacts their capacity to serve the best interests of the Commission and the consumer of Delhi or that may reasonably be perceived as having this effect. The Firm of consultant shall not be hired for any assignment that would be in conflict with their prior or current obligations to their other clients or that may place them in a position of not being able to carry out the assignments objectively and impartially.

Appointment of Consultants for Review of Tariff Petition

Stakeholders' View:

2.227 The stakeholders have stated that the Commission has appointed ABPS Infrastructure Advisory as consultant to review Tariff Petition during FY 13-14 even though the DISCOMs also appointed the firm as consultant. There is conflict of interest.

Petitioner's Submission:

2.228 M/s ABPS Infrastructure Advisory has been engaged by BRPL in 2007. After this, there is no ongoing assignment. The other DISCOMs have not appointed any consultants.

Commission's View:

2.229 The Commission has disassociated the consultant – ABPS Infrastructure advisory to review the tariff petition of the three private DISCOMs as a measure of abundant caution to avoid any conflict of interest whatsoever with the current assignments. The Commission has appointed M/s ASCI to carry out true-up of FY 2011-12 and determination of ARR for FY 2013 for the three private DISCOMs.

Authentication of data in public notice issued by the Commission

Stakeholders' View:

2.230 The stakeholders have stated that the data in public notice issued by DISCOMs has to be authenticated by DERC.

Petitioner's Submission:

2.231 On submission of ARR Petition, the Commission, after due scrutiny and on receipt of data gaps and additional submissions as sought for by the Commission, admits the Petition. The Commission thereafter directs the Petitioner to issue a public notice as specified by it. Hence no authentication of data in the public notice is necessary.

Commission's View:

2.232 The Commission is of the view that the public notice is based upon the data submissions of the Petitioner. The Commission conducts due diligence and prudence check on the information provided by the Petitioner before considering the same for determination of aggregate revenue requirement and tariff for the Petitioner.

Violation of performance regulations, supply agreement, Electricity Act etc

by DISCOMs to be made public

Stakeholders' View:

2.233 The stakeholders have sought for making public all violations made by DISCOMs in performance regulations, supply agreements, Electricity Act etc during the last 10 years.

Petitioner's Submission:

2.234 The DISCOMs have been making consistent efforts to ensure quality and reliable supply of power as per performance standards as specified in the Delhi Electricity Supply Code and Performance Regulations of DERC. The DISCOMs have been submitting periodical (monthly/quarterly) reports on the guaranteed standards of performance and over all standards of performance respectively to the Commission. Since July 2001, the failure rate of distribution transformers has come down from 15% in FY 2001-02 to 0.1%. Capacitors have been installed for reactive compensation and for better voltage profile. The faults in sub-transmission system have been reduced considerably. The reliable indices of SAIF, SAIDI and MAIFI are 3.10, 3.88 and 0.04 respectively in FY 2011-12.

2.235 Further the DISCOMs have been obliged to supply uninterrupted power in their areas while ensuring that electricity which could not be served for any reason shall not exceed 1% of total energy sold/supplied in units (KWH) in a particular month except under force majeure conditions beyond their control.

Commission's View:

2.236 The standard of performance of various parameters achieved by the DISCOMs is provided in the respective tariff orders which are available on the website of DERC in public domain.

Right to consumers to with-hold payments

Stakeholders' View:

2.237 The stakeholders have suggested that consumers should have a right to with-hold payments in the absence of satisfactory reply to comments/objections.

Petitioner's Submission:

2.238 There is no linkage to satisfactory reply to a stakeholder and payment for his consumption of electricity. Also public hearing is organised by the Commission and consumers can raise this issue before the Commission.

Commission's View:

2.239 The Commission is of the view that all the comments/objections of the stakeholders are replied to in Chapter-2 of the tariff order and considered appropriately at the time of tariff determination. The consumers have to pay the charges for energy consumption made by them as per the tariff rates determined by the Commission under the Electricity Act 2003. Withholding payments is liable for disconnection of supply and levy of other charges as per rules and regulations of the Commission in this regard.

Reimbursement of Legal expenses

Stakeholders' View:

2.240 The stakeholders have stated that DISCOMs get 100% legal reimbursement for petitions filed by consumers in various legal forums. Why should the consumer have to bear the cost of such high legal fees?

Petitioner's Submission:

2.241 The reimbursement of legal expenses is necessary for the proper conduct of the business and discharge of DISCOMs obligation for maintaining proper supply conditions. The DISCOMs have to defend numerous cases, as successor entities of DVB. In the ordinary course, the DISCOMs have to comply with other regulatory requirements such as proceedings instituted by the Authorities of Sales Tax, Service Tax, MCD etc, disinvestment aspects and also seek upholding of their legal entitlements before the Appellate Tribunal, High court, Supreme court etc.

2.242 The O&M expenses are only allowed on normative basis, including legal expenses, which are legitimately incurred to generate revenue from cases of theft, DAE etc and any revenue recovery in this regard will form part of ARR. Hence the benefits go to all consumers of DISCOMs.

Commission's View:

2.243 Legal expenditure incurred by the DISCOMs is part of A&G expenses, which is being allowed on a normative basis every year. Any expenditure in excess of the norms is not allowed in the Aggregate Revenue Requirement tariff for the DISCOM.

Notification of revised performance standards regulations

Stakeholders' View:

2.244 The stakeholders have stated that public hearing for revised DERC draft performance regulations has been completed in 2010 but they have not been notified yet. It is an undue favour to DISCOMs.

Petitioner's Submission:

2.245 The comments on the draft regulations have been submitted. Obtaining of the views during consultation process and public hearing are part of the process for finalisation of the draft regulations, within the time frame prescribed by the Commission. It is for the Commission to decide further modalities in finalisation and notification. Till the new Regulations come into force, the DERC Electricity Supply code and Performance Regulations, 2007 will continue to be in force.

Commission's View:

2.246 The Commission has obtained comments of the stakeholders and revised the regulations. The revised regulations are under finalization and will be notified shortly.

Ignoring of consumer's objections

Stakeholders' View:

2.247 The stakeholders have stated that public hearings are a formality. Consumer(s) objections are ignored which amounts to denial of natural justice.

Petitioner's Submission:

2.248 This is incorrect. The Commission has a transparent and effective procedure of responding to objections of all stakeholders. Each tariff order contains objections of stakeholders, licensee's response and views of Commission.

Commission's View:

2.249 The Commission considers the views expressed by all the stakeholders who have responded to the public notice and attended public hearing, before finalising the ARR and determination of tariffs.

Conducting of Consumer Survey

Stakeholders' View:

2.250 The stakeholders have suggested that the Commission may conduct consumer survey and also review feedback.

Petitioner's Submission:

2.251 The suggestion is appreciated. The Commission may like to respond on this.

Commission's View:

2.252 The Commission would take up consumer survey at an appropriate time.

Same Tariff for Domestic and Industrial Categories

Stakeholders' View:

2.253 The stakeholders have stated that the tariff for domestic and industrial categories should be the same.

Petitioner's Submission:

2.254 Fixation of tariff for any consumer category is the prerogative of the Commission.

Commission's View:

2.255 The Commission is of the view that in an ideal case electricity tariff for all categories of consumers should be fixed on cost to serve basis in accordance with the Act and the policies prescribed from time to time. However, historically, certain categories of consumers are subsidized whereas other categories are subsidizing them.

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

Relief to senior citizens in electricity consumption

Stakeholders' View:

2.257 The stakeholders have suggested that the DERC may consider giving relief to senior citizens residing in Delhi (Husband and Wife/single/ and who are not paying income tax due to their poor economic conditions/low income).

Petitioner's Submission:

2.258 Fixation of tariff for any consumer category is the prerogative of the Commission.

Commission's View:

2.259 The Commission is of the view that all consumers including senior citizens are availing slab benefit under domestic category for low consumption and the Govt is also providing subsidy to support such consumers having lower consumption (0-200 units per month). The Commission is of the view that extending any further concession would be a retrograde step and will increase the cross subsidy element. It would be ideal to fix electricity tariff for all consumers on cost to serve basis and any subsidy based on socio-economic factors or otherwise should be extended by the State Govt. The Commission also feels that the State Govt. should bear the expenses for supporting the weaker sections of society and this responsibility should not be thrust upon another section of consumers.

Automatic switching of street lights

Stakeholders' View:

2.260 What action is being taken to control wastage of electricity in street lights when timely action is not taken to switch off these lights in the morning hours?

Petitioner's Submission:

2.261 The Petitioner has submitted that they are in the process of automating switching of street lights to ensure timely action for switching off the lights.

Commission's View:

2.262 The Commission has directed the Petitioner to install controllers for controlling MCD Street lights. The Commission has further directed the Distribution licensees to evolve a mechanism for ensuring that the street lights are switched off during the day time.

Use of energy efficient lighting system

Stakeholders' View:

2.263 The stakeholders have suggested for use of Energy efficiency lighting system like LED, to reduce consumption.

Petitioner's Submission:

2.264 Various initiatives have been taken by DISCOMs from time to time for use of Energy Efficiency lighting system to reduce consumption like distribution of CFLs under Bachat Lamp Yojana (BLY), discount based scheme of 7W LED bulbs, pilot project for LED street lights etc.

Commission's View:

2.265 The Commission is also of the view that energy efficient system should be used to reduce the energy consumption. The Commission has been issuing the public awareness bulletins from time to time for use of energy efficient equipment/lighting.

Implementation of islanding system

Stakeholders' View:

2.266 The stakeholders have suggested for implementation of islanding system to ensure reliability.

Petitioner's Submission:

2.267 In Delhi, islanding scheme is being operated by DTL in conjunction with DISCOMs. DISCOMs have already submitted their islanding schemes to DTL for implementation.

Commission's View:

2.268 The Islanding scheme is under consideration and is being implemented by the Govt. Of NCT of Delhi.

Initiatives to mitigate increase in cost

Stakeholders' View:

2.269 The stakeholders have stated that DISCOMs may be asked to plan initiatives to mitigate increase in cost.

Petitioner's Submission:

2.270 DISCOMs are doing their best to reduce the power purchase cost, which constitutes 80% of the tariff. A policy advocacy in various forums to reduce the same, including surrendering of costly power plant, is being made.

Commission's View:

2.271 Power purchase costs constitute more than 80% of the cost and the Commission has issued directions to the utilities to optimize their cost. The Commission has accorded approval for surrender of power plants/reallocation of costlier power on case to case basis to minimise the power purchase cost. The Commission has also been notifying the AT&C loss reduction targets.

Charges for Infrastructure in Colonies

Stakeholders' View:

2.272 The stakeholders have stated that colonies which put demand on infrastructure should be charged an increased rate as those who have created such demand/additional burden on infrastructure.

Petitioner's Submission:

2.273 Fixation of tariff for any category is the prerogative of the Commission.

Commission's View:

2.274 The Commission in its Delhi Electricity Supply Code & Performance Standards Regulations, 2007 has mandated that the charges for infrastructure development are to be borne by the developers in new categories. The development costs are being borne by the developer and not by the other consumers in Delhi.

Upward revision of limit for acceptance of cash payment

Stakeholders' View:

2.275 The stakeholders have stated that any upward revision in cash limit of Rs. 4000/- is not acceptable.

Petitioner's Submission:

2.276 In view of the ground realities and chances of default by consumers in case payments are not accepted in cash, if it exceeds the present limit of Rs. 4000/-, the Commission may consider to increase the current limit to at least Rs. 10,000/- for consumer convenience and better revenue recovery.

Commission's View:

2.277 With respect to payment of bills more than Rs 4000 through cheque, the Commission has taken a conscious decision to maintain the limit of Rs.4000 payment through check in order to ensure transparency in payment collection and to ensure proper accounting of collection. In case bill for consumption 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.

Theft by encroachers on roads and misuse of domestic connections for commercial / industrial purposes

Stakeholders' View:

2.278 The stakeholders have stated that encroachers on road and unauthorised markets steal electricity.

Petitioner's Submission:

2.279 Our Zonal and enforcement teams are on continuous vigil and wherever such incidents occur, the defaulters are booked for theft of electricity as per rules.

Commission's View:

2.280 The Commission is of the view that Distribution licensees should make all out efforts to prevent theft of electricity by strengthening their enforcement activities. The Commission expects that the DISCOMs shall encourage active participation of RWAs and NGOs to get their support in the matter.

2.281 The DISCOMs have enforcement teams to detect the cases of theft of energy and misuse of electricity.

Failure of DISCOMs to control breakdown and load shedding

Stakeholders' View:

2.282 The stakeholders have stated that there are unscheduled power cuts as well as interruptions in supply due to poor maintenance. There should be check on DISCOMs for failure to control breakdowns and shedding.

Petitioner's Submission:

2.283 The interruptions due to breakdown are coming down year after year steadily. Annual Maintenance Plan is drawn up every year and adhered to. Predictive maintenance in the form of measures like thermo-scanning for hot spots as 11 KV transformers and associate equipment is also carried out. Sufficient power is arranged throughout the year through long term and short term bilateral/banking arrangements to meet the anticipated demand including contingencies. Hence no load shedding is anticipated due to non-availability of power.

Commission's View:

2.284 The Commission vide Order dated 21 October, 2009 has already directed that "Distribution Licensees shall endeavour to maintain uninterrupted power supply in their respective areas. The Distribution Licensees shall inform the consumers in advance, about the anticipated disruption in power supply due to any reason (including maintenance schedule, breakdowns, load-shedding etc.), except Force-majeure events which are beyond the control of the Licensee. The Licensee shall ensure that the electricity which could not be served due to any reason what-so-ever (including maintenance schedule, breakdowns, load-shedding etc.) shall not exceed 1% of the total energy supplied in units (kWh) by them in any particular month, except in the case of force-majeure events which are beyond the control of licensee" and "In case the disruption in power supply exceeds the limit prescribed above, for any particular month, the licensee shall be liable to a penalty which may extend upto Rs.5 Lakh for every two lakh units/kWh un-served."

2.285 The DISCOMs should undertake augmentation and maintenance of the distribution network to minimise the failure of supply due to breakdowns.

Factoring of load shedding cost Impact

Stakeholders' View:

2.286 The stakeholders have stated that after factoring in the load shedding cost impact, the average Delhi consumer pays half the rate of what his counterparts pay in the neighbouring townships.

Petitioner's Submission:

2.287 The reliability of supply cannot be solely determined by the DISCOMs. The service commitment of DISCOMs is contingent on several factors which are beyond control such as grid supply condition, constraints in DTL system, SLDC instructions etc. However, the DISCOMs have managed to enhance the reliability of power supply to such an extent that the cost of maintaining alternate power supply arrangements i.e., the Diesel sets etc has gone down considerably.

Commission's View:

2.288 The Commission is in agreement that the quality of power supply in Delhi has considerably improved over the years and the tariff is lower or at par with neighbouring states in NCR.

Savings as per SBI cap security report

Stakeholders' View:

2.289 The stakeholders have stated that as per the SBI cap securities report in 10/2012, the power sector reform in Delhi has resulted in saving of about Rs. 30,000 crore to Delhi government in the last 10 years.

Petitioner's Submission:

2.290 The AT&C losses have been reduced from 48% at the beginning of FY 2002 to the level of 11% approximately in FY 2013 which has resulted huge saving to all stakeholders.

Commission's View:

2.291 The Commission is in agreement that the privatisation of electricity distribution in Delhi has resulted in savings to the GoNCTD and the consumers have benefited by way of getting reliable supply. However actual savings as a result of privatisation would be available with GoNCTD.

DISCOMs show losses in their petition whereas book of accounts show profit in their business

Stakeholders' View:

2.292 The stakeholders have stated that though the tariffs of DISCOMs have been revised, they are still in losses whereas accounts continue to show profits. Also PFC shows DISCOMs with profits, positive network etc. How can these companies be in loss?

Petitioner's Submission:

2.293 The profits of DISCOMs are regulated i.e., their tariff is regulated while they operate on cost + RoCE basis. In case the costs exceed revenue, the resultant gap is recoverable through tariff hike as determined by the Commission and this gap is recognised as Regulatory Asset in the books and a non-cash asset. There is no cash profit.

2.294 The financial position of the DISCOMs has been brought out appropriately in a statutory advise, issued under section 86(2) of the Act, dated 01.02.2013 by the Commission to the GoNCTD. In the said statutory advise, a total accumulated revenue gap of Rs. 19504.04 crore has been recognised by the Commission.

2.295 The accounts of DISCOMs are prepared on accrual concept of accounting as per section 211 of Companies Act and Accounting Standards of India, which are audited by statutory auditors and prudent check is done by DERC. Accounts reflecting profit is inclusive of revenue gap which has been taken as income on accrual concept. If the revenue gap is excluded, there is actual cash loss to DISCOMs.

Commission's View:

2.296 The Commission has examined the audited books of accounts submitted by the DISCOMs. The audited accounts are prepared on accrual basis as per Accounting Standards issued by The Institute of Chartered Accountant Of India. DISCOMs are preparing their annual account in which they recognize the income recoverable from future tariff which is yet to be effected. Income recoverable from future tariff is not a part of the sales/realised revenue of any particular year. There may be cash loss if the revenue collection during the year is less than the total expenditure incurred by the DISCOMs during that year. The Commission has also ascertained that there is no material difference in the balance sheets filed by the DISCOMs before DERC, PFC and Dept. of Company Affairs. Certain items have been clubbed together in some cases but the overall accounts are similar.

Open Access Policy and ToD metering

Stakeholders' View:

2.297 The stakeholders have stated that open access policy is yet to be in place. ToD metering involves huge investment and once such investment is in place, implementing of open access policy would be even more difficult.

Petitioner's Submission:

2.298 The open access policy is already in place for consumers with a sanctioned load of 1 MW and above. ToD is being propagated only from the perspective of flattening the load curve to reduce requirement of peak power procurement which is expensive.

Commission's View:

2.299 The Commission has notified the Open Access Regulations in Financial Year 2005-06 for consumers more than 1MW. The Commission is of the view that the implementation of Open Access is not related to any investments in ToD metering.

Open Access to Consumers of Delhi

Stakeholders' View:

2.300 The stakeholders have stated that the Commission has failed to provide open access to consumers of Delhi and to allow multiple operators in same area of operation of the Petitioner.

Petitioner's Submission:

2.301 The open access policy is already in place for consumers with a sanctioned load of 1 MW and above and the terms and conditions of open access have been specified in the DERC (Terms and Conditions for open access) Regulation issued on 03.01.2006. The Commission may consider open access to consumers with capacity requirement of less than 1 MW subject to review of operational complaints and other factors. Subject to system constraints it is the prerogative of the Commission to consider when interested applicants come forward to operate as distribution licensees.

Commission's View:

2.302 The Commission has already formulated Regulations for allowing open access to consumers whose contracted demand is 1 MW and above. Operators other than the incumbent DISCOM would have to come forward for obtaining a license from the Commission to allow multiple operators in the same area of operation. No such application has been received as yet.

Norms and standards of wiring and use of ELCB

Stakeholders' View:

2.303 The stakeholders have requested the Commission to investigate and evaluate whether utilities as well as consumers follow the norms and standards on wiring and use of ELCB.

Petitioner's Submission:

2.304 All the Electronic meters have a provision of clear LED illumination to warn the consumer in case there is a problem with his electrical wiring/neutral. Meter reader is also capturing the information about the Earth Leakage (E/L) indicator during every billing and if E/L indicator is found 'ON' then intimation/Notice of "Earth Leakage/ Faulty Wiring" is sent to the consumer along with electricity bill. Further new connections are released on confirmation that ELCB (wherever required) has been installed by the consumer.

Commission's View:

2.305 The Commission has already issued directions to the DISCOMs for compliance of the Central Electricity Authority (measures relating to safety and electricity supply) Regulations, 2010 which inter-alia include provisions on earth leakage, use of ELCB etc.

Transparency in tariff fixation criteria

Stakeholders' View:

2.306 The stakeholders have requested for maintenance of transparency in tariff fixation criteria. The breakup of tariff in terms of various components like power purchase cost, O&M costs, CAPEX, financing cost etc to be provided, in brief. The justification for tariff should be published.

Petitioner's Submission:

2.307 The Commission may like to comment on this.

Commission's View:

2.308 The Commission in its Tariff Order is providing the details of breakup of major components like power purchase cost, O&M costs, CAPEX, financing cost etc with proper justification and analysis.

Non - Payment of Interest on Security Deposit

Stakeholders' View:

2.309 The stakeholders have stated that no interest is paid by DISCOMs to consumers on security deposit.

Petitioner's Submission:

2.310 Interest on Security Deposits is credited in the consumer's bill on annual basis in line with Regulation 16(vi) of DERC Supply Code and Performance Standard Regulations, 2007.

Commission's View:

2.311 The interest on security deposit on annual basis is to be adjusted in the electricity bill in the first billing cycle of the ensuing financial year as per the provisions of Delhi

Electricity Supply Code and Performance Standard 2007. If this has not been done, the consumer may take up with the DISCOMs and other appropriate Forums.

Non-Achievement of AT&C Loss Target by DISCOMs

Stakeholders' View:

2.312 Are there penalties for not achieving AT&C Loss by the DISCOMs? How is this penalty imposed on the DISCOMs?

Petitioner's Submission

2.313 Yes, MYT regulations provide for penalties in case of under achievement of AT&C loss levels by the DISCOMs. In case the AT&C loss level is not achieved, the loss of revenue on account of the same is recovered from the companies and is adjusted in the ARR.

Commission's View:

2.314 The Commission has fixed the targets of AT&C loss for each year and these are fixed in the MYT Order for the control period. The DISCOMs are given an incentive if the loss is reduced to below the target. If the losses are more than the target fixed, the loss above the target is on account of the DISCOMs. The targets every year are progressively decreasing and it is expected that DISCOMs will endeavour to meet these. If the DISCOM does not achieve the target it will be to the account of the DISCOMs alone as penalty. Any penalty is reflected in the true-up of the respective year and is reflected in the ARR of the DISCOM.

Submission of different Balance sheets by DISCOMs

Stakeholders' View:

2.315 Is it a fact that DISCOMs are giving different Balance Sheets to different agencies i.e. to Ministry of Corporate Affairs Delhi Govt. DERC? If so, what action has DERC taken?

Petitioner's Submission

2.316 It is clarified that for each year only one Audited Financial Statement and the same is submitted to all the different agencies like Ministry of Corporate Affairs/ Govt. etc.

Commission's View:

2.317 DERC has verified the Balance Sheets for the years 2009-10, 2010-11 and 2011-12 filed by various DISCOMs on the website of Registrar of Companies, Ministry of Corporate Affairs, and Government of India. It has been noted certain figures are clubbed or presented differently in the respective Balance Sheets submitted to Registrar of Companies, Ministry of Corporate Affairs and DERC. However, after comparing and clubbing the various heads of accounts in the prescribed manner, no difference was found in class of assets and/or liabilities for the Balance Sheets filed by DISCOMs for the three years 2009-10, 2010-11 and 2011-12. For example, BRPL in its Balance Sheet filed with Registrar of Companies has clubbed figures of Consumer Contribution for Capital Works, Service Line Deposits and Grant in Aid including Reserves and Surplus under the broad head "Reserves and Surplus". DISCOMs are presenting their Audited Financial Statements to different agencies / authorities for different purposes and the report is according to the format provided by concerned agencies / authorities. Therefore, it shows different figures for one head in different agencies / authorities as per their requirement. However, despite differences in presentation, the basic numbers relating to income, expenditure etc. are effectively the same in all presentations.

Replacement of Old Meters

Stakeholder's View:

2.318 Why are meters which are over ten years old being replaced even though there is no complaint in their functioning? This is unnecessarily adding to the tariff burden on the consumers. Why can't a meter be replaced only if it fails or there is proof of tampering etc?

Petitioner's Submission

2.319 We would like to submit that meters have a warranty period of 5 years and are replaced only if they are found faulty or tampered, as per the provisions provided under Delhi Electricity Supply Code and Performance standard notified by the Hon'ble Commission. However, exceptional scenarios with change in regulations, may lead to revision in meter specifications and replacement of meters subsequently. For example meters were changed from electro-mechanical meters to static/electronic meters as per Central Electricity Authority (Installation and Operation of Meters) Regulations 2006. Meter are also changed for Implementation of ToD Billing in non TOD compliant Meters, Load Enhancement on Consumer Request, Meters Prone to Certain New

Tampering Devices/Technology and also, when suo-moto load enhancement process was started, where-in capturing of MDI was a requirement, some meters did not have MDI facility, and accordingly, MDI was not getting recorded and hence it required replacement.

Commission's View:

2.320 The electronic meters are generally being replaced due to malfunctioning of meter, tampering etc. The meters are being replaced as and when required.

Targets for Purchase of Renewable Energy

Stakeholder's View:

2.321 What is the rationale for setting targets for purchase of Renewable Energy given the fact that this expensive energy adds to the Consumer burden at a time when large regulatory assets are still to be recovered from the consumers?

Petitioner's Submission

2.322 Regarding the rationale for procurement of power from renewable energy sources, we would like to draw the kind attention of Hon'ble Commission towards statues/regulations/laws in force. Firstly, relevant excerpts from Electricity Act, 2003 are reproduced as follows:

"Section 61 (h):

61. Tariff regulations

The Appropriate Commission shall, subject to the provisions of this Act, specify the terms and conditions for the determination of tariff, and in doing so, shall be guided by the following, namely:-

(h) The promotion of co-generation and generation of electricity from renewable sources of energy;

Section 86(1) (e):

86. Functions of State Commission

(1) The State Commission shall discharge the following functions, namely:-

(e) promote cogeneration and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such

sources, a percentage of the total consumption of electricity in the area of a distribution licensee;

66. Development of market

The Appropriate Commission shall endeavour to promote the development of a market (including trading) in power in such manner as may be specified and shall be guided by the National Electricity Policy….."

Further, The National Electricity Policy provides that purchase obligation from RES would be made applicable by SERCs at the earliest and progressively the share of electricity from non-conventional sources needs to be increased. The Tariff Policy provides that appropriate Commission shall fix a minimum percentage for purchase of energy from RES taking into account availability of such resources in the region and its impact on retail tariffs.

Also, National Action Plan of Climate Change (NAPCC), 2008 aims to enable the Country to adapt the climate change and enhances the ecological sustainability of India's development. It suggests RPO to be 5% starting from the year 2009-10 and to increase by 1% each year for 10 years. The NAPCC envisages transaction of renewable energy from surplus regions to deficit regions through Renewable Energy Certificate (REC) Mechanism which would enable large number of stakeholders to purchase renewable energy in a cost effective manner. The NAPCC further recommends strong regulatory measures to fulfill these targets.

It would also be worthwhile to point out that the RPO does not have significant impact on the Average Power Purchase Costs as costs for most of the Renewable Sources of Energy such as wind, biomass, and small hydro are in parity with the costs of conventional power. While procuring solar power is expensive, the mandate to procure solar energy is minimal, increasing from 0.15% in 2012-13 to 0.35% in 2016-17 which again shall have negligible overall impact on the power procurement costs.

Commission's View:

2.323 The Electricity Act, 2003 entrusts on the appropriate Commission the responsibility of promotion of co-generation and generation based on renewable energy sources. The policy framework of the Government of India also stresses on the encouragement of renewable energy sources keeping in view the need for energy security and reducing carbon footprint.

Section 86 (1) (e) states *The State Commission shall discharge the following functions:*

- *promote co-generation and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and* ***also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee;***
- The Commission in pursuance of the same has mandated the renewable purchase obligation to be met through purchase of energy from renewable energy sources/renewable energy certificate to ensure that RPOs are met in the most optimum manner.

Enforcement of RPO targets by DISCOMs

Stakeholder's View:

2.324 What are the RPO targets set by the DERC for DISCOMs and how are these being enforced?

Petitioner's Submission

2.325 RPO & Solar targets prescribed by Hon'ble Commission are as follows:

Year	Solar	Total
2012-13	0.15%	3.40%
2013-14	0.20%	4.80%
2014-15	0.25%	6.20%
2015-16	0.30%	7.60%
2016-17	0.35%	9.00%

2.326 In order to meet the above-mentioned RPO targets, as prescribed by the Hon'ble Commission, DISCOMs have installed solar plants or they are in the process of procurement of Renewable Power through Case 1 competitive bidding route and have already released the RFP / PPA in this regard.

Commission's View

2.327 Delhi Electricity Regulatory Commission has issued DERC (Renewable Purchase Obligation and Renewable Energy Certificate Framework Implementation) Regulations, 2012 notified on 1st October 2012.

- As per the above said Regulations, Every obligated entity mentioned above are required to fulfil a defined minimum percentage of the total quantum/ consumption from eligible renewable energy sources at the percentages as per the following schedule: -

Year	Solar	Total
2012-13	0.15%	3.40%
2013-14	0.20%	4.80%
2014-15	0.25%	6.20%
2015-16	0.30%	7.60%
2016-17	0.35%	9.00%

The Commission has prescribed penalties for non-compliance of clause 11 of the above RPO regulations.

Further, the penalty enforced by the Commission on the obligated entity will not be a pass through in the Aggregate Revenue Requirement, in case the obligated entity is a Distribution Licensee.

Recovery of charges for giving new connections

Stakeholder's View

2.328 What charges are being recovered for giving new connections? Why are charges of Rs.600/kW being recovered if there is only change of name of consumer?

Petitioner's Submission

2.329 New connection charges recovered from applicants are Security Deposit and Service Line cum Development Charges (charged on sanctioned load per KW basis), which are specified in the Delhi Electricity Supply Code and Performance Standard Regulations notified by the Hon'ble Commission from time to time.

2.330 However, No Service Line cum Development Charges is recovered from the consumers while processing a name change request and only security deposit is charged, if applicable, as per the Delhi Electricity Supply Code and Performance Standard Regulations. It may be noted that as per existing provisions, if the name change is in the name of a legal heir and / or otherwise a NoC has been provided by the earlier registered consumer in the name of new applicant, no fresh security deposit charges are recovered and the original security deposit amount is transferred in the name of new applicant.

Commission's View:

2.331 As per the provisions of Delhi Electricity Supply Code & Performance Standards Regulations, 2007, consumer is liable to pay Security Deposit and Service Line cum Development Charges for release of new connection. The details of charges are available in Delhi Electricity Supply Code & Performance Standards Regulations, 2007. The charges for Table 3 – release of connection are as under:

S. No.	Category	Amount (Rs./KW)
1	Domestic	600
2	Non-Domestic	1500
4	Industrial	1500
5	Agriculture	300
6	Street Light	1500
7	Railway, DMRC	1500
8	Mushroom Cultivation	600
9	Temporary Connection: ***Upto 3 days Upto 7 days and multiple thereof, in block of 7 days for regular use/construction works***	300 500 per 7 days block or part thereof 1.5 times relevant category

<u>Service Line cum Development Charges</u>

S.No.	Sanctioned Load (kW)	Amount (Rs)
1	Upto 5	3000
2.	More than 5 upto 10	7000
3.	More than 10 upto 20	11000
4.	More than 20 upto 50	16000
5.	More than 50 upto 100	31000
6.	More than 100 kW (at 11kV)	50 % of the cost of HT cables/line/switchgear

Service Line shall include the following:

i Service line charges include the cost of GI pipe, bricks, sand etc.

ii All new connection shall be energized using bus bars and not through insulated taped 'loop' connection of the cable.

iii Road cutting permission and other necessary clearances shall be taken by the Licensee on behalf of the consumer. The cost of the same shall be charged to the consumer and shall be shown separately in the demand note.

iv The service line shall be maintained by the Licensee and it shall have right to use the same service line for extension of supply to any other consumer through bus bars without affecting the supply of all other consumers.

The Commission has already directed the DISCOMs as under;

"In cases involving change of ownership of the premises, the security deposit will be automatically transferred from the previous owner to the new owner, who applies for change of name in the electricity connection. In case of multiple owners, the security deposit will be apportioned between them on a pro- rata basis, except where it is specifically assigned by the previous owner to a particular person."

The Commission is therefore of the view that no additional security deposit is required in case of change of name only.

Submission of wrong claims by DISCOMs

Stakeholder's View:

2.332 At time of submitting tariff petitions, DISCOMs are submitting some wrong claims which are not allowed by the Commission. What is the penalty for submission of such wrong claims?

Petitioner's Submission

2.333 DISCOMs are filing the claims to the Hon'ble Commission in line with the MYT Regulations, however, the Hon'ble Commission allows it only if it is a legitimate or justified claim.

Commission's View:

2.334 The Commission is of the view that DISCOMs are filing their claims based on their audited books of accounts for true-up and projections for ensuing year in the current year. There may be different methods followed for projections by the DISCOMs. At the time of true up, prudence check is carried out by the Commission and all the claim details submitted by DISCOMs are verified and accordingly claim is being disallowed/ allowed. Disallowance of a claim, per se does not attract any penalty. The projections made by a DISCOM are modified in some cases by the Commission based on judgment.

Increase of tariffs by Central Generating Stations

Stakeholder's View:

2.335 It appears that tariff of Central Generating Stations are being arbitrarily increased periodically. What has DERC done to take up this issue with the CERC?

Petitioner's Submission

2.336 It is worthwhile to point out that tariffs for Central Generating Stations are approved by the Hon'ble CERC in line with the Regulations framed by it and after undertaking necessary prudence checks. In order to usher greater transparency in the billing process, the Hon'ble CERC vide 3rd amendment of the Tariff Regulations issued on 31st December 2012, has directed all the generators to provide details of parameters of GCV & price of fuel etc. to the beneficiaries. Relevant Excerpt of the Amendment is reproduced below:

> *"The following provisions shall be added under Clause (6) of Regulation 21 of the Principal Regulations as under, namely:*
>
> *Provided that generating company shall provide to the beneficiaries of the generating station the details of parameters of GCV and price of fuel i.e. domestic coal, imported coal, e-auction coal, lignite, natural gas, RLNG, liquid fuel etc., as per the form 15 of the Part-I of Appendix I to these regulations:*
>
> *Provided further that the details of blending ratio of the imported coal with domestic coal, proportion of e-auction coal and the weighted average GCV of the fuels as received shall also be provided separately, along with the bills of the respective month:*
>
> *Provided further that copies of the bills and details of parameters of GCV and price of fuel i.e. domestic coal, imported coal, e-auction coal, lignite, natural gas, RLNG, liquid fuel etc., details of blending ratio of the imported coal with domestic coal, proportion of e-auction coal shall also be displayed on the*

website of the generating company. The details should be available on its website on monthly basis for a period of three months."

Commission's View:

2.337 The Central Electricity Regulatory Commission (CERC) determines the tariff for the Central generating stations in accordance with the Tariff Regulations notified. The detailed examination of petition filed by Central Generating Stations is carried out by CERC. However, the Commission has advised DISCOMs to approach CERC in any case of grievance/remedial measures related to issue of tariff for the Central Generating Stations.

AT&C Loss in Sainik Farm

Stakeholder's View

2.338 It is alleged that AT&C losses in Sainik Farms are approx. 80%. Is it true and why are such high losses being permitted in well-off areas?

Petitioner's Submission

2.339 The stakeholder's observation is totally misleading. It may be noted that not a single division of BRPL's licensee area has AT&C losses as high as 80%. Sainik Farms fall under the Saket Division where AT&C loss during FY 2011-12 was 15.66%.

Commission's View

2.340 The Commission has already issued directions to DISCOMs to reduce AT&C Losses by at least 10% in respect of those Zones / Districts which are currently having losses in excess of 30% within one year. These targets shall have to be met by distribution licensee irrespective of the overall AT&C Loss achievement targets specified in this order.

Current Level of Regulatory Asset

Stakeholder's View:

2.341 What is the current level of Regulatory Assets recognized by the Commission? Is there a difference in figures in regulatory assets recognized by the Commission in the Staff Paper put on the website and the Statutory Advice given recently? If so, why?

Petitioner's Submission

2.342 TPDDL submitted that the Hon'ble Commission has recognized the revenue gap of Rs 2066 Cr up to FY 2010-11 subject to certain other controllable and uncontrollable items, which were true- able only at the end of control period i.e. FY 2011-12. Such claims will be trued up along with truing up of FY 2011-12.

BRPL submitted that the total accumulated Regulatory Assets recognized by the Hon'ble Commission in the Staff Paper is Rs. 9339 Crore for BRPL while the same is Rs. 9237.29 Crore as per the Statutory Advise issued by the Hon'ble Commission dated February 01, 2013.

BYPL submitted that the unrecovered regulatory asset for the Petitioner is Rs. 5533.58 Crore. As regards the difference in figures of regulatory assets it is submitted that the statement of regulatory asset as appearing in the Staff Paper for ARR for FY 2013-14 is as submitted by the Petitioner in its ARR petition (i.e. the carrying cost up to FY 2010-11 is computed based on judgment of the Hon'ble ATE dated July 30, 2010). However, in its Statutory Advise the Hon'ble Commission has derived the accumulated regulatory asset based on the approved Revenue Gap up to FY 2010-11 and the Revenue Gap for FY 2011-12 & FY 2012-13 as proposed by the Petitioner in its ARR petition.

Commission's View:

2.343 The commission has recognised the revenue gap upto FY 2010-11 vide its Tariff Order dated 13/07/2012. The recognised Revenue Gap upto FY 2010-11 as per the Tariff Order is as below:

DISCOM	BRPL (Rs. in Cr.)	BYPL (Rs. in Cr.)	TPDDL (Rs. in Cr.)	Total (Rs. in Cr.)
Upto FY 2008-09	611.50	25.93	351.10	936.67
FY 2009-10	1068.07	532.58	751.46	2352.11
FY 2010-11	1545.72	1120.93	963.61	3630.26
Total	3225.29	1627.58	2066.17	6919.04

The Revenue Gap shown in the Statutory Advice is based upon the Regulatory Asset recognised by the Commission up to FY 2010-11 and the projections made by the Petitioner for FY 2011-12 and FY 2012-13 which are subject to true up whereas the staff paper shows the regulatory gap upto FY 2012-13 as submitted by the Petitioner.

The revenue Gap shown in the staff paper is as per the filing of the Petition. The same is categorically mentioned in the staff paper in Para 1.117 Table-9.

The purpose of staff paper is to highlight the submission filed by the DISCOMs. The staff paper does not reflect the Commission's views.

Reduction of billing period to 30 days

Stakeholder's View:

2.344 What are the implications of reducing billing period to 30 days? The interest on working capital will also need adjustment if billing period to 30 days. What action is the Commission taking in this regard?

Petitioner's Submission

2.345 It is clarified that the working capital is allowed by the Hon'ble Commission on normative basis. Further, if the billing cycle is reduced to 30 days, it would result into additional costs for meter reading, bill printing, bill distribution, resources & infrastructure etc.

Commission's View:

2.346 The distribution utilities have historically been adopting a bi-monthly billing cycle for single phase domestic consumers and a monthly billing cycling for all categories. Single phase domestic consumers account for nearly 50% of energy sales of the distribution utilities. Accordingly, the average billing cycle works out to 45 days for the distribution utilities as a whole. Taking into account a period of 15 days for raising the bills and receipt of payment, the Commission has allowed 60 days out-standings while computing working capital requirement of the distribution utilities.

2.347 The Commission's attention has been drawn to recent changes in the billing cycle for single phase domestic consumers implemented by the distribution utilities. In some cases, the billing cycle has been reduced to days, while in some others this has been reduced to 30 days.

2.348 In order to deal with such changes, one approach could be to revise the working capital provision in the ARR based on the practice being followed by the distribution utilities in respect of single phase domestic consumers. This would lead to different principles being adopted for different distribution utilities on account of different practices being followed by them.

2.349 The other approach would be to retain the existing provision for working capital in the tariff on a uniform basis, but mandate a correction by way of rebate to single phase domestic consumers whose billing cycle is changed from the earlier 60 days billing period.

2.350 The Commission proposes to follow the second approach as this would allow continuation of a uniform provision in the tariff while requiring that the distribution utilities allow varying rebates depending on the billing cycle adopted by them in respect of single phase domestic consumers.

Facilities to Senior Citizens visiting counters/complaint centers at DISCOMs

Stakeholder's View:

2.351 There should be more facilities for attending to senior citizens at counters/complaint centers of DISCOMs. What action has been taken in this regard?

Petitioner's Submission

2.352 Senior citizens are duly assisted and provided with priority service be it for payment or request / complaint registration. Even, separate queues are in place for women and senior citizens, based on location & footfall.

Commission's View:

2.353 The Commission has advised the DISCOMs to provide special facilities for attending to the senior citizens at counters/complaint centers.

Proper System for Meter testing

Stakeholder's View:

2.354 There should be a proper system for meter testing either in the case of suspected tampering or at the request of consumers. What action is DERC taking in this regard?

Petitioner's Submission

2.355 DISCOMs has a proper system for meter testing both in case of suspected tampering and at consumer request, which is also in line with the requirements / guidelines provided in Delhi Electricity Supply Code and Performance Standard Regulations notified by the Hon'ble Commission from time to time.

Commission's View:

2.356 The Commission is in process of finalization of meter testing by Third Party having NABL accreditation. The list of such parties shall be notified by the Commission shortly for meter testing.

Outsourcing of field duties by DISCOMs

Stakeholder's View:

2.357 It is alleged that DISCOMs have no proper and trained manpower for field duties. Most of the work is out-sourced and the contractors do not have proper trained manpower to attend to fault etc. What action is DERC taking in this regard?

Petitioner's Submission

2.358 TPDDL submitted that the entire workforce deployed for field activities is duly trained and a proper competency mapping is done before they are allowed to operate in the field. However, consumer can report any harassment related issue to TPDDL Call Centre (66111912 / 66404040) or at TPDDL website. Further, consumers can also verify the employee credentials by calling at 65463646 / 65463647. These numbers are also provided on TPDDL Website.

BRPL submitted that since inception it has constantly endeavoured to employ trained manpower for its various functions and at the same time further refine their skills by imparting relevant training from time to time.

BYPL submitted that the operation and maintenance activities at field level are being handled and supervised by engineering staff inherited from erstwhile DVB and freshly recruited engineering graduates from reputed institute of engineering post privatization. The O&M activities are further outsourced to contractors who are Licensed Electrical Contractors issued certificate of competency by GoNCTD under section 45 of Indian Electricity Rules, 1956.

Commission's View:

2.359 The Commission has already advised the power utilities for compliance of national power training policy issued by the Ministry of Power Govt. of India and provision of adequate training to the staff regularly. Further, power utilities have been advised by the Commission to follow CEA (Measures relating to Safety & Electricity Supply) Regulations, 2010, which inter-alia prescribe the training of staff employed on the power system.

Charging of Late Payment Surcharge (LPSC)

Stakeholder's View:

2.360 DISCOMs are charging LPSC for 30 days even if delay in payment is less than 30 days. Why is this so? What action is DERC taking in this regard?

Petitioner's Submission

2.361 Hon'ble Commission has already clarified in the matter and issued a directive for not charging the LPSC on 30 days successive period and to charge the same on per day default basis. The same has also been implemented.

Commission's View:

2.362 The Commission vide letter no. F.3 (313)/Tariff/2011-12/Vol-III/C.F. 3467/4861 dated 13.12.2012 has already issued the direction that LPSC should be charged proportionate to the number of days of delay in receiving payment from the consumers by the distribution licensees.

Simplification of bill format

Stakeholder's View:

2.363 The bill should be simplified so as to remove various categories which only confuse the citizens. What action is being taken in this regard?

Petitioner's Submission

2.364 The various components reflected in bills are as per prevalent tariff structure and is line with the bill format prescribed by the Hon'ble Commission. Further, at DISCOMs, we ensure that the bill provided to consumer contains the details of all billing components, as notified by the Hon'ble Commission and it is ensured that the readability and understanding of the bill is kept as simplified as it can be.

Commission's View:

2.365 The Commission is of the view that in order to bring transparency, all the relevant information related to the consumers billing details including break-up of individual components of the bill should be provided in bill by the DISCOMs. Clubbing of various categories would lead to confusion and dissatisfaction among consumers since they will not be able to understand how a composite charge has been arrived at.

Cost Audit of DISCOMs

Stakeholder's View:

2.366 There should be a cost audit of the DISCOMs. What action is DERC taking in this regard?

Petitioner's Submission

2.367 DISCOMs are already getting its cost records audited as per the requirements.

Commission's View:

2.368 As per the information in the Annual Reports (for Audited Accounts) and petitions submitted by DISCOMs of Delhi for the True Up for the year 2011-12 and ARR for 2013-14, they are maintaining Cost Accounting Records and getting Cost Audit done as per relevant notifications of Government of India. The Companies have been submitting the Cost Audit Report to Government of India as per relevant formats. The latest Cost Audit Report for the year 2011-12 is part of the petitions of two of the DISCOMs (BRPL, BYPL)

Providing clear 15 days time for payment of bills

Stakeholder's View:

2.369 Presently DISCOMs are not giving clear 15 days time for payment of bills. What action is DERC taking to ensure this is done?

Petitioner's Submission

2.370 Electricity consumption bills are provided with clear 15 days time for payment. In case, a consumer has a complaint of non-delivery or late delivery of bills, the due dates for such cases is extended accordingly, based on the merits.

Commission's View:

2.371 The Commission is of the view that the delivery of each bill to the consumer shall be affected at least 15 days before the due date for payment of the bills as per Delhi

Electricity Supply Code and Performance Standards of Regulations, 2007. The DISCOMs have been advised to adhere to the time schedule.

Break up of Equity Holding

Stakeholder's View:

2.372 Please give details of equity holding break up to the Govt. and the private companies in the DISCOMs. Why are these classified as 'Private Companies"?

Petitioner's Submission

2.373 TPDDL submitted that in TPDDL, Tata Power Company Limited is having 51% stake and remaining 49% shareholding is with the Delhi Power Company Limited. Further, TPDDL is not a private company and is a Public Limited Company under the Companies Act, 1956. Further, it is clarified that TPDDL is a not a Government Company because as per section 617 of the Companies Act, "*being a government company, shareholding of Govt. should be equal to or more than 51% of paid up share capital of the company".*

BRPL and BYPL submitted that in terms of the Delhi Electricity Reform Act (Transfer Scheme), 2001 and the subsequent disinvestment of shares of the two distribution companies by the Government of National Capital Territory of Delhi, Reliance Infrastructure (RInfra) acquired 51% of the equity shares of these two DISCOMs (which are since renamed as BSES Rajdhani Power Limited (BRPL) and BSES Yamuna Power Limited (BYPL) with the remaining 49% held by Delhi Power Company Limited (DPCL). Out of the 51% of the equity of these companies, RInfra hold 49% share holding in each of BRPL & BYPL and the remaining 2% is held by an affiliate company of RInfra namely, Space Trade Enterprises Private Limited.

Commission's View:

2.374 Details of equity holding break-up of the Government and the private Companies in the DISCOMs of Delhi are as follows:

Sl. No.	Name of the DISCOM in Delhi	Sources of paid up Capital	Financial Years 2002-2003 to 2010-2011 for BYPL and BRPL (upto 2007-08 for TPDDL) (Rs./Crore)	Financial Year 2011-2012 for BYPL and BRPL (from 2008-09 onwards for TPDDL) (Rs./Crore)	% Holding of paid up Capital
1	BRPL	Delhi Power Company Limited (A Government of NCT of Delhi Undertaking)	225.40	509.60	Government Shareholding - 49%

Sl. No.	Name of the DISCOM in Delhi	Sources of paid up Capital	Financial Years 2002-2003 to 2010-2011 for BYPL and BRPL (upto 2007-08 for TPDDL) (Rs./Crore)	Financial Year 2011-2012 for BYPL and BRPL (from 2008-09 onwards for TPDDL) (Rs./Crore)	% Holding of paid up Capital
		Reliance Infrastructure Limited and its Affiliated Companies	234.60	530.40	Private Shareholding - 51% (Reliance Infrastructure Ltd. 49% and Affiliate Company – Space Trade Enterprises Private Limited- 2%)
		Total	460.00	1040.00	100.00
2	BYPL	Delhi Power Company Limited (A Government of NCT of Delhi Undertaking)	56.84	272.44	Government Shareholding - 49%
		Reliance Infrastructure Limited and its Affiliated Companies	59.16	283.56	Private Shareholding - 51% (Reliance Infrastructure Ltd. 49% and Affiliate Company – Space Trade Enterprises Private Limited- 2%)
		Total	116.00	556.00	100.00
3	TPDDL	Delhi Power Company Limited (A Government of NCT of Delhi Undertaking)	180.82	270.48	Government Shareholding - 49%
		TATA Power Company Limited (Holding Company)	187.68	281.52	Private Shareholding-51%
		Total	368.00	552.00	100.00

2.375 The status of company whether it is Government pr Private Company is defined in section 617 of the Companies Act, 1956. Section 617 of the Companies Act, 1956, defines a “Government Company” as “For the purposes of the Companies Act, 1956, Government company means any company in which not less than fifty-one percent of the paid up share capital is held by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments and includes a company which is a subsidiary of a Government company as thus defined.”

2.376 Therefore if the Government of India and/or State Government or their companies hold 51% or more paid up capital in a company, that company is termed as Government Company. Three DISCOMs in Delhi as per their respective holding mentioned in the table above are classified as private companies, as share holdings of Government of Delhi is 49% since 2002-03.

A3: TRUE UP FOR FY 2011-12

Background

3.1 The Commission had approved the Aggregate Revenue Requirement (ARR) of Tata Power Delhi Distribution Limited (TPDDL) for each year of the Multi Year Tariff Control Period (FY 2007-08 to FY 2010-11) in its Multi Year Tariff Order for Petitioner dated February 23, 2008 and approved ARR for FY 2011-12 in the Tariff Order dated August 26, 2011 which is the last year of the extended control period. The Delhi Electricity Regulatory Commission (Terms and Conditions for determination of Wheeling Tariff and Retail Tariff) Regulations, 2007 provide for truing up of the uncontrollable parameters of the ARR at the end of each year of the Control Period based on the audited accounts and prudence check by the Commission.

3.2 Petitioner in its petition has sought for truing up of the expenditure and revenue for FY 2011-12. In this Chapter, the Commission has analyzed the petition of TPDDL in accordance with the principles laid down under the Delhi Electricity Regulatory Commission (Terms and Conditions for determination of Wheeling Tariff and Retail Tariff) Regulations, 2007.

Energy Sales

Petitioner's Submission

3.3 The Petitioner has submitted total sales of 6698.62 MU for FY 2011-12 in its True up petition as against 6932.95 MU approved by the Commission in its Tariff Order dated August 26, 2011. The Petitioner revised the energy sales for FY 2011-12 to 6699.28 MU and also submitted audited certificate dated May 29, 2013 in respect of revised Form 2.1(a).

Commission's Analysis

3.4 The Commission has analyzed category-wise monthly sales data submitted by the Petitioner for each month of FY 2011-12. The Petitioner has submitted total sales for FY 2011-12 as 6698.62 MU. The Commission directed the Petitioner to verify the sales details from their billing data base for FY 2011-12.

3.5 During validation of the billing database, the billing data for FY 2011-12 was extracted from billing server of Petitioner through internet. The data extracted from the system was analyzed vis-à-vis sales details submitted by the Petitioner.

3.6 The Petitioner has submitted the sales against enforcement as 43.48 MU in FY 2011-12.

3.7 During the validation session, the Commission enquired about the methodology adopted by the Petitioner to record sales against cases of enforcement. The Petitioner informed the Commission that MU recorded as sales against cases of enforcement were derived by dividing the total payment received against enforcement cases by average billing rate for the year.

3.8 As per Electricity Act, in all cases of enforcement / theft, energy has to be billed at twice the rate of the normal tariff. Ideally, the Petitioner should have divided the total payment received against enforcement cases by two times of average billing rate for the year to arrive at sales.

3.9 The Petitioner has submitted the amount collected against enforcement as Rs.22.71 Crore in audited Form 2.1(a) and also confirmed the same vide its letter dated May 29, 2013.

3.10 The Commission has revised the units under enforcement for FY 2011-12 and approved sales against enforcement as 21.74 MU by dividing the amount collected against enforcement by two times of the average billing rate as per the earlier methodology being followed by the Commission in the earlier Tariff orders dated August 26, 2011 and July 13, 2012.

3.11 The Commission also enquired about the methodology adopted by the Petitioner to record sales against cases of misuse of energy. The Petitioner informed the Commission that MU recorded as sales against cases of misuse were actual MU billed.

3.12 The Petitioner has submitted total own consumption as 16.26 MU. During the validation session it was indicated by the Petitioner that all the installations of the Petitioner during FY 2011-12 had still not been metered/recorded by the Petitioner on monthly basis. The Commission has directed the DISCOMs to meter own premises and raise the bills for actual consumption recorded based upon meter readings every month. The Petitioner submitted that they computed own consumption as per norm fixed by the Commission and arrived at 16.26 MU considering total units billed in FY 2010-11 as 6374 MU. The Commission observed that the sales for FY 2010-11 were not approved. However, the Commission considers the own consumption for the Petitioner as 16.26 MU provisionally for FY 2011-12 as per the submission of the Petitioner.

3.13 The Petitioner has included 5.91 MU and Rs. 3.09 crore as 'Other Adjustments' in the Form 2.1(a) submitted. On a query from the Commission, the Petitioner vide its letter dated June 17, 2013 stated that it has implemented the SAP ISU module for billing to all consumers w.e.f. 01-04-2011. During migration to the new system, consumers which were provided as doubtful but were having some potential for recovery were uploaded in SAP so that recovery efforts in future can be done against the same. Now sale is recognized against past arrears of those consumers and is accounted for as sales in the year of collection/ correction of bills. The Commission observed that the Petitioner has recognized 'Other Adjustments' under sales for FY 2011-12 whereas these adjustments pertain to past period and have been realized in FY 2011-12. Therefore, the Commission has disallowed 5.91 MU of energy sales and Rs. 3.09 crore included in the revenue billed by the Petitioner as 'Other Adjustments.'

3.14 The Commission therefore has considered the sales figures submitted by the Petitioner for FY 2011-12 along with reduction under enforcement (21.74 MU) and other adjustment (5.91MU) in truing up. The trued up energy sales for FY 2011-12 as provisionally approved by the Commission is shown below:

Table 3: Trued up Energy Sales for FY 2011-12 (MU)

Category	Approved in Tariff Order dated 26.8.2011	Actual as per Petitioner's Submission	Trued Up Sales for FY 2011-12
Domestic	2997.96	2887.66	
Non-Domestic	1196.48	1228.96	
Industrial	2064.45	2012.02	
Irrigation and Agricultural	15.89	15.41	
Public Lighting	96.41	97.31	
Railway Traction	61.51	56.92	
DMRC	190.00	162.93	
Delhi Jal Board	198.60	172.12	
Others*	111.65	65.95	
Total	**6932.95**	**6699.28**	**6699.28**
Less: Enforcement			21.74

Category	Approved in Tariff Order dated 26.8.2011	Actual as per Petitioner's Submission	Trued Up Sales for FY 2011-12
Less: Other Adjustments			5.91
Approved sales			**6671.63**

*includes 16.26 MU towards own consumption.

AT&C Losses

Petitioner's Submission

3.15 The Petitioner has submitted that it has achieved the AT&C loss level of 11.27% for FY 2011-12 as against the target AT&C loss level of 13.00% prescribed in the Tariff Order dated August 26, 2011.

3.16 The Petitioner has submitted that total energy received for the consumption during the FY 2011-12 is 7549.60 MU at Petitioner periphery.

3.17 The total collection as submitted by the Petitioner for FY 2011-12 is Rs.3514.41 crore which includes financing cost of LPSC of Rs.15.01 crore which has been deducted from the collection. The CISF expenses of Rs.0.60 crore have been deducted as the expenses on CISF have been made by the Petitioner for reducing AT&C losses and have helped the Petitioner in over achievement of losses. The Petitioner has considered the collection of Rs.3498.80 crore for AT&C loss calculation.

3.18 The computation of AT&C loss level of 11.27% during FY 2011-12 by the Petitioner is summarized below:

Table 4: AT&C loss for FY 2011-12 as submitted by the Petitioner

Sl. No.	Particulars	Units	FY 2011-12
A	Units Consumed at Petitioner Periphery for Petitioner Consumers	MU	7549.60
B	Units Billed	MU	6698.62
C	Amount Billed	Rs. crore	3498.72
D	Distribution Loss	%	11.27
E	Amount Collected	Rs. crore	3498.80
F	Collection Efficiency	%	100.00
G	Units Realized		6698.61
H	**AT&C Loss**	**%**	**11.27**

3.19 The Petitioner has claimed a total benefit of Rs. 68.26 crore on account of overachievement of 1.67% in AT&C loss reduction during FY 2011-12.

Table 5: Computation of overachievement incentive as submitted by the Petitioner

Sl. No.	Particulars	Units	Target Level	Actual
			X	Y
A	AT&C Losses	%	13.00%	11.27%
B	Over Achievement	%	1.67%	
C	Energy Input	MU	7549.60	
D	Units Realized	MU	6568.15	6698.61
E	Average Billing Rate	Rs/unit	5.22	5.22
F	Amount Realized	Rs. crore	3430.54	3498.80
G	Total benefit on account of over achievement beyond Target Level (Y-X)	Rs. crore	68.26	
H	Benefit on account of over achievement from minimum AT&C loss reduction level (13%) and 12%	Rs. crore	39.43	
I	Benefit on account of over achievement of AT&C loss reduction beyond 12% i.e. 12%-11.27%)	Rs. crore	28.83	
J	Benefits to be retained by the Petitioner (50% up to 12% and 100% beyond 12%)		48.54	
K	Benefits to be utilized to meet Revenue Gap (G-J)	Rs. crore	19.72	

Commission's Analysis

3.20 As per the MYT Order dated February 23, 2008, the Commission has set a target of 6.73% reduction (23.73% in FY 2006-07 to 17.00% in FY 2010-11) and a reduction of 4% (17% in FY 2010-11 to 13% in FY 2011-12) in the order dated May 10, 2011 resulting into 10.73% target reduction for the extended Control Period (FY 2007-08 to FY 2011-12) in AT&C losses. The Commission has further observed in the MYT Order:

"The Commission has also considered reduction of 25% of the total AT&C loss reduction target in each year of the Control Period. As specified in the MYT Regulation, 2007; the Petitioner has to reduce a minimum of 20% of the total AT&C loss reduction target for the Control Period in any year of the Control

Period.

For the purpose of calculating the incentive/ penalty on account of over/under achievement of AT&C loss reduction target the Commission would consider the following:

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

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

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

(d) *Last year of the Control Period: The Petitioner shall be eligible for an incentive if the cumulative value of loss reduction at the end of the Control*

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

3.21 The Commission in its Order dated May 10, 2011 has fixed the AT&C Loss target for FY 2011-12 for the Petitioner at 13.00%. The Commission has also observed that *"loss reduction below the above level will qualify for 50:50 sharing of profit up to a further reduction of 1% and with 100% profit being retained by the DISCOM if the losses are below 1% of the target given."*

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

Table 6: AT&C Loss for FY 2011-12 as submitted by the Petitioner

Sl. No.	Particulars	Approved in the Tariff Order	Petitioner's submission
1	AT&C Loss Target	13.00%	11.27%

3.23 The Commission analyzed category-wise monthly sales data submitted by the Petitioner for each month of FY 2011-12.

3.24 The Commission gave an opportunity to the Petitioner to establish its claim on AT&C loss reduction and directed the Petitioner to show the relevant back up data with respect to energy billed (in MU) and revenue collected (in Rs. crore) for FY 2011-12.

3.25 For the purposes of this validation, the Petitioner was required to bring supporting data to substantiate sales details and also to bring evidence in support of the entries, which have gone into calculation of AT&C loss. The Petitioner was also directed to bring all such evidences which it wants to rely upon with a view to substantiate the AT&C loss calculations. Specific request was made to the Petitioner to bring source data for verifying the authenticity/credibility of the evidence being relied upon.

3.26 In order to conduct the prudence check to verify the reliability of sales data, the Petitioner was directed to produce month-wise billing and collection details (category-wise) and daily collection details for the FY 2011-12.

3.27 During the course of validation exercise, Petitioner's officials brought the daily collection details and billing database for FY 2011-12.

3.28 As detailed in earlier section, the Commission has approved sales for FY 2011-12 at 6671.63 MU.

3.29 During validation, the Commission observed that revenue billed during FY 2011-12 was Rs. 3498.72 crore as submitted by the Petitioner in Form 2.1(a) which is in conformity with the auditor's certificate. As mentioned in Para 3.13, the Commission has not considered the 5.91 MU and Rs.3.09 crore included as 'Other Adjustments' in the revenue billed for FY 2011-12. Therefore, the Commission has considered the amount billed as Rs.3495.63 crore for FY 2011-12 for the AT&C loss calculation.

3.30 The Petitioner has submitted that the revenue collected during FY 2011-12 on sale of electricity is Rs.3514.41 crore.

3.31 During the validation session, the collection derived from the system of the Petitioner was Rs.3514.89 crore which includes LPSC of Rs.21.14 crore and e-tax of Rs. 143.23 crore. The Petitioner was able to match daily collection details shown to the Commission with the bank statements of the Petitioner. The Petitioner has also clarified the same vide letter dated June 05, 2013.

3.32 The Commission observes that the revenue collection of Rs. 3500.99 crore includes Rs. 21.14 crore towards LPSC collected by the Petitioner. However, as financing of LPSC is allowed as a cost to the Petitioner, the consumers get benefit of net LPSC in Non-tariff Income (which is subtracted from the ARR of the Petitioner). As consumers do not get benefit of gross LPSC, it will be prudent for the Commission to consider the LPSC net of financing expenses in revenue collection used for calculation of AT&C loss. As the Commission has approved Rs.13.42 crore towards the financing cost of LPSC for FY 2011-12, as detailed in Para 3.115, the Commission has subtracted this from the revenue collected while calculating the AT&C losses. Thus revenue collected has been considered as Rs.3500.99Crore while computing AT&C losses.

3.33 For verification of the energy input, the Commission directed State Load Dispatch Centre (SLDC) to submit the energy input for the Petitioner during FY 2011-12. SLDC submitted to the Commission that total energy input to Petitioner for FY 2011-12 was 7310.61MU. SLDC also indicated that generation from Rithala plant as 237.48MU and Petitioner's solar generation as 1.51 MU. Therefore, for calculation of AT&C loss, the Commission has considered energy input at the Petitioner periphery of 7549.60 MU as provided by SLDC instead of 6698.61 MU as submitted by the Petitioner to arrive at the distribution losses.

3.34 Based on the above, the Commission provisionally approves the AT&C loss for FY 2011-12 as shown below:

Table 7: AT&C Loss for FY 2011-12 as approved by the Commission

Sl. No.	Particulars	Units	Now Approved	Remarks
A	Units Consumed at Petitioner Periphery for Petitioner Consumers	MU	7549.60	
B	Units Billed	MU	6671.62	
C	Amount Billed	Rs. Crore	3495.63	
D	Average Billing Rate	Rs/kWh	5.24	(C/B)*10
E	Distribution Loss	%	11.63	(I-B/A)
F	Amount Collected	Rs. Crore	3500.99	
G	Collection Efficiency	%	100.15	(F/C)
H	Units Realized	MU	6681.85	(B*G)
I	**AT&C Loss Level**	**%**	11.49	(I-H/A)

3.35 The AT&C loss provisionally approved by the Commission for FY 2011-12 is summarized below:

Table 8: AT&C loss for FY 2011-12(%)

Particulars	Approved in the Tariff Order dated August 26, 2011	Petitioner's submission	Now Approved
AT&C Loss	13.00	11.27	11.49
Distribution Loss	12.56	11.27	11.63
Collection Efficiency	99.50	100.00	100.15

3.36 The approved AT&C loss of 11.49% is lower than the target AT&C loss of 13% for the Petitioner as specified in the Tariff Order dated August 26, 2011 for FY 2011-12. As per Regulation 4.9 of the MYT Regulations, 2007,

> *"Any financial loss on account of underperformance with respect to AT&C targets shall be to the Licensee's account."*

3.37 Accordingly, the incentive provisionally approved on account of over achievement of the AT&C loss target of the Petitioner for FY 2011-12 is as summarized below:

Table 9: Computation of incentive for over achievement approved by the Commission

Sl. No.	Particulars	UoM	Reference	Target Level (X)	Actual (Y)
1	AT&C Loss	%	A	13	11.49
2	Over achievement	%	B	1.51	
3	Energy Input	MU	C	7549.60	7549.60
4	Units realised	MU	D	6568.15	6681.85
5	Average Billing rate	Rs./kWh	E	5.24	5.24
6	Amount realised	Rs. Crore	F	3441.42	3500.99
7	Total benefit an account of over achievement beyond target level (Y-X)	Rs. Crore	G	59.57	
8	Less: CISF expenses	Rs. Crore		0.60	
9	Net Benefit available for sharing between consumers and Petitioner		H	58.97	
	Profit sharing between Petitioner and Contingency reserve.				
10	Benefit an account of over achievement for a minimum AT&C loss reduction level (13%) and upto 12%	Rs. Crore	I	39.05	
11	Benefits on account of over achievement of AT&C loss reduction beyond 12% i.e. 12% to 11.49%	Rs. Crore	J	19.92	
12	Benefits to be retained by Petitioner (50% up to 12% and 100% beyond 12%)	Rs. Crore	K	39.44	
13	Benefit to be utilised to meet Revenue Gap (H-K)	Rs. Crore	L	19.53	
14	Total Revenue Available towards ARR for FY 2011-12 including E- Tax	Rs. Crore		3500.99	
15	Less : Net LPSC considered as other Income			7.72	
16	Less: E-Tax			143.23	
17	Less: Petitioners share on account of over achievement			39.44	
18	Less: DVB arrears (80% to be paid to DPCL)			0.40	
19	Less: Commission on DVB arrears (20%)			0.10	

Sl. No.	Particulars	UoM	Reference	Target Level (X)	Actual (Y)
	considered as Other Income				
20	**Net Revenue Available Towards ARR**			**3310.10**	

3.38 Hence, the total revenue available towards ARR for FY 2011-12 has been computed by the Commission to be Rs.3310.10 Crore.

Power Purchase Quantum

Petitioner's Submission

3.39 The Petitioner has submitted that the gross power purchase quantum for FY 2011-12 was 9572.93 MU. Further, the Petitioner has also provided the details of 1680.42 MU of surplus energy sold.

3.40 After deducting the inter-state transmission loss (PGCIL loss) of 247.49 MU and intra-state (DTL) transmission loss of 98.43 MU, the Petitioner has submitted a net power purchase quantum of 7546.59 MU delivered at distribution periphery for FY 2011-12.

Table 10: Power Purchase for FY 2011-12 as claimed by the Petitioner (in MU)

Sl. No.	Particulars	Approved in Tariff Order dated August 26, 2011	Petitioner's submission
1	Gross Power Purchase Quantum	11234.13	9572.93
2	Power Sold To Other Sources	2770.58	1680.42
3	Net Power Purchase	8463.55	7892.51
	Transmission Losses:		
4	Inter-State Transmission Losses	395.75	247.49
5	Intra-State Transmission Losses	138.73	98.43
6	Total Transmission Losses	534.48	345.92
7	**Net Power Available after Transmission Losses**	**7929.06**	**7546.59**

Commission's Analysis

3.41 The Commission, in its Tariff Order dated August 26, 2011, had approved net power purchase quantum of 7929.06 MU (net of transmission loss) from all sources including central and state sector generating stations, inter-state bilateral purchases and intra-state power purchases for FY 2011-12.

3.42 The Commission has considered power availability at distribution periphery as given in Para 3.40 and accordingly approves the net power purchase quantum of 7546.59 MU after transmission losses for FY 2011-12.

3.43 It is observed that the actual power purchase quantum for the Petitioner was less than the quantum approved by the Commission due to lower actual energy demand in the Petitioner's distribution area vis-à-vis the demand considered by the Commission in the Tariff Order dated August 26, 2011 and lower transmission losses than approved in the Tariff Order.

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

3.45 The Commission has reviewed the month wise station wise power purchase details submitted by the Petitioner vis-à-vis with monthly Regional Energy Accounts for FY 2011-12.

3.46 During the validation, the Commission observed that the Petitioner has made a provision of (-) 99.66 MU and Rs.(-)18.53 crore power purchase quantum and cost.

3.47 The Commission directed the Petitioner to submit details of provisions made with respect to power purchase quantum and cost in FY 2011-12 and details of adjustments in power purchase cost with respect to these provisions, which was duly complied with by the Petitioner vide its letter dated May 16, 2013. The Petitioner explained that subsequently in the months of April 2012 and May 2012, these provisions were adjusted with actual.

3.48 The Commission directed the Petitioner to submit the details of process followed by the Petitioner for load forecast, projection of surplus /deficit power, procurement / sale of deficit / surplus power. The Petitioner explained the methodology followed by them for short-term purchase/sales.

3.49 The Commission observed that the Petitioner was projecting the demand increasing it by a fixed percentage. Projected demand was used to project surplus / deficit of power and Petitioner entered into short term power purchase contracts based on the requirement so computed. The Commission noted with concern that neither any software tool was used by the Petitioner nor any adjustment for weather forecast, increase in population, pending connections, changes in specific consumption of consumers was made by the Petitioner.

3.50 The Commission also observed that the Petitioner has purchased 696.10 MU from bilateral/exchange/UI under short-term purchase. The Petitioner has purchased 604.67MU (86.87%) of energy from bilateral sources, 61MU (8.76%) from intra-state arrangements, 21.92MU (3.15%) of energy from UI and 8.53MU (1.22%) from exchange.

3.51 During the validation session, the Commission observed that the Petitioner has sold 1680.42 MU of surplus energy out of which, 1187.13 MU (70.35%) was sold through UI, 35.72 MU (2.13%) was banked, 271 .65 MU (16.17%) was sold through exchange, 176.75 MU (10.52%) through bilateral arrangements and 9.17 MU (0.55%) through intra-state arrangements.

3.52 The Commission observed that Petitioner has also shown power purchase quantum and cost from its own Rithala and solar generating stations. Petitioner has shown 232.41 MU of energy purchased from Rithala Generating Stations at a total cost of Rs.180.70Crore @ Rs. 7.78/kWh.

3.53 Petitioner has also shown 1.49 MU of energy purchased from own solar generating station at a total cost of Rs.3.24 Crore @ Rs.21.73/kWh.

3.54 The Commission also observed that 10.02MU was purchased under UI due to over injection from Rithala plant. Similarly, 4.93 MU was sold under UI due to under injection from Rithala generating station.

3.55 Scheduling of Rithala generating station during FY 2011-12 being done by Petitioner only. The Commission is not able to verify the UI quantum and provisionally allow the UI quantum.

Power Purchase Cost

Petitioner's Submission

3.56 The Petitioner has submitted gross power purchase cost of Rs.3863.02 crore for the gross power purchase quantum of 9572.93 MU in FY 2011-12 from all sources including intra-state, bilateral, UI and exchange. The revenue of Rs. 494.10 crore on account of sale of 1680.42 MU surplus energy through bilateral, intra-state, UI and exchange has been deducted from the gross power purchase cost to arrive at net power purchase cost.

3.57 Further, the Petitioner has claimed total transmission charges of Rs.626.22 crore to arrive at total power purchased during FY 2011-12 which includes SLDC charges, NRLDC charges, Reactive Energy charges etc.

3.58 Considering the above power purchase and transmission costs, the Petitioner has claimed total power purchase cost of Rs. 3995.15 crore during FY 2011-12 as shown in the Table below:

Table 11: Power Purchase cost for FY 2011-12 as claimed by the Petitioner (Rs. crore)

Sl. No.	Particulars	Approved in Tariff Order	Petitioner's submission
1	Gross Power Purchase Cost	3766.73	3863.02
2	Power Sold To Other Sources	997.37	494.10
3	Net Power Purchase Cost	2769.36	3368.93
	Transmission charges		
4	Inter-State Transmission Charges	140.54	215.68
5	Intra-State Transmission Charges	308.77	405.69
6	Other Transmission Charges	-	4.85
7	Total Transmission Charges	449.31	626.22
8	**Net Power Purchase Cost including Transmission Charges**	**3218.67**	**3995.15**

Commission's Analysis

3.59 The Commission, in its Tariff Order dated August 26, 2011 had approved total power purchase cost (including transmission charges) of Rs. 3218.67 crore as against Rs. 3995.15 Crore claimed by the Petitioner for FY 2011-12. The increase in power purchase cost claimed by the Petitioner against the cost approved by the Commission in its Order is primarily on account of increase in per unit of power purchase cost and lower rate for sale of surplus power.

3.60 The Commission has verified the station-wise, month wise power purchase cost shown by the Petitioner for long term sources with the bills of the Petitioner.

3.61 For verification of cost of short-term power purchase, the Commission directed the Petitioner to submit the details of the process followed by the Petitioner for purchase/sale of short-term power. The Petitioner explained the methodology followed by them for short-term purchase /sales.

3.62 On a query from the Commission, the Petitioner has submitted that it was found that there was sufficient surplus power during November 2011 and December 2011 being winter months and in order to optimize the sale rate, they had participated in tenders floated by the other utilities and sold some of the surplus power to Andhra Pradesh and Madhya Pradesh through traders.

3.63 The gross energy purchase cost for the Petitioner was Rs.4.04 per unit (including short term power purchase @ Rs.3.93 per unit), while the net energy cost for the Petitioner was Rs.4.27 per unit after considering sale of surplus power @ Rs.2.94 per unit in FY 2011-12.

3.64 The Petitioner has incurred Rs.273.72 Crore (@ Rs.3.93 per unit) on short term power procurement of 696.11 MU out of which Rs. 3.07 Crore (1.12% @ Rs.3.60 per unit) through exchange, Rs. 13.12 Crore (4.79%@ Rs.5.99 per unit) was incurred for UI and Rs. 23.20 Crore (8.48% @ Rs.3.80 per unit) was incurred for purchase under intra-state arrangements and Rs.234.33 Crore (85.61% @ Rs.3.88 per unit) under bilateral arrangement.

3.65 The Petitioner has received Rs.494.10 Crore (@ Rs.2.94 per unit) on short term power sale of 1680.42MU out of which Rs.69.63 Crore (14.09% @ Rs.3.94 per unit) was through sale of energy under bilateral, Rs.326.07 Crore (66.00% @ Rs. 2.75 per unit) was through UI, Rs.13.31 Crore (2.69% @ Rs.3.73 per unit) under banking arrangement, Rs.81.57 Crore (16.51% @ Rs.3.00 per unit) was through exchange, and Rs. 3.52 Crore (0.71% @ Rs.3.84 per unit) was for sale of energy under intra-state arrangement.

3.66 The Commission observed that there was scope for better management of the process of short-term power purchase and sale of the surplus power so as to significantly promote the interests of the consumers. Contracts for purchase of short term power were finalized early in the year and no competitive process seems to have been followed.

3.67 The Commission observed that there was scope for better management of the process for short-term power sale of the surplus power so as to significantly promote the interests of the consumers. Contracts for purchase of short term power were finalized early in the year and no competitive process seems to have been followed. Substantial quantum of the short term power was sold through exchange / UI / Banking at an average rate of Rs. 2.94 unit respectively i.e. short term power was sold at lesser rate than the average rate of power purchase.

3.68 During the validation, the Commission observed that the Petitioner has made a provision of (-) 99.66 MU and (-) Rs.18.53 crore in the power purchase quantum and cost respectively.

3.69 The Commission directed the Petitioner to submit details of provisions made with respect to power purchase cost and quantum in FY 2011-12 and details of adjustment in the power purchase cost of the next year with respect to these provisions, which was duly complied with the Petitioner.

3.70 The Commission observed that the provisions in respect of power purchase cost made by the Petitioner were adjusted against the bills pertaining to FY 2011-12 but received during April 2012/ May 2012.

3.71 The Commission in its Tariff order dated August 26, 2011 and July 13, 2012 has dealt the issue of financing cost of power banking contracts/transactions. The power purchase cost related to banking contracts/transactions has been further re-examined by the Commission. The banking contract at times could span more than one year. The DISCOMs enter into forward as well as backward banking and in differing percentage of return/sent energy. The Commission feels that the power banking contracts/transaction should be revenue neutral and no additional cost can be allowed against banking contracts/transactions. Hence, the Commission has decided not to consider any additional cost/financing cost on account of power banking contracts/transactions.

3.72 The Commission observed that the Petitioner has claimed reactive energy charges of Rs. 0.64 crore under power purchase cost. The Commission allows the reactive energy charges for FY 2011-12.

3.73 The Commission also observed that the Petitioner has shown 232.41 MU of energy purchased from Rithala Generating station at total cost of Rs.180.70 Crore (@ Rs.7.78 per unit) and 1.49 MU of energy purchased from own Solar Generating station at total cost of Rs.3.24 Crore (@Rs.21.73 per unit).

3.74 The Commission observed that 178.95 MU was drawn by Petitioner from its own Rithala Generating Station when the Petitioner was under drawing from grid (selling power under UI).

3.75 The Commission has considered the cost of power from Rithala generating station when Petitioner is drawing from Rithala and selling under UI at UI sale rate of Rs.2.74 per unit, as a generation from Rithala Generating Station was not required to meet Petitioners load in these time slots. For remaining energy from Rithala generating station and energy from solar plant, the Commission has provisionally considered at the average power purchase cost of gross power (Rs.4.04 per unit) as tariff has not been determined for Petitioner's Rithala Generating Station and solar plant. The Commission approves Rs.49.03 Crore towards 178.95 MU purchased by Petitioner from Rithala generating station when Petitioner was under-drawing from grid, Rs.21.60Crore towards remaining 53.46 MU purchased from Rithala Generating Station and Rs.0.60 Crore towards 1.49 MU purchased from solar generating station. The total power purchase cost approved for Rithala and Solar Generating station is Rs.71.23 (49.03+21.60+0.60) crore resulting into disallowance of Rs.112.71 crore from power purchase cost.

3.76 The Commission observes that 10.02MU was purchased under UI from Rithala generating station due to over injection and 4.93MU was sold under UI from Rithala station due to under injection. Scheduling of Rithala generating station was being done by the Petitioner only. The Commission therefore while calculating power purchase cost has not considered UI sale/purchase from Rithala station. The Petitioner has incurred Rs.2.60 crore in power purchase under UI and earned Rs.1.61 crore in power sale under UI to Rithala generating station. The Commission has reduced Rs.0.99 Crore from power purchase cost of the Petitioner on this account.

3.77 The Commission observed that UI charges paid by the Petitioner also include penal UI charges of Rs.3.65 crore. The Commission as a member of Forum of Regulator has already decided that any penal UI charges will not be allowed in the power purchase cost, therefore the Commission has not considered penal UI charges in power purchase cost.

3.78 During prudence check of power purchase cost, the Commission observed that the late payment surcharge amounting to Rs.23.80 crore in respect of Gencos/DTL etc. are also included in the power purchase cost of FY 2011-12. The Petitioner has confirmed details of late payment surcharge for FY 2011-12. The Commission disallows the amount of Rs. 23.80 crore in respect of late payment surcharges in the power purchase cost of FY 2011-12.

3.79 The Commission also observed that the Petitioner has included an amount of Rs. 26.32 crore in power purchase cost which was disallowed by the Commission in the Tariff Order dated July 13, 2012 as the Petitioner has considered the same as provision against power purchase cost. The Commission now approves it towards power purchase cost in FY 2011-12 as the Petitioner would have paid the same in FY 2011-12.

3.80 The Commission observed that during FY 2011-12, the Petitioner has procured power through its related party i.e. M/s TPTCL and paid trading margin amounting to Rs. 0.144 crore. The Commission has decided to provisionally disallow the trading margin paid to related party.

3.81 With the above observations, the Commission approves the total power purchase cost for FY 2011-12 at Rs.3853.86 crore as mentioned below:

Table 12: Trued-up Power Purchase cost for FY 2011-12 (Rs. Crore)

Sl. No.	Particulars	Approved in Tariff Order	Petitioner's submission	Now approved in Truing up.
1	Gross Power Purchase Cost	3766.74	3863.02	
2	Cost of Surplus Power Sold	997.37	494.10	
3	Net Power Purchase Cost	2769.36	3368.93	
	Transmission charges:			
4	Inter-State Transmission Charges	140.54	215.68	
5	Intra-State Transmission Charges	308.77	405.69	
6	Other Transmission charges	-	4.85	
7	Total Transmission Charges	449.31	626.22	
8	Net Power Purchase Cost including Transmission Charges	3218.67	3995.15	3995.15
9	Less: Additional UI charges			3.65
10	Less: Reduction in power purchase cost on account of Rithala and Solar stations			112.71
11	Less: Disallowance on UI from Rithala Generating station	-	-	0.99
12	Less: Late payment surcharges claimed in respect Gencos/DTL etc.	-	-	23.80
13	Less: Trading margin paid to related party	-	-	0.14
14	**Power Purchase Cost Trued up**	**3218.67**	**3995.15**	**3853.86**

Review of Controllable Parameters

3.82 Under the provisions of the MYT Regulations, 2007, the Petitioner has submitted the actual expenses incurred on account of controllable parameters during FY 2011-12 in the subsequent sections.

3.83 As per Regulation 4.7 of the MYT Regulations, 2007, the Commission has specified targets for controllable parameters which inter alia include Operation & Maintenance expenditure (comprising employee expenses, repair & maintenance expenses, administrative & general expenses and other miscellaneous expenses, viz. audit fee, rent, legal fees etc.), Return on Capital Employed and Depreciation.

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

3.85 The Commission has analyzed the Controllable components in the subsequent paragraphs.

Employee Expenses

Petitioner's submission

3.86 The Petitioner has submitted Rs. 283.55 crore towards employee cost as per audited statement whereas proposed employee expenses to be considered for ARR in the Truing up for FY 2011-12 is Rs. 189.49 crore as against Rs. 187.64 crore approved for the year in the Tariff Order dated 26th August, 2011.

3.87 The Petitioner has submitted that the Commission while approving the employee expenses for FY 2011-12 has not allowed various expenses under employee cost, which the Petitioner is entitled to receive in accordance with MYT Regulations, 2007 and Judgment of Appellate Tribunal. The Petitioner has further submitted that pending the decision of Hon'ble APTEL and Hon'ble Supreme Court, it has considered the employee expenses in accordance with the Tariff Order dated 26th August, 2011. The employee cost approved in the Tariff Order and submitted by the Petitioner in the Truing up for FY 2011-12 are as given in the Table below:

Table 13: Employee Expenses submitted by Petitioner in the Truing up for FY 2011-12

Sl. No.	Particulars	UoM	Reference	Tariff Order FY 2011-12 dated 26th August, 2012	Audited Accounts	Considered for ARR
1	Gross Employee Expenses	Rs .crore	A	202.81		202.81
2	Employee Expenses Capitalised	Rs. crore	B	13.41		13.41
3	Impact of Sixth pay Commission	Rs. crore	C	0.00		0.77
4	Net Employee Expenses	Rs. crore	D=A-B+C	189.40		190.17
5	SVRS Pension	Rs. crore	E	6.06		6.90
6	Efficiency Factor	%	F	4.00%		4.00%
7	Employee Expenses approved after efficiency factor	Rs .crore	G=DX(1-F)+E	187.64		189.49
8	Total employee Expenses	Rs. crore	H = G	187.64	283.55	189.49

Commission's Analysis

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

3.89 Impact of judgment in Appeal no. 36 of 2008 -

The Hon'ble Appellate Tribunal for Electricity (APTEL) in its order dated 6th October, 2009 in Appeal No. 36 of 2008 has observed as under:-

> *"The Commission shall allow the expenses incurred towards retirement of SVRS Optees pending decision of the Actuarial Arbitration Tribunal and shall true up the employees expenses to the extent of increased cost by increase in consumer base. So far as salary hike is concerned to the extent of hike comparable to the Sixth Pay Commission's recommendations for employees other than the erstwhile DVB employees shall also be allowed in true up process in case expenditure in that account has already been incurred."*

3.90 The Commission has provisionally allowed a lump sum amount of Rs. 150 crore in the Tariff order on Aggregate Revenue Requirement for Delhi Transco Limited for FY 2011-12 dated 26.08.2011 and Rs. 160 crore in the Tariff order on Aggregate Revenue Requirement for FY 2012-13 to FY 2014-15 for Delhi Transco Limited dated 13.07.2012 for the respective years as a lump sum contribution for all the power utilities in Delhi including BYPL, BRPL and Petitioner. These amounts have been considered to meet the expenses incurred towards pensioners which, inter-alia include expenses incurred towards retirement of SVRS Optees pending a decision of the Actuarial Arbitration Tribunal as well as the petitions pending in the Delhi High Court/ Supreme Court on this issue.

3.91 Further, In the MYT Order, the Commission has stated following for SVRS pension

> *"the Commission now allows the monthly pension provisionally subject to the outcome of the Tribunal Order with the condition that any refund/relief provided on this account to the Petitioner by the Trust will be available for adjustment in the future employee expenses"*

3.92 As regard true up of the employees expenses to the extent of increased cost by increase in consumer base and salary hike comparable to sixth pay Commission's recommendations for employees other than erstwhile DVB employees, the Commission has initiated a benchmarking exercise for employee expenses taking into account the increased consumer base as well as increase in sales. This would also take into account the salary hike of employees other than the erstwhile DVB employees. The impact will be given once the benchmarking exercise is completed.

3.93 The Commission considers the employee expenses at Rs. 187.88 crore including SVRS pension at Rs. 6.06 crore in the Truing up for FY 2011-12 in accordance with Regulation 4.16 (b) (i) of DERC Tariff Regulations, 2007, as detailed in the Table below:

Table 14: Employee Expenses approved by the Commission for FY 2011-12 (Rs. crore)

Sl. No.	Particulars	UoM	Reference	Tariff Order FY 2011-12 dated 26th August, 2011	Petitioner's Submission	Now Approved
1	Gross Employee Expenses (excl SVRS)	Rs .crore	A	202.81	202.81	202.81
2	Employee Expenses Capitalised	Rs. crore	B	13.41	13.41	13.41
3	Net Employee Expenses	Rs. crore	C=A-B	0.00	0.77	
4	SVRS Pension	Rs. crore	D	189.40	190.17	189.40
	Sub Total			6.06	6.90	6.06
5	Efficiency Factor	%	E	4.00%	4.00%	4.00%
6	Employee Expenses approved after efficiency factor	Rs .crore	F=CX(1-E)+D	187.64	189.49	187.88
7	Total employee Expenses	Rs. crore	G=F	187.64	189.49	187.88

No Efficiency factor on SVRS Pension is considered as per the Commissions Submission in the ATE.

3.94 The efficiency factor on SVRS pension has not been applied as per Hon'ble APTEL Judgment dated December 04, 2009 in Appeal no. 36 of 2008. The Commission has considered capitalization of employee expenses taken in Tariff order of 26th August 2011 as the Commission is going to take a subsequent true up of the capitalization.

Administrative & General (A&G) Expenses

Petitioner's Submission

3.95 The Petitioner has submitted A&G expenses of Rs. 35.80 crore for FY 2011-12 as approved by the Commission for the year in the Tariff Order dated August 26, 2011.

Table 15: A&G Expenses proposed for FY 2011-12

Sl. No.	Particulars	Reference	UoM	Tariff Order FY 2011-12 dated 26th August, 2011	Audited Accounts	Considered for ARR
1	Gross A&G Expenses	A	Rs. crore	37.29	58.86	37.29
2	Efficiency Factor	B	%	4.00%		4.00%
3	Net A&G Expenses	C=AX(1-B)	Rs. crore	35.80	58.86	35.80

Commission's Analysis

3.96 In terms of Regulation 4.16 (b) (i) of the MYT Regulations 2007, the Commission approves the A&G Expenses for FY 2011-12 as approved in Tariff Order dated August 26, 2011 as shown in the Table below:

Table 16: A&G Expenses approved for FY 2011-12

(Rs. crore)

Sl. No.	Particulars	Approved in Tariff Order	Petitioner's Submission	Now Approved
1	A&G Expenses	35.80	35.80	35.80

Repairs & Maintenance (R&M) Expenses

Petitioner's submission

3.97 The Petitioner has submitted R&M expenses of the same amount as approved in the Tariff Order dated August 26, 2011 for FY 2011-12 viz., Rs. 91.45 crore.

Table 17: R&M expenses proposed for FY 2011-12

Sl. No.	Particulars	Reference	UoM	Tariff Order FY 2011-12 dated 26th August, 2011	Considered for ARR
1	Gross R&M Expenses	A	Rs. crore	95.26	95.26
2	Efficiency Factor	B	%	4%	4%
3	Net A&G	C=AX(1-B)	Rs. crore	91.45	91.45

	Expenses				

Commission's Analysis

3.98 Regulation 4.16 (b) (i) of MYT Regulations, 2007 considers R&M Expenditure as a controllable expenditure. However, the R&M expenses are linked to 'k' factor applied to the gross fixed asset of the year. 'K' factor is a constant which has been determined by the Commission for the MYT period FY 2007-08 to FY 2011-12 and shall remain constant during the MYT Period.

3.99 The R&M Expenses for FY 2011-12 were determined by applying the 'k' factor of 2.81% on the estimated opening GFA considered in the Tariff Order dated 26th August 2011. However, the GFA has been revised based on the actual capitalization indicated by Petitioner. The opening GFA approved for FY 2011-12 in the true up for FY 2007-08 to FY 2011-12 is 3303.06 as detailed in para 3.147 applying the 'k' factor of 2.81 % on the opening GFA the R&M expenses worked out to Rs. 92.82 crore. The Commission approves the R&M expenses at Rs. 89.10 crore net of efficiency factor for FY 2011-12.

Table 18: R&M Expenses Approved by Commission for FY 2011-12 (Rs. crore)

Particulars	Approved in the Tariff Order	Petitioner's Submission	Now Approved
Opening GFA			3303.06
' k ' Factor			2.81%
Gross R&M Expenses	95.26	95.26	92.82
Efficiency Factor	4.00%	4.00%	4.00%
R&M Expenses	91.45	91.45	89.10

Operation and Maintenance Expense

Petitioner's submission

3.100 Operation and Maintenance (O&M) Expense is the sum total of expenses incurred towards employee, A&G and R&M expenses. After considering expense capitalization of Rs. 13.41 Cr and efficiency factor at 4%, the Petitioner has claimed net O&M expenses of Rs. 316.71 crore.

Commission's Analysis

3.101 The O&M Expenses approved by the Commission as detailed in the above paragraphs are shown in the following Table:

Table 19: O&M Expenses approved by the Commission (Rs. crore)

Particulars	Approved in Tariff Order of 26th August 2011	Petitioner's Submission	Now Approved
Employee Expenses (Including of SVRS Pension)	187.64	188.72	187.88
Impact of Sixth Pay Commission	0.00	0.74	0.00
A&G Expenses	35.80	35.80	35.80
R&M Expenses	91.45	91.45	89.10
Gross O&M Expenses	314.89	316.71	312.79

 # No efficiency factor on SVRS pension is considered as per the Commission's submission in the ATE

Other Miscellaneous Expenses

3.102 The Petitioner has claimed Rs. 2.67 crore towards miscellaneous expenses in the Truing up for FY 2011-12 as detailed in the Table below:

Table 20: Miscellaneous Expenses claimed in Truing up for FY 2011-12 (Rs. crore)

Sl. No.	Particulars	Petitioner submission
a)	Security Expenses	0.60
b)	Trading of Power	0.09
c)	Credit rating	0.96
d)	Litigation Expense DPCL Period	0.22
e)	Cost of Auditor Certificate	0.03
f)	License Fees on Energy Billed	0.40
g)	Tender Cost	0.28
h)	Food Allowance	0.79
i)	Children Education Allowance	1.41
j)	Legal Expense	0.54
k)	Power Banking	(2.65)
	Total	**2.67**

Commission's Analysis

3.103 Petitioner has furnished information on the above expenses item wise for consideration in the Truing up for FY 2011-12.

3.104 The Commission did not consider any provision for additional expenses apart from the expenses considered and approved in the MYT Order for FY 2007-08 to FY 2010-11.

3.105 The Commission had recorded in Para 5.258 of Tariff Order for FY 2011-12 as given below:

> *5.258" The Commission has not allowed any additional expenses to the Petitioner as proposed in line with the methodology adopted in the MYT Order. However, the Commission may True up the actual expenses incurred under these heads while Truing up for FY 2011-12, subject to the Commission's prudence check and approval based on the submission of the Petitioner duly indicating the cost incurred and –benefit derived."*

3.106 The additional expenses claimed by the Petitioner are discussed below:

a. CISF/ Security Expenses

Petitioner's submission

The Petitioner has incurred an amount of Rs. 0.60 crore towards replacement of CISF personnel by other security personnel during FY 2011-12.

Commission's Analysis

With respect to CISF / Security expenditure, the Commission observes that the deployment of CISF / Security force has helped in reduction of AT&C losses. Therefore, any cost on account of CISF / Security forces should be first adjusted towards the benefit on account of overachievement in reduction of AT&C losses, if any, before passing on any benefit to consumer or the distribution licensee. Therefore, the Commission has not considered any cost on account of CISF expenditure as new initiative.

b. Trading of Power/ Other related expenses

Petitioner's submission

The Petitioner has incurred Rs. 0.09 crore towards annual fees of Rs. 0.03 crore to power exchange of India (PXIL) and Rs. 0.06 crore to IEXL during FY 2011-12.

Commission's Analysis

The Commission allows additional expenses of Rs. 0.09 crore on account of expenses related to annual membership fee for power exchange as this expense was not included in the O&M expenses for the base year (FY 2006-07).

c. Credit Rating

Petitioner's Submission

The Petitioner has incurred an amount of Rs. 0.96 crore towards annual surveillance fees for credit rating.

Commission's Analysis

The Commission considers Rs. 0.96 crore towards annual surveillance fees for credit rating as it was not part of base year A&G expenses i.e. FY 2006-07.

d. Litigation Expenses of DPCL period.

Petitioner's Submission

The Petitioner has claimed Rs. 0.22 crore towards the difference of the actual legal expenses of Rs. 0.30 crore incurred in FY 2011-12 and Rs. 0.08 crore it has arrived at taking into consideration Rs. 0.06 crore considered in the base year FY 2006-07.

Commission's Analysis

The Commission is of the view that the mere fact that the Petitioner had incurred Rs. 0.22 crore on litigation expenses, does not quality the Petitioner for additional amount from the Commission in the ARR. In case the actual litigation expenses for DPCL period were less that the Commission approved values, the Petitioner would not have returned the same back to the consumers through reduction in ARR. Therefore, the Commission has rejected the Petitioner's request and not allowed any additional amount towards this.

e. Cost of Auditors Certificate

Petitioner's Submission

The Petitioner has claimed Rs. 0.03 crore towards Auditor's Certificate in connection with the veracity of information like Power Purchase Cost, Billing data and subsidy certificate during FY 2011-12.

Commission's Analysis

The Commission considers Rs. 0.03 crore towards cost of auditor certificate as it was not part of base year A&G expenses i.e. FY 2006-07.

f. Licensee fees

Petitioner's Submission

As per clause 12.1 of the Distribution and Retail supply license the Petitioner is required to pay annually 0.05% of the amount billed of previous year as license fees to the Commission. The actual amount incurred in FY 2011-12 is Rs. 1.49 crore against Rs. 1.13 crore allowed by the Commission for FY 2010-11. The Petitioner has incurred Rs. 0.40 crore towards additional amount spent on their account.

Commission's Analysis

With regard to the incremental license fee paid to DERC by the Petitioner, the Commission finds merit in the Petitioner's claim as license fee is linked with the sales of the Petitioner, which is an uncontrollable parameter. The license fee paid by the Petitioner is part of A&G expenses. The Commission has already considered an annual increase in the license fee included as a part of A&G expenses as per the inflation index (4.66%). Thus licensee fee approved by the Commission for FY 2011-12 will therefore be Rs. 1.17 crore (net of efficiency factor of 4%). The Petitioner has paid license fee of Rs 1.49 crore during FY 2011-12 (0.05% of the revenue billed during FY 2010-11). Hence the Commission approves Rs. 0.32 crore (1.49 Cr – 1.17 crore) on this account. However, for all previous years, the Commission shall true up the license fee paid by the Petitioner to DERC vis-à-vis projected license fees payable for each year @ 0.05% of revenue billed during the previous year, after the end of the Second Control Period.

g. Tender cost for procurement of material.

Petitioner's Submission

The Petitioner has incurred an additional expense of Rs. 0.28 crore towards advertisement of open tendering during FY 2011-12.

Commission's Analysis

The Commission rejects the Petitioner's claim of tendering cost of Rs 0.28 crore for procurement of material through open tender as the Petitioner was always required to procure material through tenders. Any cost incurred by the Petitioner on account of tendering would have been part of the A&G expense of the base year FY 2006-07. Hence, this is not a new initiative and cannot be allowed in the ARR.

h. Food Allowance

Petitioner's Submission

The Petitioner has claimed an amount of Rs. 0.79 crore towards incremental increase in the food allowances during FY 2011-12 based on the increase in food allowance allowed by DTL vide its circular dated 15.04.2010.

Commission's Analysis

With respect to expenditure claimed by the Petitioner on account of increase in Food Allowance, the Commission is of the Opinion that Food Allowance was part of the base Employee Expenses of the Petitioner for FY 2006-07. The Food Allowance was fixed at Rs 125 pm and there was no increase during FY 2007-08 – FY 2010-11. The expenses incurred by the Petitioner on account of Food Allowance and Children Education Allowance during FY 2007-08 – FY 2010-11 would be lower than the amount approved by the Commission due to the fact that :

(a) The Commission has considered an indexation factor and increased the base year amount every year

(b) Number of erstwhile DVB employees getting reduced due to retirement

No such reduction in expenses on account of the same was proposed by the Petitioner during the previous years. The Petitioner has now submitted claim on account of expenses incurred by it due to higher Food Allowance in FY 2011-12. The Commission rejects the Petitioner's claim as Food Allowance was part of the base year value of the Employee Expenses.

i. **Children Education Allowance**

Petitioner's Submission

The Petitioner has incurred Rs. 1.41 crore during FY 2011-2 on account of increase in Children Education Allowance over and above the amount paid in base year i.e., FY 2006-07 vide Government of India notification dated September 2, 2008.

Commission's Analysis

With respect to expenditure claimed by the Petitioner on account of increase in Children Education Allowance, the Commission has already considered increase in Children Education Allowance while revising employee expenses for the Petitioner in its tariff Order dated August 26, 2011

> *"3.121 Further, the Commission has also observed that while the increase in salaries due to wage revision was with retrospective effect from January 1, 2006, the implementation of wage revision recommendations also led to introduction/removal/increase of certain allowances such as HRA, TPA, CCA, LTC Encashment and **Children Education Allowance** with effect from FY 2008-09. The impact on employee cost on account of these "New Allowances" has been added separately from FY 2008-09 onwards. As these allowances were started / discontinued in FY 2008-09 and were not applicable for the entire year of FY 2008- 09, the Commission has considered the impact on employee cost on account of these allowances in FY 2009-10 as base year, when these allowances were applicable for full year and escalated the total allowances paid in FY 2009-10 by the escalation factor to arrive at the figure for FY 2010-11"*

The Commission, therefore, has not considered the claim of Petitioner on account of increase in Children Education Allowance.

j. **Legal Expenses.**

Petitioner's Submission

The Petitioner has incurred an amount of Rs. 0.54 crore towards legal expenses related to the Property Tax disputes, Power Purchase related matter, past

Liability (before 01.072002) related matter as well as for appeals against the orders issued by the Hon'ble Commission as detailed below.

Table 21: Legal Expenses submitted by Petitioner.

Nature	Rs. Crore
Power Purchase related matter	0.07
Tariff orders related matters	0.23
Past liability related issues	0.10
Property Tax	0.14
Total	**0.54**

Commission's Analysis

The Commission rejects the Petitioner's claim towards legal expenses, as legal expenses are part of A&G Expenses of the base year FY 2006-07.

k. Power Banking

Petitioner's Submission

The Petitioner has submitted that it has been claiming the cost of difference between power banked and received in the year in which transaction is closed based on methodology adopted by the Commission. The net impact of power banking cost is submitted at Rs. (2.65) crore for FY 2011-12.

Commission's Analysis

As explained in Para 3.71 the power banking contracts / transactions should be revenue neutral and no additional cost be allowed against banking contracts / transaction. The Commission has, therefore decided not to consider any additional cost / financing cost on account of power banking contracts / transaction.

3.107 Based upon the analysis and approval the total amount considered under the head "Other Expenses" against the expenses claimed by the Petitioner are given in the Table below:

Table 22: Other expenses approved in the Truing up for FY 2011-12 (Rs. crore)

Sl. No.	Particulars	Petitioner submission	Now approved
a)	Security Expenses	0.60	0.00
b)	Trading of Power	0.09	0.09
c)	Credit rating	0.96	0.96
d)	Litigation Expense DPCL Period	0.22	0.00

Sl. No.	Particulars	Petitioner submission	Now approved
e)	Cost of Auditor Certificate	0.03	0.03
f)	License Fees on Energy Billed	0.40	0.32
g)	Tender Cost	0.28	0.00
h)	Food Allowance	0.79	0.00
i)	Children Education Allowance	1.41	0.00
j)	Legal Expense	0.54	0.00
k)	Power Banking	(2.65)	0.00
	Total	**2.67**	**1.40**

Non Tariff Income

Petitioner's submission

3.108 The Petitioner in its True up petition has considered Non Tariff Income of Rs. 123.42 crore for FY 2011-12, against Rs. 30.63 crore approved in the Tariff Order for FY 2011-12. The details of Non Tariff Income submitted by the Petitioner are shown below:

Table 23: Non Tariff Income submitted for FY 2011-12 (Rs. crore)

Sl. No.	Particulars	Amount	
1	Other Operating Income	139.41	
2	Other Income	21.49	
	Non Tariff Income as per Audited Accounts		160.90
	Less: Income Included in above, not passed for Tariff determination		
a	*Transfer From Capital grants*	*0.40*	
b	*Transfer from consumer contribution for capital works*	*14.05*	
c	*Interest / short term capital gain*	*11.41*	
d	*Service Line Charges to be deferred in future years*	*4.43*	
e	*Income from Other Business*	*1.98*	
f	*Financing of LPSC Charges*	*15.01*	
g	*Rebate of Power Purchase*	*6.65*	
h	Interest on CSD	(21.11)	
i	Maintenance charges towards recovery of material cost	4.12	
j	Income pertaining to generation division	0.54	
	Total (a to j)		37.48
2	**Total : Non Tariff Income**		**123.42**

Commission's Analysis

Regulation 5.25 of the MYT Regulations, 2007 states that

"The amount received by the licensee on account of Non Tariff Income shall be deducted from the aggregate revenue requirement in calculating the net revenue requirement of such licensee".

Regulation 5.27 further elaborates that

"The net aggregate revenue requirement of the licensee eligible for recovery during each year of the Control Period shall be determined after deducting from the aggregate revenue requirement, the non tariff income and the other income".

3.109 A joint reading of both the above clauses indicates that NTI and other income being an integral part of the revenue requirement shall be trued up at the end of each year of the Control Period.

Income from Other than Licensed business

3.110 The Petitioner has shown earnings of Rs 4.30 Cr from other than License Business which includes Rs 1.90 Cr from consultancy, Rs 0.58 Cr from utilization of its assets and Rs 1.82 Cr through training. The Petitioner has submitted that the profit sharing ratio should be 50:50 for income generated from sources other than Petitioner's distribution assets and 80:20 in case of income generated from distribution assets. Accordingly, the Petitioner has offered to share 2.32 Cr with the consumers against the total earnings of Rs 4.30 Cr, and subtracted Rs 1.98 Cr from the non tariff income.

3.111 The Commission has considered 80% of the income from other business i.e. Rs 3.44 Cr as the non tariff income and subtracted Rs 0.86 Cr from total non tariff income submitted by the Petitioner on this account.

3.112 The Commission considers income from generation division at Rs. 0.54 crore as submitted by the Petitioner. The details of generation division revenue have not been furnished by the Petitioner.

3.113 The Commission has considered 80% of the income from generation division i.e. Rs 0.44 Cr as the non tariff income and subtracted Rs 0.10 Cr from total non tariff income submitted by the Petitioner on this account.

LPSC

3.114 The Petitioner had collected late payment surcharge (LPSC) of Rs 21.14 crore in FY 2011-12 from its Consumers. As the Petitioner charges LPSC @ 18% per annum (1.5% per month), the principal amount on which LPSC has been charged will be Rs. 117.44 crore. The Petitioner has submitted that it has considered funding of LPSC @ 12.78% for FY 2011-12. The Commission observes that the Petitioner has subtracted an amount of Rs. 15.01 crore towards financing cost of LPSC from Non Tariff Income.

3.115 The Commission considers the financing cost at 11.43 % for FY 2011-12, which is the weighted average rate of interest on loans and is shown in the Table below:

Table 24: Approved Funding of LPSC (Rs. crore)

Sl. No.	Particulars	FY 2011-12
1	LPSC Collected @ 18 %	21.14
2	Principal amount on which LPSC was charged	117.44
3	Interest Rate for funding of Principal of LPSC	11.43%
4	Interest approved on funding of Principal amount of LPSC	13.42

3.116 The Commission has subtracted financing cost of LPSC from the gross Non tariff Income for calculating Non Tariff Income available towards ARR.

Rebate

3.117 The Petitioner has submitted that it has claimed total rebate of Rs 37.37 Cr, of which Rs 30.11 Cr was up to 1% rebate earned on timely payment of power purchase bills. However, Petitioner has considered the entire rebate earned on timely payment of power purchase bills in Non Tariff Income and shown rebate earned above 1% as a separate head in other expenses.

3.118 Hon'ble APTEL in Appeal No. 153 of 2009 has observed,

> *"The State Commission has acted contrary to the regulations 5.7 and 5.2.3 of the MYT Regulations to adjust the rebate claimed by the Appellant on earlier payment of power purchase adjusted against power purchase cost. The approach of the State Commission in deducting the rebate from power purchase cost in the impugned order is a clear departure from its own stand on payment of rebate in the MYT order as well as against the earlier tariff order in which it was held that it would treat the rebate earned on power*

purchase cost as a part of non-tariff income. The rebate offered by the generating company is an incentive given to the Appellant, being a distribution company for their pre-payment from their own revenues for which no additional cost is allowed to them. If the Appellant is not allowed to retain the same as a part of non-tariff income for tariff determination as against the power purchase cost, this incentive would become meaningless. Allowing any rebate income beyond 1% to be retained by the distribution company will not adversely impact the consumers as the rebate allowed by the generation company to the distribution company for pre-payment of power purchase bills on the date of raising of bill is out of and not in addition to the normative working capital allowed to the generation company as part of tariff."

3.119 In compliance of Hon'ble APTEL direction, the Commission has considered rebate on power purchase upto 1% in Non Tariff Income. The Total amount considered in non tariff income is Rs. 29.36 crore.

3.120 The Commission has considered 50% of rebate given on sale of power towards NTI computation.

Total Rebate	Rebate Above 1% on Power Purchase	Rebate Upto 1% on Power Purchase	Rebate given on sale of power	Rebate given adjusted in NTI	Net Rebate considered as NTI
37.37	7.26	30.11	1.5	0.75	29.36

Consumer Security Deposit

3.121 The Commission has also included the normative interest earned of Rs. 13.71 crore on Consumer Security Deposit for FY 2011-12 in the non tariff income of the Petitioner in accordance with Regulation 5.25 of DERC MYT Regulations, 2007, as approved in para 3.190.

3.122 Hence, the Commission has approved the amount of Non Tariff Income as summarised below:

Table 25: Trued-up Non Tariff Income approved by Commission (Rs. crore)

Sl. No	Particulars	Amount

Sl. No	Particulars	Amount	
a	Other Operating Income	139.41	
b	Other Income	21.49	
1	Non Tariff Income as per Audited Accounts		160.90
	Less: Income Included in above, not passes for Tariff determination		
a	*Transfer From Capital grants*	*0.40*	
b	*Transfer from consumer contribution for capital works*	*14.05*	
c	*Interest / short term capital gain*	*11.41*	
d	*Service Line Charges to be deferred in future years*	*4.43*	
e	*Income from Other Business*	*0.86*	
f	*Financing of LPSC Charges*	*13.42*	
g	*Rebate of Power Purchase*	*29.36*	
h	Normative Interest on CSD	(13.71)	
I	Maintenance charges towards recovery of material cost	4.12	
J	Income pertaining to generation division	0.10	
2	Total (a to j)		64.44
	Total : Non Tariff Income (1-2)		**96.46**

True up of FY 2007-08 to FY 2011-12 Multi Year Tariff Control Period

3.123 The Hon'ble ATE In its order dated 12th July, 2011 in Appeal No. 142 of 2009 has observed as under: -

Para 19.8 *"The eighth issue is regarding true up of the expenses for FY 2007-08 for the period between 1.4.2007 and the date of commencement of the MYT Tariff Order. The MYT Regulations clearly define the control period from the date of issuing of MYT Tariff order till 31st march, 2011. Regulation 12.1 also provides for performance review and adjustment of variations of the Distribution Licensees based on actual/audited data and prudence checks by the State Commission during Control Period. The finding of the State Commission on this issue is in contravention of the Regulations. Accordingly, the State Commission is directed to true up the financials for the period 1.4.2007 to 28.2.2008 at the earliest and allow the same with carrying cost."*

3.124 The Petitioner has submitted that they would not be able to submit the audited accounts for 11 months separately. Therefore, the Commission is not in a position to allow the impact of the same.

Operation & Maintenance Expenditure

Petitioner's submission

3.125 Petitioner has submitted the net impact on the O&M expenses for consideration in the Control Period FY 2007-08 to FY 2011-12. The total additional claim in O&M expenses from FY 2007-08 to FY 2011-12 is given below:

S.No.	Additional Expenses under O&M	FY 2008-09	FY 2009-10	FY 2010-11
1	True up of expenses related to VSS	-0.19	6.68	2.04
2	Efficiency factor on 6th pay Commission arrears	0.36	1.11	
3	Efficiency factor on VSS Pensions	0.17	0.22	
4	Additional arrears for 6th pay Commission for employees who opted after 01.01.2006		1.99	0.71

Commission's Analysis

3.126 As per MYT Regulation, 2007, O&M Expenses permissible in ARR for each year of the Control period FY 2007-08 to FY 2011-12 shall be determined based on R&M expenses, Employee Expenses and A&G Expenses. R&M expenses are further linked to GFA, while A&G expenses and Employee expenses are linked to inflation index.

3.127 The Petitioner has submitted the claim for differences towards the monthly pension / LTA of VSS Employee for the FY 2007-08 to FY 2010-11. Employee Expenses and A&G expenses have been trued up in the relevant Financial Year upto FY 2010-11 based on the information submitted by the Petitioner and taking into consideration the provision of MYT regulations, 2007. The Commission observed that the efficiency factor has erroneously been applied during the truing up of Employee expenses on SVRS pension for FY 2008-09 and FY 2009-10 which has been now rectified in compliance of Hon'ble ATE directions in appeal no. 36 of 2008.

3.128 The Commission has considered the pay commission arrears in True up Orders for FY 2009-10 in the Tariff order dated August, 2011 and FY 2010-11 in July 2012.

3.129 The Commission has provisionally allowed the Capitalization based on the Petitioner submission and the audited accounts of the Petitioner. Accordingly, the GFA has been revised for the MYT Control period FY 2007-08 to FY 2011-12. R&M expenses are based on 'K' factor as defined in the MYT regulation, 2007 where K is a constant governing the relationship between R&M costs and GFA. Due to revision in the GFA under the MYT Control Period FY 2007-08 to FY 2011-12, the R&M expenses have also been revised provisionally subject to final true up of capitalization.

Table 26: Revised R&M expenses based on Capitalization approved by the Commission (Rs. crore)

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
GFA (n-1)	2043.23	2195.05	2523.71	2741.50	3303.06
First true up as per order	57.48	72.16	83.45	89.8	95.26
Revised True up for FY 2011-12	57.62	61.90	71.17	77.31	92.82
Difference	0.14	(10.26)	(12.28)	(12.49)	(2.44)

Table 27: Approved O&M Expenses by Commission for respective years from FY 2007-08 to FY 2011-12 (Rs. crore)

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Employee Expenses	131.14	139.47	225.17	174.72	189.40
R&M Expenses	57.62	61.90	71.17	77.31	92.82
A&G Expenses	31.08	32.53	34.04	35.63	37.29
Total O&M Expenses	**219.84**	**233.90**	**330.38**	**287.66**	**319.51**
Efficiency Factor		2.00%	3.00%	4.00%	4.00%
SVRS Pension		8.53	7.50	6.06	6.06
Net O&M Expenses	**219.84**	**237.75**	**327.97**	**282.21**	**312.79**

3.130 The Employee expenses include expenses towards SVRS pension however while calculating Net Employee expenses, no efficiency factor has been applied on SVRS pension.

3.131 With revised true up for the Control Period FY 2007-08 to FY 2010-11, the net impact on the O&M Expenses is as in the table below:

Table 28: Net Impact on the O&M Expenses due to MYT Control Period FY 2007-08 to FY 2010-11 Review (Rs. crore)

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11

Employee Expenses		0.17	0.23	
R&M Expenses	0.14	(10.05)	(11.91)	(11.99)
A&G Expenses		-	-	-
Total O&M Expenses	**0.14**	**(9.88)**	**(11.69)**	**(11.99)**

Capital Expenditure and Capitalisation

Petitioner's submission

3.132 Regulation 4.14 of MYT Regulations, 2007 stipulates as under:

> *"The Commission shall review the actual capital investment at the end of each year of the Control Period. Adjustment to depreciation and return on capital employed for the actual capital investment vis-à-vis approved capital investment shall be done at the end of Control Period".*

3.133 The Petitioner's submission on the actual capital expenditure incurred and capitalisation achieved during the Control Period are as summarised in the Table below:

Table 29: Capex and capitalisation during the control period (Rs. crore)

Financial Year	Capital Expenditure	Capitalisation
	Actual Submitted	**Actual Submitted**
2007-08	245.12	151.82
2008-09	288.54	328.66
2009-10	374.09	217.79
2010-11	465.62	561.56
2011-12	370.68	324.15
Total for the Control Period	1744.05	1583.98

3.134 The year wise capital work in progress submitted by Petitioner is summarised in the Table below.

Table 30: Capital works in progress submitted for the control period (Rs. crore)

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Opening work in progress	612.00	705.30	665.18	821.48	725.44
Capital Investments	245.12	288.54	374.09	465.52	370.68
Capitalisation	151.82	328.66	217.79	561.56	324.15

Closing work in progress	705.30	665.18	821.48	725.44	771.97

Commission's Analysis

3.135 As per Petitioner submission, capitalization out of opening CWIP of Rs. 554.88 crore FY 2007-08 has been done to the extent of Rs. 292.07 crore upto end of FY 2011-12.

Table 31: Approved CWIP for the Control Period (Rs Cr) under MYT Order dated 23 February 2008.

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
Opening CWIP	554.88	359.88	184.88	159.88
Net Additions during the year	325.00	225.00	200.00	200.00
Capitalisation of Investment	520.00	400.00	225.00	200.00
Investment capitalised out of opening CWIP till FY 07	357.50	197.38		
Investment capitalised out of opening CWIP for investments from FY 08 onwards		90.12	125.00	159.88
Investment capitalised out of fresh investments	162.50	112.50	100.00	40.12
Closing CWIP	359.88	184.88	159.88	159.88

3.136 The opening CWIP FY 2007-08 was projected to be capitalized as per the above table 31 and Petitioner had not indicated the capitalization on the entire CWIP in the MYT period. The Commission is of the view that the opening CWIP in FY 2007-08 should have been capitalized on priority basis in the MYT Control Period as the distribution schemes generally completed in 1-2 years of time. Therefore, it has been decided that such opening CWIP FY 2007-08 will be considered as capitalized within the MYT Control period (FY 2007-08 to FY 2011-12).

3.137 The Commission had allowed capitalization of Capital Expenditure to the extent of Rs. 1614.00 crore for the Control Period from FY 2007-08 to FY 2011-12. The Petitioner has submitted the actual capitalization of Rs. 1713.08 crore against Rs. 1614.00 crore allowed by the Commission. The Commission now takes into consideration the actual capitalization as submitted by Petitioner in the truing up for the control period FY 2007-08 to FY 2011-12.

3.138 The Commission has analyzed the available details to consider provisional capitalization for the Control Period FY 2007-08 to FY 2011-12. The Petitioner has submitted total capitalization during the control period as Rs. 1583.98 crore including opening CWIP FY 2007-08 capitalization. Accordingly, the capitalization for the opening CWIP FY 2007-08 has been taken for the as given by the Petitioner. For the years FY 2009-10 to FY 2011-12, the opening CWIP FY 2007-08 has been capitalized on prorate basis vis-à-vis the actual capitalization as indicated by the Petitioner during the years FY 2008-09 to FY 2011-12. The capitalization has been approved provisionally as given in the table below.

3.139 The Commission is also in the process of undertaking a true-up of the capitalization during the first MYT period from FY 2007-08 to FY 2011-12 which also involves physical verification of assets with the procurement and accounting records of the utilities. While the final true-up on this basis will be possible only after the exercise of physical verification is completed, the Commission has observed the audited accounts of the utilities indicate a significantly lower level of capitalization than the anticipated capitalization considered in the tariff orders passed by the Commission for the first MYT for FY 2007-08 to FY 2011-12.

3.140 Pending completion of the physical verification of assets and final true-up of capitalization on that basis, the Commission proposes to adopt the details of year-wise capitalization as per audited accounts for undertaking a provisional true-up in respect of the distribution companies. This will result in reduction in the provision for depreciation and return on capital employed on account of the lower level of the capitalization actually undertaken by these utilities during the above MYT period as reflected in their audited accounts. This would, however, be subject to the final figures of capitalization based on the final outcome of the ongoing physical verification of assets.

Table 32: Approved Capitalization for the Control period for FY 2007-08 to FY 2011-12 (Rs. Crore)

Particulars	**FY 2007-08**	**FY 2008-09**	**FY 2009-10**	**FY 2010-11**	**FY 2011-12**
Opening CWIP	554.88	648.18	608.06	764.36	668.32
Net Additions to CWIP	245.12	288.54	374.09	465.62	370.68
Capitalisation of Investment	151.82	328.66	217.79	561.56	324.15
Investment capitalised out of opening CWIP till FY 07	251.02	69.73	46.21	119.15	68.77
Investment capitalised out of fresh investments	-99.2	258.93	171.58	442.41	255.38

Closing CWIP	648.18	608.06	764.36	668.32	714.85

Means of Finance

Petitioner's submission

3.141 The Petitioner has submitted the funding of investment capitalized from FY 2007-08 to FY 2011-12 through Consumer Contribution, grants, subsidies, debt and equity. . The detail of financing of investment capitalized during the Control period as submitted by Petitioner is as below:

Table 33: Financing of investment capitalized for the control period FY 2007-08 to FY 2011-12 (rs. Crore)

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Consumer Contribution	11.80	8.12	13.80	82.33	44.84
Depreciation	0.00	0.00	0.00	0.00	0.00
APDRP Loan	0.00	0.00	0.00	0.00	0.00
Loan	1.14	88.65	102.00	268.41	192.75
Equity	0.49	37.99	43.71	115.03	82.61
Total	13.43	134.76	159.51	465.77	320.20

Commission's Analysis

3.142 The Commission has analysed the submission made by the Petitioner and the approved means of finance has been considered only for fresh investments towards Capitalization as indicated above. Provisionally approved means of finance as per the actual capitalization is as below:

Table 34: Approved financing of new investments capitalized during the control period FY 2007-08 to FY 2011-12 (Rs. Crore)

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Capitalization	(99.20)	258.93	171.58	442.41	255.38
Means of Finance					
Consumer Contribution for fresh investments	11.80	8.12	13.80	82.33	44.84
Net	(111.00)	250.81	157.78	360.08	210.54

Equity	(33.30)	75.24	47.33	108.03	63.16
Debt	(77.70)	175.57	110.45	252.06	147.37

Review of Depreciation

Petitioner's submission

3.143 The Petitioner has submitted the actual depreciation at Rs. 119.97 crore for FY 2011-12 against Rs. 118.54 crore approved for the year in Tariff Order dated 26th August, 2011.

3.144 The Petitioner has mentioned that for the purpose of computation of final depreciation to be claimed in ARR, first depreciation is computed on gross block and average deprecation rate is worked out which is applied on fixed assets net of consumer contribution. The Gross Fixed Assets, Consumer Contribution and Depreciation submitted by the Petitioner is as below:

Table 35: GFA submitted in the Truing up for the Control period (Rs. crore)

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
GFA					
Opening GFA	1985.55	2137.37	2466.03	2683.82	3245.38
Addition during the year	151.82	328.66	217.79	561.56	324.15
Closing GFA	2137.37	2466.03	2683.82	3245.38	3569.53

Table 36: Consumer Contribution/Grant submitted in the Truing up for the Control period (Rs. crore)

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Opening Balance	146.96	226.37	257.45	275.73	300.23
Addition during the year (including grant)	91.36	41.01	53.10	147.45	167.48
Capitalized during the year (out of opening)	0.15	1.81	21.02	40.62	8.08
Capitalized during the year (After 01.04.2007)	11.80	8.12	13.80	82.33	44.84
Closing Balance	226.37	257.45	275.73	300.23	414.79
Cumulative Capitalized Consumer Contribution	104.63	114.56	149.38	272.33	325.25

Table 37: Depreciation on GFA and Fixed Assets Net of Consumer Contribution submitted in the Truing up for the Control period (Rs. crore)

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Depreciation on GFA					
Opening Balance	763.72	839.79	925.73	1022.84	1136.16
Addition during the Year	76.07	85.94	97.11	113.32	131.50
Closing Balance	839.79	925.73	1022.84	1136.16	1267.66
Avg Depreciation rate	3.69%	3.73%	3.77%	3.82%	3.86%
Depreciation on Net of Consumer Contribution)					
Opening	763.72	836.16	918.00	1010.13	1115.39
Depreciation	72.43	81.84	92.13	105.26	119.97
Closing Balance	836.16	918.00	1010.13	1115.39	1235.36

Commission's Analysis

3.145 The Commission had approved the depreciation for the first Control Period from FY 2007-08 to FY 2011-12 based on the approved capitalisation after deducting the consumer contribution, grants and subsidies. Petitioner has submitted the actual capital expenditure, capitalisation and depreciation for each year of the Control Period. As explained earlier for the first true up, the commission has considered the capitalization as submitted by the Petitioner.

3.146 Petitioner has not submitted the detailed calculation of depreciation asset classification wise for the control period. The Commission has therefore considered the average GFA based on the approved capitalization and the Consumer Contribution for each year of the control period and computed the depreciation applying the average rate of depreciation of 3.60%. The provisionally approved Consumer Contribution for the control period FY 2007-08 to FY 2011-12 is given in the table below:

Table 38: Approved consumer contribution capitalized during the control period FY 2007-08 to FY 2011-12 (Rs. crore)

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Opening Consumer Contribution already capitalised	92.68	104.63	114.56	149.38	272.33

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Consumer Contribution Capitalized During the year for Pre MYT Period upto FY 2006-07	0.15	1.81	21.02	40.62	8.08
Consumer Contribution Capitalized out of Consumer Contribution received during MYT Period	11.8	8.12	13.8	82.33	44.84
Closing Consumer Contribution and Grants	104.63	114.56	149.38	272.33	325.25
Average Consumer Contribution and Grants	98.66	109.60	131.97	210.86	298.79

3.147 The Commission, approves the depreciation provisionally based on the average GFA net of average Consumer Contribution in the Truing up for the control period FY 2007-08 to FY 2011-12 as detailed in the Table below:

Table 39: Approved Depreciation for the Control Period for FY 2007-08 to FY 2011-12 (Rs. crore)

S.No.	Particulars	FY 2006-07	FY 2007-08	FY 2008-09	FY2009-10	FY 2010-11	FY 2011-12
1	Opening GFA		2043.23	2195.05	2523.71	2741.5	3303.06
2	Addition of assests during the year		151.82	328.66	217.79	561.56	324.15
3	Closing GFA	2043.23	2195.05	2523.71	2741.5	3303.06	3627.21
4	Average assets		2119.14	2359.38	2632.61	3022.28	3465.14
5	Less: Average Consumer Contribution		98.66	109.60	131.97	210.86	298.79
6	Average Assets net of Contribution		2020.49	2249.79	2500.64	2811.43	3166.35
7	Average rate of depreciation		3.60%	3.60%	3.60%	3.60%	3.60%
8	Depreciation		72.74	80.99	90.02	101.21	113.99
9	Accumulated Depreciation	764.76	837.50	918.49	1008.51	1109.72	1223.71

Review of Advance Against Depreciation

Petitioner's submission

3.148 The Petitioner has considered Advance Against Depreciation for the control period FY 2007-08 to FY 2011-12 in accordance with Clause 5.18 of MYT Regulations, 2007 as detailed in the Table below:

Table 40: Advance Against Depreciation submitted in Truing up (Rs. crore)

S.No.	Particulars	FY 2007-08	FY 2008-09	FY2009-10	FY 2010-11	FY 2011-12
1	1/10 of the loan (A)	113.51	122.37	132.58	159.42	178.69
2	Debt Repayment (B)	106.08	106.20	115.06	125.26	148.68
3	Minimum of A&B	106.08	106.20	115.06	125.26	148.68
4	Depreciation as per ARR routed for repayment of loans	72.43	81.84	92.13	105.26	119.97
5	**Excess of Min (A,B) over Depreciation**	33.65	24.36	22.93	20.00	28.71
6	Cumulative Repayment of the Loan(s) as considered for working out Interest on Loan (c)	201.89	308.09	423.15	548.41	697.10
7	Cumulative Depreciation	458.24	540.08	632.21	737.47	857.44
8	**Excess of (C) over (D)**	**(256.35)**	**(231.99)**	**(209.06)**	**(189.06)**	**(160.34)**

Commission's Analysis

3.149 The Commission has computed the Advance against Depreciation based on the revised depreciation and accumulated depreciation approved in the truing up for the control period.

3.150 Accordingly, the AAD has been considered provisionally for the control period FY 2007-08 to FY 2011-12 as tabulated in the Table below.

Table 41: Approved Advance Against Depreciation for the Control period for FY 2007-08 to FY 2011-12

S.No.	Particulars	FY 2007-08	FY 2008-09	FY2009-10	FY 2010-11	FY 2011-12
1	1/10 of the Opening loan (A)	113.32	117.66	136.45	147.26	171.81
2	Debt Repayment (B)	106.08	106.20	115.06	125.26	148.68
3	Minimum of A&B	106.08	106.20	115.06	125.26	148.68
4	Depreciation as per ARR routed for repayment of loans	72.74	80.99	90.02	101.21	113.99
5	**Excess of Min (A,B) over Depreciation**	**33.35**	**25.21**	**25.04**	**24.05**	**34.70**
6	Cumulative Repayment (C)	201.89	308.09	423.15	548.41	697.10
7	Cumulative Depreciation (D)	837.50	918.49	1008.51	1109.72	1223.71
8	**Excess of (C) over (D)**	**(635.61)**	**(610.40)**	**(585.36)**	**(561.31)**	**(526.61)**
9	AAD	0.00	0.00	0.00	0.00	0.00

3.151 In view of the above the Commission has not allowed any Advance Against Depreciation.

Return on Capital Employed (RoCE)

3.152 The Commission has analysed the various components used to determining the Return on Capital employed as below:

a) Working Capital

b) Regulated Rate Base (RRB)

c) Weighted Average Cost of Capital (WACC)

Working Capital

Petitioner's Submission

3.153 The Petitioner has submitted the Working Capital for the control period from FY 2007-08 to FY 2011-12 in accordance with Regulation 4.16 of DERC MYT Regulations, 2007 as detailed in the Table below:

Table 42: Working Capital Requirement submitted for the Control Period for FY 2007-08 to FY 2011-12 (Rs. crore)

S.No.	Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
A) i)	O&M Expenses	229.72	247.64	339.65	294.20	315.94
A) ii)	O&M Expenses for 1 Month	19.14	20.64	28.30	24.52	26.33
B)	Receivables					
B) i)	Annual Revenue	2356.52	2211.46	3258.42	3681.41	4733.67
B) ii)	Receivables equivalent to 2 months average billing	392.75	368.58	543.07	613.57	788.94
C) i)	Power Purchase expenses	1882.10	1805.92	2621.18	3069.47	4021.47
C) ii)	power purchase expenses for 1 Month	156.84	150.49	218.43	255.79	335.12
D)	Total Working Capital A) ii) + B) ii) - C) ii)	255.05	238.72	352.94	382.30	480.15

Commission's Analysis

3.154 The Commission has examined the Working capital submitted by the Petitioner which is based on the O&M Expenses, Power Purchase and revenue submitted in the petition. The Commission has recomputed the Working Capital considering the actual O&M Expenses, power purchase cost and revenue approved in the truing up for the control period FY 2007-08 to FY 2011-12 in the above paragraphs. The provisionally approved working capital and change in the working capital are given in the Table below:

Table 43: Approved Working Capital Requirement approved for the Control Period for FY 2007-08 to FY 2011-12

S.No.	Particulars	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
A) i)	O&M Expenses		219.84	237.75	327.97	282.21	312.79
A) ii)	O&M Expenses for 1 Month		18.32	19.81	27.33	23.52	26.07
B)	Receivables						
B) i)	Annual Revenue		2170.07	2447.42	2706.81	2959.19	3495.63
B) ii)	Receivables equivalent to 2 months average billing		361.68	407.90	451.14	493.20	582.61
C) i)	Power Purchase expenses		1846.15	2208.28	2856.74	3427.65	4489.24
C) ii)	power purchase expenses for 1 Month		153.85	184.02	238.06	285.64	374.10
D)	Total Working Capital A) ii) + B) ii) - C) ii)	53.15	226.15	243.69	240.40	231.08	234.57
	Change in working capital		173.00	17.54	(3.29)	(9.33)	3.49

3.155 The Hon'ble APTEL in its order in Appeal no. 52/2008 NDPL vs. DERC, has observed that

> *"(vi) The next issue is with reference to the equity component for margin on working capital requirement. The State Commission has considered the entire Working Capital requirement by way of loan contrary to the norms of debt and equity ratio of 70:30. The State Commission relies on Regulation 5.10 but this Regulation would not support the contention of the State Commission. The MYT Regulations stipulate that Weighted Average cost of capital, as computed in the Regulation 5.10, needs to be applied on Regulated Rate Base which includes the working capital. This apart, Regulation 5.8 and Regulation 5.9 provide for the formula for calculating the Regulated Rate Base for a particular year and for computing the return on capital employed by multiplying the Weighted Average Cost of capital with Regulated Rate Base. Under those circumstances, the Delhi Commission is directed to re-compute the Weighted Average Cost of capital for each year of the Control Period, along with the carrying cost."*

3.156 In compliance of the above directive issued by the Hon'ble APTEL the funding of the working capital has been considered provisionally by the Commission in debt equity ratio of 70:30 as shown in Table below:

Table 44: Approved Funding of Working Capital for the Control Period for FY 2007-08 to FY 2011-12 (Rs. Crore)

S.No.	Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
1	Change in working capital	173.00	17.54	(3.29)	(9.33)	3.49
2	Debt (70%)	121.10	12.28	(2.30)	(6.53)	2.44
3	Equity (30%)	51.90	5.26	(0.99)	(2.80)	1.05

Regulated Rate Base (RRB)

Petitioner's Submission

3.157 The Petitioner has submitted the Regulated Rate Base, Equity & Debt and RoCE for the control period from FY 2007-08 to FY 2011-12 as detailed in the Table below:

Table 45: Regulated Return Base, Equity & Debt and (RoCE) submitted from FY 2007-08 to FY 2011-12 (Rs. crore)

SI. No	Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
1	**RRB - Base Year**					
a	Opening Balance of OCFA	1,985.55	2,137.37	2,466.03	2,683.82	3,245.38
b	Opening Balance of Working Capital	53.15	255.05	238.72	352.94	382.30
C	Opening Balance of Accumulated Depreciation	763.72	836.16	918.00	1,010.13	1,115.39
D	Opening balance of Accumulated Consumer Contribution (in proportion of OCFA to total OCFA + CWIP + Stores)	92.68	104.63	114.56	149.38	272.33
2	**RRB - for the year**					
a	Investments in capital					

Sl. No	Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
	expenditure during the year	151.82	328.66	217.79	561.56	324.15
b	Depreciation for the year (Including AAD)	72.43	81.84	92.13	105.26	119.97
c	Consumer Contribution, Grants, etc for the year	11.95	9.93	34.82	122.95	52.92
d	Change in Working Capital	201.90	-16.33	114.22	29.35	97.86
e	CWIP FY 0607					
3	**RRB - for each year**	**1,417.92**	**1,553.75**	**1,831.83**	**2,073.28**	**2,413.44**
4	**Gross Interest**	**108.83**	**104.25**	**118.19**	**126.59**	**162.32**
5	**Average Debt**	**1,187.61**	**1,110.03**	**1,208.95**	**1,303.35**	**1,494.81**
a	Op. Balance of Debt	1,038.17	933.23	915.69	902.63	1,045.78
b	Cl. Balance of Debt	933.23	915.69	902.63	1,045.78	1,089.85
c	Working Capital Loan	201.90	185.57	299.79	329.15	427.00
d	**rd - Percentage of Cost of Debt**	9.16%	9.39%	9.78%	9.71%	10.86%
6	**Average Equity**	609.99	629.23	670.08	749.46	848.28
a	Op. Balance of Equity	609.74	610.23	648.22	691.94	806.97
b	Cl. Balance of Equity	610.23	648.22	691.94	806.97	889.58
c	**re - Percentage of Return on Equity**	16%	16%	16%	16%	16%
7	**WACC (5x5d+6x6c)/(5+6)**	11.48%	11.78%	12.00%	12.01%	12.72%
8	**ROCE**	162.83	183.07	219.74	248.96	306.99

Commission's Analysis

3.158 The Petitioner has submitted the opening RRB at Rs. 1182.23 crore for FY 2007-08 whereas the approved Opening RRB for FY 2007-08 considered is Rs. 1238.94 crore after adjusting the consumer contribution, capital grants and revised depreciation as per Tariff order dated August 26, 2011. The Commission has recomputed the RRB provisionally taking into consideration the investment and consumer contribution capitalized and depreciation provisionally approved in the truing up for the Control Period FY 2007-08 to FY 2011-12 as detailed in the table below:

Table 46: Approved Regulated Rate Base for the control period for FY 2007-08 to FY 2011-12 (Rs. Crore).

Sl. No.	Particulars	UoM	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
1	OCFA	A	2043.23					
2	Opening Balance of Working Capital	B	53.15					
3	Accumulated Depreciation	C	764.76					
4	Accumulated Consumer Contribution	D	92.68					
5	RRB Opening	E		1238.94	1479.07	1734.35	1824.01	2152.08
6	ΔAB (Change in Regulated Base)	F=G-H-I-J		67.13	237.74	92.95	337.40	157.24
7	Investments Capitalized	G		151.82	328.66	217.79	561.56	324.15
8	Depreciation	H		72.74	80.99	90.02	101.21	113.99
9	AAD	I		0.00	0.00	0.00	0.00	0.00
10	Consumer Contribution	J		11.95	9.93	34.82	122.95	52.92
11	Change in WC	K		173.00	17.54	-3.29	-9.33	3.49
12	RRB Closing	L=E+F+K	1238.94	1479.07	1734.35	1824.01	2152.08	2312.81
13	RRB (i)	M=E+F/2+K		1445.51	1615.48	1777.54	1983.39	2234.19

Equity and Debt

Petitioner's Submission

3.159 The Petitioner has submitted the average Equity and Debt for the Control Period FY 2007-08 to FY 2011-12 as given in the Table below:

Table 47: Equity and Debt Submitted for the Control Period for FY 2007-08 to FY 2011-12 (Rs. Crore)

S.No.	Particulars	FY 2007-08	FY 2008-09	FY2009-10	FY 2010-11	FY 2011-12
1	Average Equity	609.99	629.23	670.08	749.46	848.28

2	Average Debt	1,187.61	1,110.03	1,208.95	1,303.35	1,494.81

Commission's Analysis

3.160 The Commission has considered the Average Equity and average Debt taking into consideration the funding of capitalization during the control period and the funding of Working Capital in compliance of the directions of Hon'ble APTEL observations. The approved equity and debt are given in the Table below:

Table 48: Equity and Debt approved for the Control Period for FY 2007-08 to FY 2011-12 (Rs. Crore)

S.No.	Particulars	FY 2007-08	FY 2008-09	FY2009-10	FY 2010-11	FY 2011-12
Equity during the Control period						
1	Opening Equity	609.42	576.12	651.36	698.70	806.72
2	Addition during the year	-33.30	75.24	47.33	108.03	63.16
3	Add: Working capital	51.90	5.26	-0.99	-2.80	1.05
4	Closing Balance	576.12	651.36	698.70	806.72	869.88
5	Average Equity	592.77	613.74	675.03	752.71	838.30
Debt during the control period						
6	Opening loan	1133.22	1176.62	1364.47	1472.61	1718.14
7	Add: Capex loan	-77.70	175.57	110.45	252.06	147.37
8	Working Capital loan	121.10	12.28	-2.30	-6.53	2.44
9	Closing Loan	1176.62	1364.47	1472.61	1718.14	1867.96
10	Average Loan	1154.92	1270.54	1418.54	1595.38	1793.05

Weighted Average Cost of Capital (WACC)

Petitioner's Submission

3.161 The Commission in its MYT Order dated February 23, 2008 considered the interest rate of loans as 9.50% for calculation of Weighted Average Cost of Capital.

3.162 The Petitioner has submitted that it has refinanced the DPCL loan from IDBI, SBM and IDFC reset of which was done in FY 2011-12. WACC depends upon the rate of return on equity and rate of interest of debt employed to fund the capital expenditure requirement. Hence for the purpose of calculation of WACC, the Petitioner has identified the capex loans raised for funding the capital expenditure from FY 2007-08 to FY 2011-12 and calculated the interest rates in accordance with the same. The Petitioner has considered the following rate of interest on debt in respective financial years:

Table 49: Rate of Interest on debt for Capital Expenditure submitted (%)

Particulars	UoM	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Rate of Interest on Debt	%	9.16%	9.39%	9.78%	9.71%	10.86%

3.163 As regards rate of return on equity, the Petitioner has considered same rate of return on equity as determined by the Hon'ble Commission in its Tariff Order, i.e., 14% for the calculation of RoCE and 16% for calculation of overall RoCE including Supply Margin. For calculation of WACC, the rate of interest and rate of return on equity has been applied on average balance of debt and equity. The Weighted Average Cost of Capital from FY 2007-08 to FY 2011-12 is tabulated below:

Table 50: Weighted Average Cost of Capital (WACC) submitted by Petitioner

Particulars	UoM	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Equity	Rs. Crore	609.99	629.23	670.08	749.46	848.28
Debt	Rs. Crore	1,187.61	1,110.03	1,208.95	1,303.35	1,494.81
Rate of Return on Equity	%	16.00%	16.00%	16.00%	16.00%	16.00%
Rate of Return on Debt	%	9.16%	9.39%	9.78%	9.71%	10.86%
WACC	**%**	11.48%	11.78%	12.00%	12.01%	12.72%

Commission's Analysis

3.164 The Commission has analysed the WACC submitted by the Petitioner taking into consideration the average equity and average debt for the respective year, RoE @ 14 % for the control period and rate of interest on debt based on the identified loans raised for funding the capital expenditure for FY 2007-08 to FY 2011-12. The Commission had approved the interest on debt for each year of the control period based on the approved loans for capital expenditure. The approved WACC for the control period as approved in MYT Order dated February 23, 2008 is given below:

Particulars	UoM	FY	FY	FY	FY

		2007-08	2008-09	2009-10	2010-11
Equity	Rs. Crore	619.94	662.10	715.27	770.48
Debt	Rs. Crore	1182.40	1203.28	1234.89	1257.62
Rate of Return on Equity	%	14.00%	14.00%	14.00%	14.00%
Rate of Return on Debt	%	9.19%	9.25%	9.28%	9.29%
WACC	**%**	10.85%	10.94%	11.01%	11.08%

3.165 The commission has clarified in MYT tariff Order dated 23rd February 2008

> *"The Commission shall true-up the means of finance for the Control Period as the asset capitalization is subject to true-u. The Commission may true up the interest rates considered for new loans to be taken for capital investment and for working capital requirement, if there is a deviation in the PLR of the scheduled commercial banks by more than 1% on either side."*

3.166 The Commission has analysed the SBI Prime Lending Rates for the Control period FY 2007-08 to FY 2011-12, there is no variation in the SBI PLR greater than +/- 1% during FY 2007-08 to FY 2010-11 from the SBI PLR as on the date of issue of MYT Tariff Order dated 23rd February 2008 except short period from 12.08.2008 to 10.11.2008. Therefore, the interest rate for calculation of WACC has not been revised for the FY 2007-08 to FY 2010-11.

3.167 For FY 2011-12, the actual weighted average rate of interest submitted by the Petitioner has been taken into consideration on a provisional basis subject to approval of loans.

3.168 The Commission in its MYT Regulation has provided that the debt : equity ratio of 70 : 30 would be adopted by the Commission subject to the condition that in case the actual equity deployed in the business is less than 30%, the weighted average cost of capital (WACC) would be computed considering the actual percentage of equity deployed.

3.169 For this purpose, the Commission propose to consider the equity deployed as net shareholders fund to be worked out as follows:

Net Worth = Original cost of Fixed Assets

Add: Closing Work in progress

Add: Net current assets
Less: Cumulative Depreciation
Less: Outstanding loans
Less: Consumer contributions/ security deposits/ grants etc.

3.170 For this purpose, the Commission has sought additional details regarding equity infusion from the distribution utilities. Pending receipt of the above information and finalization of the figures of net worth, the Commission has adopted a normative debt:equity ratio of 70:30 which will be subject to true-up after the details of equity infusion and net worth are finalized by the Commission.

3.171 Accordingly, the provisionally approved Weighted Average Cost of Capital is being computed as below:

Table 51: Approved Weighted Average Cost of Capital (WACC)

Sl. No.	Particulars	UoM	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
1	RRB (i)	(Rs. crore)	1445.51	1615.48	1777.54	1983.39	2234.19
2	Equity (Average)	(Rs. crore)	592.77	613.74	675.03	752.71	838.30
3	Debt (Average)	(Rs. crore)	1154.92	1270.54	1418.54	1595.38	1793.05
4	Rate of Return on Equity	%	14%	14%	14%	14%	14%
5	Rate of Return on Debt	%	9.19%	9.25%	9.28%	9.29%	10.17%
6	WACC	%	10.82%	10.80%	10.80%	10.80%	11.39%

RoCE and Supply Margin

Petitioner's submission

3.172 The Petitioner has submitted RoCE including supply margin for the MYT Control Period on the basis of actual Capitalization as below.

Table 52:RoCE including Supply Margin submitted in the Truing up for the Control Period for FY 2007-08 to FY 2011-12

Sl. No.	Particulars	UoM	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
1	Equity	Rs. crore	609.99	629.23	670.08	749.46	848.28
2	Debt	Rs. crore	1,187.61	1,110.03	1,208.95	1,303.35	1,494.81
3	Rate of Return on Equity	%	16.00%	16.00%	16.00%	16.00%	16.00%
4	WACC	%	11.48%	11.78%	12.00%	12.01%	12.72%

5	RoCE(including supply margin)	Rs. crore	162.83	183.07	219.74	248.96	306.99

3.173 The Petitioner requested the Commission to True up the RoCE and supply margin as submitted for the control period for FY 2007-08 to FY 2011-12.

Commission's Analysis

3.174 The Petitioner has submitted Rs. 306.99 crore towards Return on Capital Employed and Supply Margin against Rs. 262.63 crore as approved in the Tariff Order for the FY 2011-12. The Commission had approved revised RRB for each year of the Control Period in the Tariff Order dated 26th August, 2011 after adjustment of Consumer Contribution/grants.

3.175 As per MYT Regulations, 2007, RoCE is a controllable parameter, for which the Commission has set targets for each year of the Control Period. Further, adjustment to RoCE for the actual investment vis-à-vis approved capital investment shall be done at the end of the Control Period.

3.176 The Commission has examined the RoCE submitted in the Truing up for the control period FY 2007-08 to FY 2011-12 in accordance with Regulation 4.16 (b) (ii) of DERC Tariff Regulations, 2007.

3.177 The Commission has considered the rate of return on debt as approved in the MYT Tariff Order dated Feb,2008 for FY 2007-08 to FY 2010-11 as per the para 3.164. For FY 2011-12, the actual rate of return on debt is being considered on provisional basis subject to approval of loans by the Commission.

3.178 The Commission has observed that RoCE had been approved for the control period (FY 2007-08 to FY 2010-11) based on the projected capitalization in the MYT Tariff order of 23rd February 2008. The Commission has provisionally approved the capitalization based on the Petitioner submission which is subject to further true up by the Commission. RRB for the control period has also been revised based on provisionally approved capitalization for entire control period.

3.179 The provisional RoCE and Supply Margin computed by Commission for the control period are given in the Tables below:

Table 53: Approved RoCE in the Truing up for the Control Period for FY 2007-08 to FY 2011-12

Sl. No.	Particulars	UoM	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
1	RRB (i)	(Rs. crore)	1445.51	1615.48	1777.54	1983.39	2234.19
2	Equity (Average)	(Rs. crore)	592.77	613.74	675.03	752.71	838.30
3	Debt (Average)	(Rs. crore)	1154.92	1270.54	1418.54	1595.38	1793.05
4	Rate of Return on Equity	%	14%	14%	14%	14%	14%
5	Rate of Return on Debt	%	9.19%	9.25%	9.28%	9.29%	10.17%
6	WACC	%	10.82%	10.80%	10.80%	10.80%	11.39%
7	RoCE	(Rs. crore)	156.40	174.47	191.97	214.21	254.47

Table 54: Approved Supply Margin for the Control Period for FY 2007-08 to FY 2011-12 (Rs. Crore)

S.No.	Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
1	RRB (i)	1445.51	1615.48	1777.54	1983.39	2234.19
2	Equity (Average)	592.77	613.74	675.03	752.71	838.30
3	Debt (Average)	1154.92	1270.54	1418.54	1595.38	1793.05
4	Rate of Return on Equity	16%	16%	16%	16%	16%
5	Rate of Return on Debt	9.19%	9.25%	9.28%	9.29%	10.17%
6	WACC	11.50%	11.45%	11.45%	11.44%	12.03%
7	RoCE	166.23	184.97	203.53	226.90	268.77
8	Less: RoCE at 14% on Equity	156.40	174.47	191.97	214.21	254.47
9	Supply Margin (7-8)	9.83	10.50	11.55	12.69	14.30

3.180 The provisionally approved RoCE and Supply Margin for the Control period are summarised in the Table Below:

Table 55: Approved RoCE & Supply margin in the Truing up for FY 2007-08 to FY 2011-12

S.No.	Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
1	RoCE	156.40	174.47	191.97	214.21	254.47
2	Supply Margin	9.83	10.50	11.55	12.69	14.30
3	Total	166.23	184.97	203.53	226.90	268.77

Carrying Cost

Petitioner's submission

3.181 The Petitioner has referred to the Hon'ble APTEL Judgment dated July 30, 2010 in Appeal No. 153 of 2009 where in it was held that fixation of 9% carrying cost is not appropriate and directed the Commission to consider the rate of carrying cost at the prevailing market rate and the carrying cost also to be allowed in the debt equity of 70:30. Petitioner has further mentioned that the civil appeal filed by the Commission against the Judgment of Hon'ble Tribunal in appeal no. 153 of 2009 was dismissed by the Supreme Court by its order dated 21.08.2012.

3.182 Since the Hon'ble Supreme Court has dismissed the Civil Appeal in case of M/s NDPL vs DERC and there is no stay on the implementation of Judgment, Petitioner has considered the funding of carrying cost in accordance with the Judgment.

3.183 On the basis of judgment, the Petitioner has submitted year wise computation of carrying cost as given below:

Table 56: Weighted Average Rate Submitted by the Petitioner (%)

Sl. No.	Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
1	Loan approved by the Commission in Tariff Orders	9.15	10.17	8.53	8.87	10.96
2	Rate of RoE	16.00	16.00	16.00	16.00	16.00
3	Weighted Average Rate	11.21	11.92	10.77	11.01	12.47

Commission's Analysis

3.184 The Commission had taken into consideration the carrying cost as approved in the Tariff orders dated August 26, 2011 and July 13, 2012 for FY 2007-08 to FY 2009-10 and FY 2010-11 respectively. The Commission has computed the weighted average rate of interest for FY 2011-12 which works out to be 11.43%.

3.185 The Hon'ble APTEL in its Order on Appeal no 153 of 2009, NDPL vs. DERC, has observed that

"51. It cannot be disputed that the State Commission shall be guided by the principals that reward efficiency in performance as provided under section 61(e) of the Electricity Act, 2003. Similarly, the said section provides that State

Commission shall be guided by the National Electricity Policy and Tariff Policy. Therefore, the State Commission should have allowed the carrying cost at the prevailing market lending rate for the carrying cost so that the efficiency of the distribution company is not affected. The State Commission is required to take the truing up exercise to fill up the gap between the actual expenses at the end of the year and anticipated expenses in the beginning of the year. This Tribunal in various judgments rendered by it held in Appeal No. 36 of 2008 in the judgment dated 06.10.2009 reported in 2009 ELR (APTEL) 880 has held that "the true up exercise is to be done to mitigate the difference between the projection and actual and true up mechanism should not be used as a shelter to deter the recovery of legitimate expenses/revenue gap by over-projecting revenue for the next tariff." Therefore, the fixation of 9% carrying cost, in our view, is not appropriate. Therefore, the State Commission is hereby directed to reconsider the rate of carrying cost at the prevailing market rate and the carrying cost also to be allowed in the debt/ equity of 70:30."

3.186 In compliance of directive issued by the Hon'ble APTEL in its order on Appeal no 153 of 2009, NDPL Vs DERC the carrying cost has been revised for FY 2007-08 to FY 2011-12 in the debt: equity ratio of 70:30.

3.187 The rate of return on equity has been considered at 14% in accordance with Regulation 5.10 of DERC MYT Regulations, 2007.

3.188 The rate of interest for debt has been taken considered provisionally as the actual weighted average interest of loans submitted by the Petitioner for the years FY 2007-08 to FY 2011-12 which will be further trued up once the loans are approved by the Commission as given in the Table below:

Table 57: Revised rate of carrying cost approved for the control Period FY 2007-08 to FY 2011-12 (%)

S.No.	Weighted Average Rate of Interest	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
1	Equity	14.00%	14.00%	14.00%	14.00%	14.00%
2	Debt	9.15%	10.17%	8.53%	8.87%	11.43%
3	Carrying Cost	**10.61%**	**11.32%**	**10.17%**	**10.41%**	**12.20%**

Consumers Security Deposits

Petitioner's submission

3.189 The Petitioner has sought the difference of interest on security deposit for financial years FY 2007-08 to FY 2011-12 for the purpose of truing up of carrying costs as given in the Table below:

Table 58: Interest on Consumer Security submitted From FY 2007-08 to FY 2011-12 (Rs. crore)

Sl. No.	Particulars	UoM	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
1	Average Consumer Security Deposit	Rs. crore	146.45	179.27	218.53	260.13
2	Carrying cost considered for ARR	%	9.15%	10.17%	8.53%	8.87%
3	Carrying Cost sought in petition	%	11.21%	11.92%	10.77%	11.01%
4	Differential offered in ARR	Rs. crore	(3.02)	(3.14)	(4.90)	(5.57)

Commission's Analysis

3.190 The Commission has provisionally adopted the revised rate of carrying cost as in table 57 for the respective years. The difference on account of revised interest rates on consumer security deposit has been worked out and has been approved as detailed in the table below:

Table 59: Revised Interest on Consumer Security from FY 2007-08 to FY 2011-12 (Rs. crore)

S.No.	Particulars	UoM	FY 2007-08	FY 2008-09	FY2009-10	FY 2010-11	FY 2011-12
1	Average	Rs. crore	146.45	179.27	218.53	260.13	326.42
2	Interest Rate	%	10.61%	11.32%	10.17%	10.41%	12.20%
3	Interest on CSD	Rs. crore	15.53	20.29	22.23	27.08	39.83
4	Interest on CSD paid during FY	Rs. crore	13.40	18.23	18.64	23.07	26.11
5	Difference considered (6-7)	Rs. crore	2.13	2.06	3.59	4.00	13.71

Income Tax

Petitioner's submission

3.191 The Petitioner has submitted the Income Tax liability incurred of Rs. 89.28 crore in the Truing up for FY 2011-12 against Rs. 15.00 crore provisionally approved for the year in the Tariff Order for FY 2011-12. The Petitioner has also submitted the Income Tax from FY 2007-08 to FY 2011-12 towards final true up for each year of the control period as given in the Table below:

Table 60: Income Tax claimed in the Truing up for FY 2007-08 to FY 2011-12 (Rs. Crore)

Sl. No.	Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
1	Income Tax	40.80	24.97	48.57	59.52	89.28

Commission's Analysis

3.192 Regulation 5.21 of MYT Regulation 2007 specify that the income tax actually payable or paid shall be included in the ARR

3.193 Regulation 5.22 specify that tax on income, if any, liable to be paid shall be limited to tax on return on the equity component of capital employed.

3.194 The Commission has observed that the Petitioner has taken into consideration the RoE at 16% in its calculation for arriving at the Return on Equity for the purpose of allowable tax on RoE.

3.195 Regulation 5.10 of DERC MYT Regulations, 2007 has specified that where equity employed is in excess of 30%, the amount of the equity for the purpose of tariff shall be limited to 30% and the balance amount shall be considered as notional loan and where actual equity employed is less than 30%, the actual equity and debt shall be considered. The Commission has considered the equity as per MYT Regulations, 2007.

3.196 The Commission has obtained the copies of Income Tax Return acknowledgement for all the years of the control period from FY 2007-08 to FY 2011-12 from DISCOM and noted the actual tax assessed for the respective Financial Year. The Commission approves the income tax actually assessed or computed based on the Return on Equity component whichever is lower in accordance with the MYT Regulations, 2007. However, if the tax assessed / paid in any financial year is higher than the tax allowed due to the reason that the higher tax is on account of any arrears of income tax pertaining to the past years, the utility may claim this in the ARR for the relevant year subject to producing documentary evidence establishing the claim towards arrears.

3.197 The Commission has computed the return on equity at 16% post tax in accordance with MYT Regulations as detailed in the Table below:

Table 61: Approved income tax for the control period for FY 2007-08 to FY 2011-12 (Rs. Crore)

S.No.	Particulars	Reference	FY 2007-08	FY 2008-09	FY2009-10	FY 2010-11	FY 2011-12
1	RRB (Average)	A	1445.51	1615.48	1777.54	1983.39	2234.19
2	Equity	B	592.77	613.74	675.03	752.71	838.30
3	Debt	C	1154.92	1270.54	1418.54	1595.38	1793.05
4	% of Equity	D	**33.92%**	**32.57%**	**32.24%**	**32.06%**	**31.86%**
6	**Equity Considered for Income Tax**	**F=A*D**	**490.32**	**526.16**	**573.08**	**635.87**	**711.81**
7	**Rate of Return**	G	16%	16%	16%	16%	16%
8	Return on Equity	**H=E*F**	**78.45**	**84.19**	**91.69**	**101.74**	**113.89**
9	**MAT /** Income Tax Rate	**I**	33.99%	33.99%	33.22%	19.95%	20.01%
10	Income Tax	**J=(H/(1-I))-H**	**40.40**	**43.35**	**45.61**	**25.36**	**28.49**
11	**Tax Assessed/**Paid	K	**39.21**	**24.97**	**33.39**	**60.57**	**87.99**
12	Income Tax Approved	L = Min(J,K)	39.21	24.97	33.39	25.36	28.49

Summary of True up (FY 2007-08 to FY 2010-11)

Petitioner's submission

3.198 The Petitioner has submitted that the truing up of RoCE and Depreciation for the FY 2007-08 to FY 2010-11 along with the truing up of FY 2011-12 in accordance with Regulation 4.16 of MYT Regulation, 2007. The Commission has analysed the truing up submitted by the Petitioner for FY 2011-12 and approved the expenses as discussed in the above paras.

3.199 The Petitioner has sought the rebate on power purchase beyond 1% to be excluded from Non-tariff income referring to the Hon'ble ATE Judgement in Appeal No. 153 of 2009. The particulars submitted by the Petitioner are given in the table below:

Table 62: Bi-frication of rebate submitted by Petitioner

(Rs. crore)

Particulars	FY2007-08	FY 2008-09	FY 2009-10	FY 2010-11
Rebate Considered by Hon'ble Commission in Truing up as NTI	35.93	34.58	19.35	23.45
Rebate upto 1%	17.34	16.32	14.74	20.07

Rebate beyond 1%	18.59	18.26	4.61	3.38

3.200 The Petitioner has submitted impact of LPSC Financing cost on incentives for FY 2007-08 to FY 2009-10. Petitioner has further requested for computation of incentive for FY 2010-11.

3.201 The truing up of expenses sought by Petitioner for FY 2007-08 to FY 2010-11 are summarized in the Table below:

Table 63: Summary of Impact of Year wise truing up submitted for FY 2007-08 to FY 2010-11

S.No.	Summary of Expenses Sought	FY2007-08	FY 2008-09	FY 2009-10	FY 2010-11
1	True up of expenses related to VSS		-0.19	6.68	2.04
2	Efficiency factor on 6th pay Commission arrears		0.36	1.11	
3	Efficiency factor on VSS Pensions		0.17	0.22	
4	Additional arrears for 6th pay Commission for employees who opted after 01.01.2006			1.99	0.71
5	Rebate to be allowed to Discoms	18.59	18.26	4.61	3.38
6	Carrying cost on Power Banking	-0.01	0.3	8.68	-1.56
7	Depreciation	-7.11	-11.31	-11.08	-5.02
8	RoCE	-17.98	-27.22	-9.96	6.9
9	Difference of LPSC Financing Cost	1.32	1.71	1.36	1.43
10	Normative interest on Consumer Security Deposit	-3.02	-3.14	-4.9	-5.57
11	Review Order dated 24.04.2012			0.3	
12	Arrears of DTL allowed in FY 2008-09		-62.63		
13	**Change in Requirement**	**-8.2**	**-83.69**	**-0.99**	**2.32**
14	Change in revenue availability due to change in Incentives	-0.66	-0.86	-0.68	76.83
15	**Total**	**-8.86**	**-84.55**	**-1.67**	**79.15**

Commission's analysis

3.202 The Petitioner has submitted the claim for differences towards the monthly pension / LTA of VSS Employee for the FY 2007-08 to FY 2010-11. The Commission considers the expenses on VSS on provisional basis in each year ARR as discussed in para 3.127 above.

O&M Expenses

3.203 The Commission has considered the truing up of O&M expense for control period FY 2007-08 to FY 2010-11 in para 3.126 above.

Efficiency Factor on 6th Pay Commission arrears

3.204 The Commission has considered the pay commission arrears in True up Orders for FY 2009-10 in the Tariff order dated August, 2011 and FY 2010-11 in July 2012.

Rebate allowed to DISCOMs

3.205 In Compliance of Hon'ble APTEL directed the Commission has considered rebate on power purchase upto 1% in Non Tariff Income. The Total amount considered in nontariff income is Rs. 68.61 (70.12 -1.51) crore.

Financial Year	Rebate Considered as in NTI	Rebate Earned		
		Total	Above 1%	Upto 1%
2007-08	35.93	35.93	18.59	17.34
2008-09	34.58	37.26	19.60	17.66
2009-10	19.35	19.65	4.62	15.03
2010-11	23.45	23.49	3.40	20.09
Sub Total	**113.31**	**116.33**	**46.21**	**70.12**
Rebate on sale of power given to DISCOM				
2007-08	-	0.00	0.00	0.00
2008-09	-	2.68	1.34	1.34
2009-10	-	0.30	0.15	0.15
2010-11	-	0.04	0.02	0.02
Sub Total		**3.02**	**1.51**	**1.51**

Power Banking

3.206 The Commission considers the power banking contracts / transactions should be revenue neutral and no additional cost be allowed against banking contracts / transaction as detailed in para 3.71 above. The Commission has not considered any additional cost / financing cost on account of power banking contracts / transaction.

LPSC Financing Cost

3.207 The Commission considers LPSC financing cost for the FY 2007-08 to FY 2010-11 at the same level as projected in MYT order dated February 23, 2008 due to non deviation of SBI PLR by more than 1%.

Review Order dated 24.04.2012 on interest/short term capital gain

3.208 The Commission approves Rs. 0.30 (5.52-5.22) crore as per the impact of the review order dated 24.04.2012.

Arrears of DTL allowed in FY 2008-09

3.209 The Commission has approved Rs. 62.63 crore towards power purchase cost in respect of DTL although the Petitioner has not claimed any expense on this account in the tariff order for FY 2011-12 vide para 4.145. The Commission approves the credit of Rs. 62.63 crore as offered by the Petitioner.

Incentives

3.210 The Commission considers LPSC financing cost for the FY 2007-08 to FY 2009-10 at the same level as projected in MYT order dated February 23, 2008 due to non deviation of SBI PLR by more than 1%.

3.211 With regards to the incentives the Commission has noted the following in paras 3.30, 3.50 and 3.51 of tariff order of July 2012.

> "Para 3.30…Hence for truing up of sales for FY 2010-11, the Commission has not been able to arrive at the sales for the year due to the Petitioner's inability to produce explanations and justifications for the methodology adopted by them, as explained above. Thus, the Commission has not approved energy sales figures for FY 2010-11."

> "Para 3.50… As mentioned in paragraph 3.30, the Commission has not been able to arrive at the sales for the year due to the Petitioner's inability to produce explanations and justifications for the methodology adopted by them. Thus, the Commission has not approved energy sales figures and subsequently, AT&C loss for FY 2010-11 and the corresponding incentive/penalty."

> "Para 3.51 With regards to the period prior to FY 2010-11, the Commission will revise AT&C Losses for FY 2002-03 - FY 2009-10 after incorporating the changes due to misuse units as indicated in paragraph 3.29 and the corresponding incentive/penalty."

3.212 The matter is under examination by the Commission and the decision will be taken on merits.

3.213 The Commission has trued up expenses for FY 2007-08 to FY 2010-11 as discussed in the above Para's. This is summarized in the Table below:

Table 64: Summary of Year wise truing up approved for FY 2007-08 to FY 2010-11

S.No.	Summary of Expenses Sought	FY2007-08	FY 2008-09	FY 2009-10	FY 2010-11
1	True up of expenses related to VSS	-	-	-	-
2	Efficiency factor on 6th pay Commission arrears	-	-	-	-
3	Efficiency factor on VSS Pensions	-	-	-	-

4	O&M	0.14	(9.88)	(11.69)	(11.99)
5	Rebate to be allowed to DISCOMs	17.34	16.32	14.88	20.07
6	Carrying cost on Power Banking	-	-	-	-
7	Depreciation	(6.80)	(12.16)	(13.19)	(9.07)
8	RoCE	(14.58)	(25.32)	(26.17)	(15.16)
9	LPSC Financing Cost	-	-	-	-
10	Normative interest on Consumer Security Deposit	2.13	2.06	3.59	4.00
11	Review Order dated 24.04.2012	-	-	0.30	-
12	Arrears of DTL allowed in FY 2008-09	-	(62.63)	-	-
13	Income Tax	(1.59)	0.00	(15.18)	(34.16)
14	**Change in Requirement**	**(3.36)**	**(91.61)**	**(47.46)**	**(46.31)**
15	Change in revenue availability due to change in Incentives	-	-	-	-
16	**Total**	**(3.36)**	**(91.61)**	**(47.46)**	**(46.31)**

3.214 In reference to Para 3.123 above, the revised carrying cost provisionally approved is as below:

Table 65: Approved Carrying Cost for FY 2007-08 to FY 2010-11 (Rs. crore)

S.No.	Particulars	UoM	FY 2007-08	FY 2008-09	FY2009-10	FY 2010-11
1	Opening	Rs. crore	-	(3.54)	(100.73)	(160.85)
2	Additions	Rs. crore	(3.36)	(91.61)	(47.46)	(46.31)
3	Interest Rates	%	10.61%	11.32%	10.17%	10.41%
4	Interest during FY	Rs. crore	(0.18)	(5.58)	(12.66)	(19.15)
5	**Closing**	**Rs. crore**	**(3.54)**	**(100.73)**	**(160.85)**	**(226.31)**

Aggregate Revenue Requirement approved in the Truing up for FY 2011-12

3.215 The impact of true up of the MYT control period for FY 2007-08 to FY 2010-11 has been considered by the Commission in the final truing up for the control period. Accordingly, the ARR approved in the Tariff order dated 26th August 2011, Petitioner's submission for Truing up and now approved by the Commission in the Truing up is summarized in the table below.

Table 66: Aggregate Revenue Requirement for FY 2011-12 (Rs. Crore)

Sl. No	Particulars	FY 2011-12		
		Approved in Tariff Order dated 26-Aug-11	Petitioner's Submission	Now Approved
1	Cost of power purchase (including Arrears)	2769.37	3368.93	3227.64

Sl.	Particulars	FY 2011-12		
2	Inter-State Transmission charges	140.54	215.68	215.68
3	Intra-state Transmission (Delhi Transco) charges	308.77	405.69	405.69
4	SLDC/Other Charges		4.85	4.85
5	DTL Arrears			
	Power Purchase Cost deferred in FY 2010-11		26.32	
6	**O&M Expenses:**			
6.1	Employee:			
6.1.a	Salary (Including impact of 6 Pay)	202.81	202.81	202.81
	Impact of 6th Pay Commission	0.00	0.77	0.00
6.1.b	Pension	6.06	6.90	6.06
6.2	Repair and Maintenance Expenses	95.26	95.26	92.82
6.3	Administration Expenses	37.29	37.29	37.29
6.4	Expense Capitalisation	(13.41)	(13.41)	(13.41)
	Total O&M Expenses	328.01	329.62	319.51
	Efficiency Factor @ 4% except on Pension	13.12	12.91	18.84
	Net O&M Expenses	314.89	316.71	312.79
7	Depreciation (including AAD)	118.58	119.97	113.99
8	RoCE (Including Supply Margin)	262.63	306.99	268.77
9	Income Tax	15.00	89.28	28.49
10	New Initiative/ Additional Cost		2.67	(1.17)
11	DVB Arrears			
	Total of "A"	**3929.78**	**4857.09**	**4576.73**
B	**Less:**			
12	**Non Tariff Income**	30.63	123.42	96.46
C	**Aggregate Revenue Requirement (A-B)**	**3899.15**	**4733.67**	**4480.27**
D	Truing up of FY 2007-08 to FY 2010-11		(90.56)	(226.31)
E	**Net Revenue Requirement (C+D)**	**3899.15**	**4643.11**	**4253.95**

Revenue available towards ARR

Petitioner's submission

3.216 The Petitioner has submitted the net revenue from sale of power to be considered towards Aggregate Revenue Requirement as Rs. 3498.80 crore after adjustment towards electricity tax and the Petitioner's share of over-achievement incentive the revenue available for FY 2011-12 as summarized below:

Table 67: Revenue details submitted by the Petitioner (Rs. crore)

Sl. No.	Particulars	Petitioner's Submission
1	**Total Net Amount Realized**	**3498.80**

2	Less: E-Tax	143.23
3	Less: Benefits retained by the Petitioner	48.54
4	Less: Net LPSC Considered as Other Income	6.13
5	Less: DVB Arrears (80%)	0.40
6	Less: DVB Arrears (20%)	0.10
7	**Revenue Available for Expenses**	**3300.40**

Commission's Analysis

3.217 The Commission has computed the total revenue of the Petitioner available towards ARR as detailed below:

Table 68: Revenue available towards ARR approved by Commission for FY 2011-12 (Rs. crore)

Sl. No.	Particulars	Now Approved
1	**Total Amount Realized**	**3500.99**
2	Less: Net LPSC Considered as Other Income	7.72
3	Less: E-Tax	143.23
4	Less; Benefits to be retained by the Petitioner	39.44
5	DVB Arrears (80%)	0.40
6	DVB Arrears (20%)	0.10
7	**Revenue Available for Expenses**	**3310.10**

Revenue (Gap) / Surplus

3.218 The revenue (gap)/ surplus for FY 2011-12 as submitted by the Petitioner and trued up by the Commission is summarized below:

Table 69: Revenue (Gap) / Surplus for FY 2011-12(Rs. Crore)

Sl. No.	Particulars	Petitioner's Submission	Now Approved
1	**ARR for FY 2011-12**	**4733.67**	**4253.95**
2	Revenue available towards ARR	3300.40	3310.10
3	**Revenue (Gap) / Surplus**	**(1433.27)**	**(943.85)**

3.219 As shown above, the approved net revenue gap is Rs. 943.85 crore for FY 2011-12 which would be adjusted in the determination of Aggregate Revenue Requirement for FY 2013-14. The treatment of this net revenue gap is dealt with in Chapter A5.

A4: Analysis of Aggregate Revenue Requirement (ARR) FOR FY 2013-14

Introduction

4.1 The Petitioner has filed the petition for determination of Revised Aggregate Revenue Requirement for the FY 2013-14. The Commission has analyzed the petition submitted by the Petitioner for revised ARR for FY 2013-14 as required under the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011.

4.2 In the process of ARR determination, the Commission held several technical discussions to validate the information submitted by the Petitioner and where required sought clarification on various issues. The Commission has considered all information submitted by the Petitioner as part of the tariff petition, audited accounts for past years, response to queries raised during discussions and also during the public hearings for determination of ARR and tariff for FY 2013-14.

4.3 This chapter contains detailed analysis of the petition submitted by the Petitioner and the various parameters approved by the Commission for determination of revised ARR for FY 2013-14.

Energy Sales

Petitioner's Submission

4.4 The Petitioner has submitted that the projected sales for FY 2013-14 have been considered based on the past trend of earlier years FY 2006-07 to FY 2011-12 for Domestic, Non Domestic, Industrial, Public lighting and Railways based on 5 years CAGR (base year FY 2006-07) as tabulated below:

Table 70: Growth Rates considered for various categories

Sl. No.	Category	Growth (%)
1	Domestic	9.62
2	Non-Domestic	8.01
3	Industrial	7.00
4	Public lighting	7.89
5	Railways	4.19

DMRC

4.5 It is submitted that for DMRC the 5 year CAGR works out to 16.77%, but considering the new line of DMRC was commissioned during the control period and no new line is expected to be commissioned during coming MYT control period, a growth of 4.07% is considered based on one year CAGR.

Agriculture

4.6 5% normal growth is considered in Agriculture.

Delhi Jal Board (DJB)

4.7 As the data for DJB is available from FY 2009-10, based on 2 year CAGR, growth of 5.96% is taken.

4.8 Based on the above category-wise demand and sales, the Petitioner has estimated the sales for FY 2013-14 as given below:

Table 71: Projected Category wise sales for FY 2013-14

Sl. No.	Category	Units (MU)
1	Domestic	3472.26
2	Non Domestic	1388.72
3	Industrial	2230.63
4	Public Lighting	103.08
5	Agriculture	13.96
6	Railway Traction	55.65
7	DMRC	173.33
8	Others	201.25
9	Delhi Jal Board	55.21
	Total	**7694.09**

Commission's Analysis

4.9 The Commission has also obtained and considered the category-wise energy sales for FY 2012-13 to arrive at more realistic estimation of sales for FY 2013-14.

4.10 The Commission for considering the sales has adopted an adjusted trend analysis method of demand forecasting in FY 2013-14 which assumes that the underlying factors which drive the demand for electricity are expected to follow the same trend as in the past. The forecast is also based on the assumption that the past consumption trend will continue in the future.

4.11 The trend based approach has to be adjusted based on judgment of the characteristics of the specific consumer categories.

4.12 The strength of the method, when used with balanced judgment lies in its ability to reflect recent changes and therefore, is probably best suited as a basis for a short term projections as used for the ARR tariff in the context of ARR determination.

4.13 The basis of category-wise sales forecast is discussed below:

(i) Sales to Domestic, Non-Domestic, Industrial, Public Lighting, DMRC and other categories are estimated using above mentioned method called adjusted Trend Analysis Method.

(ii) The Compounded Annual Growth Rate (CAGR) for each and every category has been calculated for the past sales pattern.

(iii) For projecting the sales and connected load/number of consumers, the actual sales for FY 2012-13 for each consumer category, as submitted by the Petitioner, has been taken as the base i.e. CAGR is applied over the actual sales of FY 2012-13 to make projections for each category for FY 2013-14.

4.14 The category-wise sales forecast for FY 2013-14 is discussed below

Domestic consumers

4.15 The consumption of energy by domestic category constitutes to about 45% of total sales in FY 2012-13. The domestic consumption in FY 2011-12 was 2888MU representing a growth of 4.94% over FY 2010-11 and consumption in FY 2012-13 is 2994 MU representing growth of about 3.67% over FY 2011-12. There has been a growth of 8.11% during 5 year period (FY 2008 to FY 2013), 9.25% during 4 year period (FY 2009 to FY 2013), 6.96% during 3 year period (FY 2010- to FY 2013) and year on year growth during FY 2010-11, FY 2011-12 and FY 2012-13 has been 12.46% 4.94% and 3.67% respectively. It is observed that there is a lesser growth during the last two years. The growth during FY 2012-13 over FY 2011-12 is 3.67%. Therefore Commission has considered a growth rate of 6.96%, i.e. 3 year CAGR of FY 2010-11 to FY 2012-13 for estimation of sales to domestic consumers.

4.16 The sale for FY 2013-14 at 3202 MU for domestic category is now approved by the Commission.

Non-domestic consumers

4.17 The sales to non-domestic category constitute about 18% of total sales of the Petitioner for FY 2012-13. The growth in non-domestic category has been 6.51%

during the 5 year period (FY 2008 to FY 2013), 5.98% during the 4 year (FY 2009 to 2013), 7.73 % during the 3 year period (FY 2010-11 to FY 2012-13) and the YoY growth during FY 2010-11, FY 2011-12 and FY 2012-13 has been 9.97%, 8.98% and 4.32% respectively. Therefore, the commission has considered a growth rate of 8.60% in view of growth of commercial sector in FY 2011-12 and FY 2012-13. The Commission therefore approves the sale of 1389 MU for FY 2013-14 to non-domestic consumers.

Industrial Consumers

4.18 The sales of industrial category constitute to about 30% of total sales in FY 2012-13. The growth in industrial category has been 3.85% during 5 year period (FY 2008-09 to FY 2012-13), 4.50% during 4 year period (FY 2009-10 - FY 2012-13) and 3.8% during 3 year period (FY 2010-11 to FY 2012-13). The YoY growth during FY 2010-11, FY 2011-12 and FY 2012-13 has been 4.14%, 2.55% and 4.72% respectively. It is observed that the growth has been stable over the last 5 years. The commission considers the sales at 2231 MU for FY 2013-14 as projected by the Petitioner.

Public lighting

4.19 The sales to this category constitute about 1.5% of total sales of FY 2012-13. The Petitioner has projected the sales at 103 MU for FY 2013-14. The sales to this category has been consistent with growth rates between 8.99% and 13.36% except sudden growth observed during FY 2011.The commission considers a growth of 10.51% as attained over a 5 year period and during last two years. The Commission approves the energy sales of 120 MU for FY 2013-14 for public lighting category.

Agriculture and Mushroom Cultivation

4.20 The Commission has considered the actual sales to this category which varies from 17 MU during FY 2010-11 to 13 MU during FY 2012-13 indicating a negative growth. The Commission approves 13 MU of sale to agriculture consumers for FY 2013-14 as projected by the Petitioner.

Railway Traction

4.21 The sales to the Railway Traction have been almost constant over the last 3 years (FY 2009-10 to FY 2011-12) at 54, 52 and 57 MU respectively. The Commission approves sales at 57 MU for FY 2013-14 for this category.

DMRC

4.22 The sales to DMRC during FY 2010-11, FY 2011-12 and FY 2012-13 have been at 99 MU, 157 MU and 163 MU respectively. The growth of sale to DMRC during FY 2011-12 over FY 2010-11 was abnormal at 64.6%. This growth has not sustained. The Petitioner has projected the sales at 173 MU for FY 2013-14 stating that there may not be any additional lines coming up during FY 2013-14. DMRC has also projected the consumption at 173 MU during FY 2013-14. The Commission approves 173 MU for FY 2013-14 to DMRC.

Delhi Jal Board (DJB)

4.23 The data on the energy sales for Delhi Jal Board is available for four years from FY 2009-10. The sales have been at 153 MU, 182 MU, 172 MU and 203 MU during the FY 2009-10, FY 2010-11, FY 2011-12 and FY 2012-13 respectively.

4.24 The Commission considers the sales at the same level as in FY 2012-13 and approves the sales at 203 MU for FY 2013-14 for Delhi Jal Board.

Other Categories

4.25 The other categories include enforcement, own consumption etc. The sales of these categories are considered as projected by the Petitioner as there is no specific trend in sales and the sales are subject to norms fixed by the Commission for these categories. The Commission approves the sales to these categories at 51 MU at the same level as in FY 2012-13.

4.26 On the basis of above analysis, the Commission approves the following energy sales for the Petitioner for the FY 2013-14.

Table 72: Approved sales for FY 2013-14 (MU)

Category	Approved in MYT Order dated 13-07-2012	Petitioner's Submission	Revised Sales Approved for FY 2013-14
Domestic	3529.08	3472.26	3202
Non Domestic	1415.79	1388.72	1389
Industry	2194.17	2230.63	2231
Public Lighting	111.22	103.08	120
Agriculture	20.14	13.96	13
Railway traction	72.26	55.65	57

Category	Approved in MYT Order dated 13-07-2012	Petitioner's Submission	Revised Sales Approved for FY 2013-14
DMRC	200.00	173.33	173
Others	318.56	55.21	51
Delhi Jal Board	-	201.25	203
Total	**7861.22**	**7694.09**	**7439**

Revenue in FY 2013-14 at Existing Tariff

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

4.28 For Domestic consumers with connected load less than 2 kW, the revenue from fixed charges is calculated by multiplying the corresponding fixed charge with the number of consumers in that particular tariff slab. For Domestic consumers with connected load exceeding 5 kW, the revenue from demand charges is calculated by multiplying the specified demand charge with the connected load (in kW) of the category. For calculation of revenue from energy charges, the actual usage is multiplied by the applicable tariff category slab.

4.29 For the Non-Domestic, Industrial, Railway Traction, DMRC and DJB categories, billing is done either on kW or kVA basis, as specified in the approved tariff schedule for FY 2012-13. Since projections for FY 2013-14 are done only on kW basis for connected load and on kWh basis for energy sales, whenever the tariff is specified in kVA/kVAh terms, the relevant kW/ kWh projection is divided by the Power Factor in order to obtain the corresponding kVA/ kVAh projection. Thereafter, revenue from demand charges is calculated by multiplying the demand charge of each tariff slab with the connected load of that slab, while revenue from energy charges is calculated by multiplying the energy charges specified for each tariff slab with the energy consumption projected for that slab.

4.30 The Power Factor considered by the Commission for different categories is shown below:

Table 73: Power Factor considered by the Commission

Consumer slab	Power Factor
Non Domestic Low Tension (NDLT)	
Between 10-100 kW	0.91
Above 100 kW	0.91
Non Domestic High Tension (NDHT)	
Non Domestic Light/Power on 11kV Single Delivery Point for Commercial Complexes	0.90
Supply in 11kV and above (above 100kW)	0.90
Small Industrial Power (SIP)	
Between 10-100 kW	0.92
Above 100 kW	0.93
Large Industrial Power (LIP)	
Supply in 11kV and above (above 100kW)	0.96
Industrial Power on 11 kV Single Delivery Point for group of consumers	0.94
Railway Traction (other than DMRC)	0.88
DMRC	0.98
DJB	0.85

4.31 Based on the above methodology, the Commission has projected the total revenue billed in FY 2013-14 to be Rs.5051 Crore. The category-wise revenue billed projected by the Commission for FY 2013-14 is shown below:

Table 74: Revenue projected for FY 2013-14 (Rs. Cr.)

Category	Fixed Charges	Energy Charges	Total Revenue Billed
Domestic	80.50	1492.33	1572.83
Non-Domestic	174.04	1091.67	1265.71
Industrial	185.89	1577.39	1763.28
Public Lighting	0.00	87.00	87.00
Irrigation & Agriculture	0.60	3.38	3.98

Railway Traction	3.89	37.57	41.46
DMRC	6.58	88.27	94.85
Others (DIAL, DJB, Temporary, Misuse, Enforcement etc.)	10.50	175.39	185.89
Total	462	4553	*5015
Total Revenue Collected @ 99.50% Collection Efficiency			4989.93

*Excluding 8% Surcharge

AT & C Loss

4.32 The targets fixed by the Commission for distribution loss, collection efficiency and AT&C Loss for Petitioner in the MYT Order July 13, 2012 are as given below:

Particulars	**FY 2012-13**	**FY 2013-14**	**FY 2014-15**
Distribution Loss target	12.06%	11.56%	11.06%
Collection efficiency target	99.50%	99.50%	99.50%
AT&C Loss Target	12.50%	12.00%	11.50%

Energy Requirement

Petitioner's Submission

4.33 The Petitioner has estimated the energy requirement of 8700 MU at distribution periphery for FY 2013-14 against projected sales of 7694 MU. The Petitioner has considered the distribution loss at 11.56% at the same level as approved by the Commission for FY 2013-14 in the MYT Order July 13, 2012 for computation of energy requirement for FY 2013-14 as given in the Table below:

Table 75: Estimated energy requirement proposed by the Petitioner for FY 2013-14

Sl. No.	**Particulars**	**Unit**	**Proposed Energy**
1	Energy sales	MU	7694
2	Distribution loss	%	11.56
3	Energy requirement	MU	8700

Commission's Analysis

4.34 The Commission has computed the energy requirement at distribution periphery for FY 2013-14 taking the revised sales approved by the Commission in Para 4.26 and the distribution loss of 11.56% as approved by the Commission for FY 2013-14 in the MYT order. The approved energy requirement for FY 2013-14 is summarized below:

Table 76: Energy requirement approved for FY 2013-14

Sl. No.	Particulars	Unit	Approved Energy Requirement
1	Energy sales	MU	7439
2	Distribution loss	%	11.56
		MU	972
3	**Energy requirement**	**MU**	**8411**

Power Purchase

4.35 Power purchase cost is the single largest component of expenses and contributes to over 80% of the ARR of a distribution company. It is pertinent to estimate the power purchase cost with utmost care based on the most optimum method of procuring power from the generating stations through long-term / short-term agreements or through bilateral purchase agreement.

Allocation of Power from Central and State Generating Stations

Petitioner's Submission

4.36 For the purpose of estimation of power purchase for FY 2013-14, the Petitioner has considered the actual energy available from all sources including State Generating Stations, Central Generating stations, Nuclear Power Stations, Other Sources like Tehri, Tala HEP, Koteshwar, SJVNL, Damodar Valley Corporation, new generating plants expected to be commissioned during the financial year, power purchase and sale through short term sources, banking arrangements, existing Renewable Energy Source like Petitioner's Solar generation plant and remaining RPO required to be met from other sources to be identified in future.

Commission's Analysis

4.37 Delhi has a firm allocated share in Central Sector Generating Stations (CSGS) of NTPC, NHPC, Tehri Hydro Development Corporation (THDC), Satluj Jal Vidyut Nigam Limited (SJVNL) and Nuclear Power Corporation Limited (NPCIL).The Commission has considered allocation of firm power from the above mentioned Generating Stations as per the allocation specified in revision number 4/OPR/103/02/2012-13 dated June 6, 2013 of NRPC.

4.38 The distribution of unallocated quota from the above mentioned plants varies from time to time and is based on power requirement and power shortage in different

States. The Commission noted from the REA of March 2013, notified vide number NRPC/Comml /201/REA/2012-13/1437-71/ dated April, 05, 2013 that no additional allocation to Delhi was made from the unallocated quota of above mentioned plants. Hence, the Commission has not considered any share from unallocated quota of above mentioned plants during FY 2013-14.

4.39 The firm share, unallocated share and total share from the Central Generating Satiations is summarized in table below:

Table 77: Allocation of power to Delhi from Central Generating Stations

Sl. No.	Stations	Installed Capacity (MW)	Firm Share of Delhi (%)	Unallocated share of Delhi (%)	Firm and un-allocated Delhi Share (%)	Capacity share (MW)
A	**NTPC Plants**					
1	Anta Gas	419	10.50%	0	10.50%	44
2	Auraiya Gas	663	10.86%	0	10.86%	72
3	Dadri Gas	830	10.96%	0	10.96%	91
4	Dadri - I	840	90.00%	0	90.00%	756
5	Dadri - II	980	75.00%	0	75.00%	735
6	Farakka	1600	1.39%	0	1.39%	22
7	Kahalgaon - I	840	6.07%	0	6.07%	51
8	Kahalgaon - II	1500	10.49%	0	10.49%	157
9	Rihand - I	1000	10.00%	0	10.00%	100
10	Rihand - II	1000	12.60%	0	12.60%	126
11	Rihand - III	500	13.19%	0	13.19%	66
12	Singrauli	2000	7.50%	0	7.50%	150
13	Unchahar - I	420	5.71%	0	5.71%	24
14	Unchahar - II	420	11.19%	0	11.19%	47
15	Unchahar - III	210	13.81%	0	13.81%	29
16	Arravalli Jhajahar	1500	11.79%	0	11.79%	177
B	**NHPC Plants**					
1	Baira Siul	180	11.00%	0	11.00%	20
2	Chamera - I	540	7.90%	0	7.90%	43
3	Chamera - II	300	13.33%	0	13.33%	40
4	Chamera - III	231	12.73%	0	12.73%	29
5	Dhauliganga	280	13.21%	0	13.21%	37
6	Dulhasti	390	12.83%	0	12.83%	50
7	Salal	690	11.62%	0	11.62%	80
8	Tanakpur	94	12.81%	0	12.81%	12
9	Uri	480	11.04%	0	11.04%	53
10	Sewa - II	120	13.33%	0	13.33%	16

Sl. No.	Stations	Installed Capacity (MW)	Firm Share of Delhi (%)	Unallocated share of Delhi (%)	Firm and un-allocated Delhi Share (%)	Capacity share (MW)
C	**Others**					
1	Tehri Hep	1000	10.30%	0	10.30%	103
2	Koteshwar	400	9.86%	0	9.86%	39
3	NJPC (satluj)	1500	9.47%	0	9.47%	142
4	Tala Hep	1020	2.94%	0	2.94%	30
D	**NPCIL**					
1	NAPS	440	10.68%	0	10.68%	47
2	RAPP B Units 3 & 4	0	0.00%	0	0.00%	0
3	RAPP C Units 5 & 6	440	12.69%	0	12.69%	56
	Total	**22827**				**3445**

4.40 The Commission through its order dated March 7, 2008 has reallocated the power among the distribution companies from the Generating stations in Delhi. The allocation considered by the Commission for projection of power availability from the Delhi Stations to the Petitioner is summarized below:

Table 78: Allocation of Power from Delhi Stations to Petitioner

Stations	Assigned Capacity (MW)^^	Firm Allocation to Delhi (85%) (MW)^^	Unallocated Share (MW)^^	Share from Firm Allocation	Share from Unallocated Power	Total Share for FY 2013-14 (MW)
BTPS*	530	450.50	79.50	29.18%	35.35%	166.18
Dadri**	631	536	94.65	29.18%	35.35%	196.59
IP Station***	0	0	0	29.18%	35.35%	0.00
Rajghat#	134	113	19.97	29.18%	35.35%	40.37^
Gas Turbine##	270	229.5	40.50	29.18%	35.35%	81.28
Pragati-I###	230	195.5	34.50	29.18%	35.35%	74.54
Total	**1795**	**1524.50**	**269.12**			**558.96**

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

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

****IP station has been de-commissioned*

 # Total installed capacity of Rajghat is 135MW.1MW has been allocated to IP station for auxiliary consumption.

##The capacity has been de-rated from 330 MW to 270 MW

Total installed capacity of Pragati 330 MW. However, 230MW is allocated to BRPL, BYPL and Petitioner. Remaining 100 MW is allocated to NDMC.

^ The total share of Rajghat includes 0.3 MW additional power as per GoNCTD letter dated 20.05.2011

$ Figures rounded off to two decimal places

^^ Excluding allocation to NDMC and MES

Energy Availability from the Central Sector, State Sector and Other Generating Stations

Petitioner's Submission

4.41 The Petitioner has submitted that the availability of energy from State GENCOs, Central Generating sector generating stations of NTPC Ltd, NHPC, Nuclear and Other stations for FY 2013-14 has been computed as below:

State Generating Stations

(i) The estimates for the availability of energy for FY 2013-14 are based on the average actual PLF/availability for past five years for the respective months prorated for Petitioner's share in firm quote.

(ii) Rajghat (RPH) has well crossed its useful and has been considered as decommissioned for FY 2013-14 and hence no energy has been considered from it for FY 2013-14.

(iii) In case of Bawana (PPPCL-III) one GT and half ST have been considered for projection keeping in view the present curtailments in gas allocation.

Central Sector Generating Stations

(iv) NTPC plants: The estimate for FY 2013-14 has been computed based on the average PLF/availability for the plants in the last 5 years for the respective months pro-rated for Petitioner by share in firm quote. For plants, which have been running for less than 3 years, the projection has been considered based on actual data available for short-term period.

(v) Hydro plants: The estimate is made based on the month-wise Design Energy shown by each plant in these respective years, water studies (as mentioned in CERC Order).

However for Tala hydro electric plant the average of actual energy supplied to Petitioner in FY 2009-10, to FY 2010-11 and FY 2011-12 has been considered in firm quota as the design energy from this plant is not available.

(vi) Long-term bilateral tie up: It is to submit that Petitioner has long term bilateral agreements from Maithon Power Limited and CLP, Jhajjar. The same has also been for the projections in line with projections of CSGS.

4.42 The Petitioner has projected the net energy available from State Generating Companies, Central Sector Generating stations and other stations with which Petitioner has long-term bilateral arrangements as detailed in the table below:

Table 79: Projected net energy availability from Central, State and other generating stations (MU)

Sl. No.	Generating Stations	Projections (FY 2013-14)
1	**NTPC**	
	Singrauli	320.48
	Rihand I	219.81
	Rihand II	285.88
	Unchahar I	53.03
	Unchahar II	103.03
	Unchahar III	65.15
	Anta	32.40
	Auraiya	30.00
	Dadri GPP	66.00
	Farakka	24.00
	Kahalgaon I	97.65
	Kahalgaon II	311.11
	NTPC Total	**1608.54**
2	**NHPC**	
	Baira siul	25.01
	Salal I	104.5
	Tanakpur	16.90
	Chamera I	38.37
	Chamera II	58.34
	URI	83.35
	Dhauliganga	43.74
	Sewa II	18.22
	Chamera III	29.62
	Dulhasti	71.39
	NHPC Total	**489.44**
3	**Others**	
	Koteshwar HEP	45.55

Sl. No.	Generating Stations	Projections (FY 2013-14)
	Nathpa Jhakri HPS	166.36
	Tehri HPP	79.62
	Tala HEP	29.45
	DVC	792.78
	Aravali Jhajjar	1002.18
	CLP Jhajjar	923.30
	Maithon Power Limited	2233.80
	Others Total	**5273.04**
4	**Nuclear Total**	
	Narora APS	42.00
	RAPP 5&6	101.79
	Nuclear Total	**143.79**
	Total Central and other Existing Stations	**7514.81**
	State Generating Stations	
5	BTPS	1030.84
6	Dadri	1394.34
7	Dadri II	1453.24
8	Rajghat	0.00
9	IP Station	0.00
10	GT	359.19
11	PPCL	484.10
12	PPCL III (Bawana)	157.85
13	Rithala	122.64
	Total	**5002.20**
	New / Future Generating stations	
14	Koldam	49.42
15	Rihand III	187.73
16	Barh II	146.43
17	Parbati HEP III	23.86
18	Uri II	10.79
19	Sasan, MP	293.57
20	Rampur HEP	23.40
	Total	**735.20**
	Grand Total	**13252.21**

Commission's Analysis

4.43 The Commission has examined the quantum of energy projected as available for purchase by Petitioner from each of the generating stations of NTPC, NHPC, NPCIL, State generating companies and others.

4.44 The Commission has considered the notification of NRPC on the availability of power from various central and state generating stations in the LGBR for FY 2013-14 and

LGBR Report of CEA for FY 2013-14. The LGBR notified by NRPC is almost in line with LGBR notified by CEA. The Commission had also asked SLDC to provide the availability of energy from various generating stations from which DISCOMs of Delhi obtain power. SLDC is asked to provide the availability of power for DISCOMs in Delhi from various Central, State and other generating stations from which DISCOMs in Delhi propose to purchase power for FY 2013-14. SLDC has projected the power and energy available from each of the stations for purchase by DISCOMs in Delhi during FY 2013-14 considering the reallocation of power from Aravali Power Corporation Limited (APCL), Jhajjar and reduced generation at Bawana based on availability of gas vide its communication dated June 10, 2013. The anticipated availability of power to DISCOMs in Delhi as provided by SLDC has been considered by the Commission.

4.45 The Petitioner has stated that it is not considering any energy from Rajghat Power Station (RPH) as it has crossed useful life and has been considered as decommissioned.

4.46 The Petitioner has also stated that it has considered only one GT and half ST at Bawana and projected energy considering the present curtailment of gas allocation.

4.47 The Commission has considered the availability from these two stations as provided by SLDC. RPH is still in generating electricity.

4.48 The Commission has considered reduced generation at Bawana.

4.49 The Petitioner has proposed to purchase power from the following new/future generating stations.

Source	**Station**
NTPC:	Koldam
	Rihand-III
	Barh-II
NHPC	Parbati-III
	Uri-II
	Rampur
UMPP	Sasan

4.50 CEA in its LGBR report for FY 2013-14 has indicated that these Generating Schemes are expected to be commissioned during FY 2013-14 as under:

Station	**Capacity**	**Commissioning schedule**

NTPC		
Barh-II	660 MW	12/2013
Rihand-III	500 MW	12/2013
NHPC		
Uri-II	**4x60 MW**	**May-July 2013**
Parbati-III	4x130 MW	Two units during June and July 2013.
Sasan: UMPP U-1	660 MW	May 2013
UMPP U-2	660 MW	September 2013

4.51 Since all the new / future stations except Koldam are programmed to be commissioned during FY 2013-14, the energy availability from the stations except Barh-II is considered based on the commissioning schedule. Availability from Barh-II is not considered as Delhi has no share in the station.

4.52 In regard to Sasan UMPP, commercial operation of Unit-3 was declared on 31-03-2013. However CERC vide its order dated 20-06-2013 has given directions for retesting of the Units. Therefore commercial operation of Unit-3 has been taken from August 2013 and supply from Unit-2 has been taken from February, 2014. Based on the expected commercial operation of two units, the energy has been estimated. The commercial operation of Unit-1 has not been considered during FY 2013-14. The availability from Sasan (UMPP) has been considered at 145MU for Petitioner during FY 2013-14 based on commissioning schedule and its share from the stations.

4.53 The availability for Delhi as per NRPC LGBR for FY 2013-14 is 39502 MU and as per CEA LGBR for 2013-14 is 39464 against Commission approval of anticipated availability of 36166 MU as given in the Table above. The availability considered reasonable taking into consideration the reduction in generation at Bawana due to reduced availability of gas and reduced allocation from Jhajjar TPS to Delhi.

4.54 The availability of power to Petitioner from Central and State Generating Stations and others as approved by the Commission is given in table below:

Table 80: Energy available to Petitioner from Central and State Generating Stations and other Generating Stations approved for FY 2013-14

Sl. No.	Particulars	Station Capacity	Share Allocation	Share Allocation	Total Energy	Petitioner's Share

		(MW)	to Delhi/ DISCOM (%)	to Delhi DISCOMs (MW)	Available (MU)	(MU)
A	**NTPC**					
1	ANTA GAS	419	10.5	44	158	47
2	AURAIYA GAS	663	10.86	72	173	51
3	BTPS	705	100	705	4230	924
4	DADRI GAS	830	10.96	91	321	94
5	FARAKKA	1600	1.39	22	123	36
6	KAHALGAON - I	840	6.07	51	319	93
7	NCPP - DADRI	840	90	756	5271	1274
8	RIHAND - I	1000	10	100	700	204
9	RIHAND - II	1000	12.6	126	998	291
10	SINGRAULI	2000	7.5	150	1161	339
11	UNCHAHAR - I	420	5.71	24	173	50
12	UNCHAHAR - II	420	11.19	47	333	100
13	UNCHAHAR - III	210	13.81	29	213	62
14	KAHALGAON - II	1500	10.49	157	927	271
15	DADRI EXTENSION	980	75	735	5033	1482
16	Aravali Power Corporation Ltd	1500	11.79	177	810	188
	NTPC Total	**14927**		**3286**	**20943**	**5506**
B	**NHPC**					
1	BAIRA SIUL	180	11	20	77	22
2	CHAMERA - I	540	7.9	43	180	53
3	CHAMERA - II	300	13.33	40	198	58
4	DHAULIGANGA	280	13.21	37	153	45
5	DULHASTI	390	12.83	50	291	85
6	SALAL	690	11.62	80	377	110
7	TANAKPUR	94	12.81	12	47	14
8	URI	480	11.04	53	334	97
9	SEWA -II	120	13.33	16	70	20
	NHPC Total	**3074**		**351**	**1727**	**504**
C	**NCPP**					
1	RAPS - 3 & 4					
2	RAPS - 5 & 6	440	12.69	56	410	120
3	NPCIL - NAPS	440	10.68	47	235	69
	NUCLEAR Total	**880**		**103**	**645**	**189**
D	**State Generating Station**					
1	IP Station					
2	Rajghat	135	100	135	686	195
3	Gas Turbine	270	100	270	1270	359
4	Pragati - I	330	100	330	2441	507
5	Pragati - III, BAWANA	686	80	548.8	1752	453
6	Rithala	94.8	100	94.8	43	43
	SGS TOTAL	**1515.8**	**480**	**1378.6**	**6192**	**1557**

Sl. No	Particulars	Station Capacity	Share Allocation	Share Allocation	Total Energy	Petitioner's Share
E	**Other Stations**					
1	TEHRI HEP	1000	10.3	103	327	95
2	NJPC (SATLUJ)	1500	9.47	142	691	202
3	KOTESHWAR	400	9.86	39	114	33
4	Tala HEP	1020	2.94	30	105	31
5	Mejia Units -6	250	0	100	692	202
6	CLP Jhajjar (LT-5)	1240	10	124	230	230
7	DVC (LT-9)	140.5	100	140.5	328	328
8	DVC Maithon Pvt Ltd (LT-6)	140.5	100	140.5	1564	1564
	Others Total	**5691**		**819**	**4051**	**2685**
F	**New Generating Stations**					
1	Chamera - III	231	9.6	23	149	43
2	Chandrapur Extn (U7 & U8)	500	60	300	1295	378
3	Parbati - III	520	12.73	66.2	-	24
4	Rihand - III	500	13.19	66	123	36
5	Sasan UMPP	3960	11.50	455	493	145
6	Rampur	2000	-	-	-	23
7	Uri - II	240	13.42	32.2	-	11
	Total	**7582**		**942.4**	**2060**	**660**
	Net Total	**33670**		**6880**	**35618**	**11101**

Power Purchase Cost

Cost of power purchase from Existing Stations

Petitioner's Submission

4.55 It is submitted that the Petitioner has made the following assumptions for estimating the power purchase cost from the existing stations for FY 2013-14.

(i) The fixed costs of various power plants for FY 2013-14 have been considered based on the new Tariff Regulations issued by CERC (for FY 2009-FY 2014) and as per the MYT order by the DERC.

(ii) The variable cost for FY 2012-13 for each station (till September, 2012) has been escalated by 5% (for both thermal and gas) to estimate the variable cost for FY 2013-14.

(iii) Bilateral direct purchase, if any, has been considered at an average rate of Rs.5.00/unit. However, no bilateral purchase is expected during FY 2013-14 as on date.

(iv) For new /future stations, the estimated rates are assumed as below:

Power Station	Rs/kWh
Hydro Station	3.71
Thermal station	4.03
Sasan (UMPP)	3.00

Transmission charges

4.56 The transmission charges for FY 2013-14 have been computed by taking 5% escalation on the average transmission cost as per bills for the period April 2012 to September, 2012. Transmission charges of DTL have been taken at the amount approved by DERC in its MYT order dated July 13, 2013.

Prorated Petitioner Share

4.57 Another Rs.0.49 crore has been considered as Petitioner's share for BBMB charges based on the Commission's order.

4.58 Apart from the above transmission related costs such as Delhi, SLDC charges, NRLDC system operating charges, Reactive energy charges (paid by OTL), Aravali Transmission Charges and CLP transmission charges of approx Rs. 1.60 Crore per month have also been considered while projecting the power purchase cost for FY 2013-14. Service Tax is being claimed by the service tax department. In the event of the same being payable, it shall claimed separately for the relevant periods, if necessary a statutory payment.

4.59 Based on the above assumptions, the Petitioner has claimed the power purchase cost as given in the table below:

Table 81: Power purchase cost projected by the Petitioner for Central, State Generating Stations and other Generating Stations for FY 2013-14

Sl. No.	Generating Stations	Projections (FY 2013-14)		
		MU	Rs. Crore	Average Rates
1	NTPC			
	Singrauli	320.48	59.36	1.85
	Rihand I	219.81	45.13	2.05
	Rihand II	285.88	61.92	2.17
	Unchahar I	53.03	18.53	3.49
	Unchahar II	103.03	36.61	3.55
	Unchahar III	65.15	25.56	3.92
	Anta	32.40	16.08	4.96

Sl. No.	Generating Stations	Projections (FY 2013-14)		
		MU	Rs. Crore	Average Rates
	Auriya	30.00	18.26	6.09
	Dadri GPP	66.00	32.97	5.00
	Farakka	24.00	10.80	4.50
	Kahalgaon I	97.65	31.63	3.24
	Kahalgaon II	311.11	97.90	3.15
	NTPC Total	**1608.54**	**454.75**	**2.83**
2	**NHPC**			
	Bairasul	25.01	3.69	1.48
	Salal I	104.5	10.93	1.05
	Tanakpur	16.90	4.26	2.52
	Chamera I	38.37	6.91	1.80
	Chamera II	58.34	12.36	2.12
	URI	83.35	14.55	1.75
	Dhauliganga	43.74	11.64	2.66
	Sewa II	18.22	7.68	4.22
	Chamera III	29.62	8.09	2.73
	Dulhasti	71.39	38.47	5.39
	NHPC Total	**489.44**	**118.58**	**2.42**
3	**Others**			
	Koteshwar HEP	45.55	16.91	3.71
	Nathpa Jhakri HPS	166.36	46.49	2.79
	Tehri HPP	79.62	39.20	4.92
	Tala HEP	29.45	5.95	2.02
	DVC	792.78	310.29	3.91
	Aravali Jhajjar	1002.18	533.20	5.32
	CLP Jhajjar	923.30	313.92	3.40
	Maithon Power Limited	2233.80	785.58	3.52
	Others Total	**5273.04**	**2051.54**	**3.89**
4	**Nuclear**			
	Narora APS	42.00	9.07	2.16
	RAPP 5&6	101.79	30.77	3.02
	Nuclear Total	**143.79**	**39.84**	**2.77**
	Total Existing Stations	**7514.81**	**2664.71**	**3.55**
	Delhi GENCOs			
5	BTPS	1030.84	493.99	4.79
6	Dadri	1394.34	555.35	3.98
7	Dadri II	1453.24	702.50	4.83
8	Rajghat	0.00	0.00	0.00
9	IP Station	0.00	0.00	0.00
10	GT	359.19	175.98	4.90
11	PPCL	484.10	184.90	3.82
12	PPCL III (Bawana)	157.85	206.84	13.10

Sl. No.	Generating Stations	Projections (FY 2013-14)		
		MU	Rs. Crore	Average Rates
13	Rithala	122.64	176.66	14.40
	Total	**5002.20**	**2496.22**	**4.99**
	Future Generating Stations			
14	Koldam	49.42	18.35	3.71
15	Rihand III	187.73	75.68	4.03
16	Barh II	146.43	59.03	4.03
17	Parbati HEP III	23.86	8.86	3.71
18	Uri II	10.79	4.01	3.72
19	Sasan, MP	293.57	88.07	3.00
20	Rampur HEP	23.40	8.69	3.71
	Total	**735.20**	**262.69**	**3.57**
	Grand Total	**13252.21**	**5423.62**	

Commission's Analysis

4.60 The following methodology has been adopted by the Commission for estimation of power purchase cost for FY 2013-14.

a. The power purchase cost, both fixed and variable cost, for all the existing stations has been considered based on actual power purchase cost during FY 2012-13. The actual power purchase cost during FY 2012-13 has been obtained from all the DISCOMs and It was observed that there were marginal differences in the station-wise cost per unit provided by the three DISCOMs. The cost has been taken based on the information provided.

b. For Aravali Power Corporation, Jhajjar, the average per unit rate has been considered based on the recent order of CERC fixing provisional tariff for the plant.

c. For new stations where CERC has not determined the tariff, the rate of Rs.4.50/kWh has been adopted.

d. The availability from Bawana has been drastically reduced due to non availability of gas. It is informed by the Petitioner that it has to pay certain charges in view of "take or pay" contract for gas supply as well as fixed charges also.

e. The additional costs for PPCL, if payable, shall be considered at the time of true up and hence has not been considered in the power purchase cost for FY 2013-14.

f. The unit cost of power from Sasan UMPP has been considered at Rs.1.19/unit the levelised tariff approved for the plant.

g. The cost for Rithala station for which tariff has not been considered by the Commission has been adopted at Rs.4.50/unit.

4.61 The total power purchase cost approved by the Commission is summarized below:

Table 82: Power purchase cost approved for various generating stations for FY 2013-14

Sl. No.	Particulars	Power Purchase Quantum (MU)	Average Rate (Rs./kWh)	Cost (Rs. Crore)
A	**NTPC**			
1	ANTA GAS	47	4.69	22.04
2	AURAIYA GAS	51	5.17	26.37
3	BTPS	924	4.74	437.98
4	DADRI GAS	94	5.09	47.85
5	FARAKKA	36	3.51	12.64
6	KAHALGAON - I	93	3.27	30.41
7	NCPP - DADRI	1274	4.06	517.24
8	RIHAND - I	204	2.23	45.49
9	RIHAND - II	291	2.12	61.69
10	SINGRAULI	339	1.7	57.63
11	UNCHAHAR - I	50	3.51	17.55
12	UNCHAHAR - II	100	3.99	39.90
13	UNCHAHAR - III	62	3.95	24.49
14	KAHALGAON - II	271	3.26	88.35
15	DADRI EXTENSION	1482	4.41	653.56
16	Aravali Power Corporation Ltd	188	5.9	110.92
	NTPC Total	**5506**		**2194.11**
B	**NHPC**			
1	BAIRA SIUL	22	1.82	4.00
2	CHAMERA - I	53	1.84	9.75
3	CHAMERA - II	58	3.47	20.13
4	DHAULIGANGA	45	3.6	16.20
5	DULHASTI	85	5.53	47.01
6	SALAL	110	1.94	21.34
7	TANAKPUR	14	2.76	3.86
8	URI	97	2.37	22.99

Sl. No.	Particulars	Power Purchase Quantum	Average Rate (Rs./kWh)	Cost (Rs. Crore)
9	SEWA -II	20	4.52	9.04
	NHPC Total	**504**		**154.32**
C	**NCPP**			
2	RAPS - 5 & 6	120	3.45	41.4
3	NPCIL - NAPS	69	2.5	17.25
	NUCLEAR Total	**189**		**58.65**
D	**Other Stations**			
1	TEHRI HEP	95	4.93	46.84
2	NJPC (SATLUJ)	202	2.78	56.16
3	KOTESHWAR	33	4.33	14.29
4	Tala HEP	31	2.02	6.26
5	Mejia Units -6	202	4.21	85.04
6	CLP Jhajjar (LT-5)	230	3.4	78.20
7	DVC(LT-9)	328	3.91	128.25
8	DVC Maithon Pvt Ltd. (LT-6)	1564	3.52	550.53
	Others Total	**2685**		**965.56**
E	**New Generating Stations**			
1	Chamera - III	43	4.46	19.18
2	Chandrapur Extn (U7 & U8) (LT-3)	378	3.55	134.19
3	Parbati - III	24	4.50	10.80
4	Rihand - III	36	2.94	10.58
5	Sasan UMPP	145	1.19	17.26
6	Rampur	23	3.71	8.53
7	Uri - II	11	4.50	4.95
	Total	**660**		**205.49**
F	**State Generating Station**			
1	Rajghat	195	4.9	95.55
2	Gas Turbine	359	5.15	184.89
3	Pragati - I	507	3.83	194.18
4	Pragati - III, BAWANA	453	6.22	281.77
5	Rithala	43	4.5	19.35
	SGS Total	**1557**		**775.73**
	Net Total	**11101**		**4353.86**

Cost of Purchase from Other Sources (Short term Purchase)

4.62 The Petitioner has not proposed any purchase of power from other sources under short term purchase. Hence, the Commission has also not considered any purchase of power from other sources under short-term arrangement. In the case of excess demand the Petitioner may request to bilateral direct purchase at Rs.5.00/unit.

Renewable Power Purchase Obligation (RPO)

4.63 The Commission has notified the Delhi Electricity Regulatory Commission (Renewable Purchase Obligation & Renewable Energy Certificate Framework implementation) Regulations, 2012 with effect from October, 2012.

4.64 The Commission has prescribed the following year-wise Solar and Non-solar Renewable Obligations for the Distribution companies for the period FY 2012-13 to FY 2016-17 in the Regulations.

Financial Year	Solar	Non-solar	Total
2012-13	0.15%	3.25%	3.40%
2013-14	0.20%	4.60%	4.80%
2014-15	0.25%	5.95%	6.20%
2015-16	0.30%	7.30%	7.60%
2016-17	0.35%	8.65%	9.00%

4.65 The percentage (%) indicated is the minimum quantum of purchase from Renewable Energy Sources (in terms of energy equivalent in kWh of total consumption).

Renewable energy to be purchased by the Petitioner during FY 2013-14

4.66 As per Regulations of the Commission, the Distribution companies have to purchase 4.80% of total energy consumption approved by the Commission during FY 2013-14.

4.67 The Commission has approved the total energy sales of 7439 MU for the Petitioner for FY 2013-14. Based on the sales approved the Petitioner has to purchase a minimum of 357.07 MU from Renewable Energy Sources for FY 2013-14 as below:

Power Source	% of total energy sales approved	Energy Sales (MU)
Solar	0.20%	14.88
Non-Solar	4.60%	342.19
Total		**357.07**

Petitioner's Submission

4.68 The Petitioner has submitted that the Petitioner has sought clarification from the Commission on various issues relating to RPO such as mode of procurement, eligible feed in tariffs, intrastate losses, etc., and have also requested for an extension for implementation of RPO considering the time it shall take for arranging renewable power.

4.69 In view of the above, purchase of renewable energy quantum or cost has not been considered, other than own generation from solar. In the event of RPO is made mandatory from FY 2012-13 itself, it is estimated at the average power purchase price for the company as a whole shall be adversely impacted by additional 6/7paise per unit.

4.70 The Petitioner has requested that the Commission may factor the impact of RPO in the Petitioner's power purchase cost on its eventual decision on the Petitioner's request.

Commission's Analysis

4.71 The total approved energy sales for Petitioner for FY 2013-14 is 7439 MU. The Petitioner has to purchase 357.07 MU from renewable energy sources during FY 2013-14 to meet RPO.

4.72 The Delhi Electricity Regulatory Commission Renewable Purchase Obligation and Renewable Energy Certificate Framework Implementation Regulations 2012 states as under:

> *"Every obligated entity shall meet its RPO target by way of its own generation or by way of purchase from other licensee(s) or by way of purchase of Renewable Energy Certificate(s) or by way of combination of any of the above options."*

4.73 The Petitioner has not indicated the quantity of solar energy they propose to purchase from their own generation.

4.74 The Commission has considered that Petitioner has to purchase solar and non-solar energy during FY 2013-14 to meet the RPO obligation as below:

Power Source	Energy (MU)
Solar	14.88
Non-Solar	342.19
Total	**357.07**

4.75 The Commission noted that the Petitioner is getting generation from its own Solar Plant. The Commission considers 2.50MU of energy availability during FY 2013-14 from its own solar plant.

4.76 Since the Petitioner has not made arrangement for purchase of balance power from renewable energy sources to meet the RPO, the Commission considers that the

Petitioner has to purchase the Renewable Energy Certificate(s) to meet the RPO obligation for FY 2013-14.

4.77 As stated above the Petitioner has to purchase certificates for 12.38 MU solar and 342.19 MU non-solar. The cost of renewable energy or the Certificates is considered at the floor price as indicated by CERC in its order dated August 23, 2011. The prices fixed by CERC are effective from April 1, 2012 upto FY 2016-17.

The CERC has fixed the floor price and forbearance price as below:

Particulars	**Floor price**	**Forbearance price**
Non-solar	Rs.1500/mWh	3300 / MWh
Solar	Rs.9300/mWh	13400 / MWh

4.78 The cost of renewable energy/RECs to be purchased by the Petitioner for FY 2013-14 is given in table below:

Table 83: Approved Power purchase for RPO

Sources of Renewable Energy	**Quantity of energy to be purchased (MU)**	**Cost/Unit (Rs/kWh)**	**Total cost (Rs. Crore)**
Petitioner's Solar	2.50	4.50	1.13
Non-solar RECs	342.19	1.50	51.33
Solar RECs	12.38	9.30	11.51
Total			**63.97**

4.79 The Commission has not considered the incremental cost as the Petitioner is allowed to purchase additional (surplus) power which can meet the shortfall by purchase of RECs.

4.80 The actual energy available from renewable sources will be 2.50MU only during FY 2013-14. The Commission approves the purchase of 2.50 MU of solar energy and purchase of Renewable Energy Certificates to the extent of Rs.63.97 Crore by Petitioner for FY 2013-14 to meet the Renewable Power Purchase Obligation.

Sale of Surplus Power

Petitioner's Submission

4.81 The Petitioner has proposed the sale of estimated surplus power of 4020 MU at Rs. 2.80 / kWh as given in below:

Table 84: Projected sale of surplus power for FY 2013-14

Particulars	**Surplus energy**	**Average Sale Price**	**Total Cost**

	(MU)	(Rs. / kWh)	(Rs. crore)
Bilateral Sale of Surplus Power	4020	2.80	1126

Commission's Analysis

4.82 The Commission has arrived at surplus power of 2280 MU as discussed in Para _____ and has considered the sale of surplus power at an average rate of Rs. 4.00/kWh as given below:

Table 85: Approved sale of surplus power for FY 2013-14

Particulars	Surplus energy (MU)	Average Sale Price (Rs / kWh)	Total Cost (Rs. crore)
Bilateral Sale of Surplus Power	2280	4.00	912.00

Transmission Loss and charges

Petitioner's Submission

Intra-state Transmission

4.83 The Petitioner has considered the intra state transmission loss at 1.21% based on the decision taken in 12th Commercial Sub-Committee meeting of Grid Coordination Committee of Delhi held on 28.06. 2012. The intra state transmission charges in accordance with MYT Order for FY 2012-13 to FY 2014-15.

Inter-state transmission

4.84 The Petitioner has submitted that they have estimated inter-state transmission losses have been considered equal to average POC losses for the period July 2012 to October 2012.

4.85 In regard of inter-state transmission charges, have been computed taking 5% escalation on the average transmission charges paid during April 2012 to September 2012.

4.86 The Intra-state and Inter-state Transmission losses and charges projected by the Petitioner are summarized below:

Particulars	Transmission Loss (%)	Transmission Charges (Rs. crore)
Intra-state Transmission	1.21	173
Inter-state Transmission	3.64	302
Total		**475**

Commission Analysis

Transmission loss

Intra-State Losses

4.87 The Commission has considered the intra-state losses at 1.21% for FY 2013-14 at the same level as for FY 2012-13.

Inter-State Losses

4.88 The Commission has considered the inter-state loss in the Northern region based on available loss for FY 2012-13 which is about 3.36%. The Commission has also considered the Eastern region loss based on average loss for FY 2012-13 which is about 1.67%. The weighted average inter-state transmission loss works out to 3.59%. Therefore, the Commission has considered inter-state loss at 3.59%.

Transmission charges

4.89 The Commission has approved the transmission charges for PGCIL by considering an inflation factor of 5% per annum on the actual transmission charges for FY 2012-13.

4.90 The intra-state transmission charges have been allowed based on the ARR approved by the Commission for Delhi Transco Limited (DTL) for FY 2013-14.

4.91 The PGCIL and DTL transmission losses and transmission charges as approved by the Commission for FY 2013-14 are summarized below:

Table 86: Transmission loss, charges approved by the Commission for FY 2013-14

Particulars	As approved in MYT order dt 13-07-2013 for FY 2013-14	Now Approved for FY 2013-14
Transmission Losses (MU)		
Inter-state Transmission (PGCIL)	700.48	310
Intra-state Transmission (DTL)	205.57	103
Total Transmission Losses	**906.05**	**413**
Transmission Charges(Rs. Crore)		
Inter-state Transmission (PGCIL)	181.21	321.35
Intra-state Transmission (DTL) including SLDC Charges	166.74	152.85
Total Transmission Charges	**347.95**	**474.20**

Energy Balance

Petitioner's Submission

4.92 The energy balance submitted by the Petitioner for FY 2013-14 is summarized below:

Table 87: Energy Balance proposed by Petitioner for FY 2013-14 (MUs)

Sl. No.	Particulars	Projections for FY 2013-14
1.	Power purchase from CSGS	11097.58
2.	Inter-State Bilateral purchase	-
3.	PGCIL losses	(419.37)
4.	Power purchase from Delhi GENCOs	2154.61
5.	Intra-State power purchase	-
6.	**Power availability at Delhi periphery**	**12832.82**
7.	DTL losses	(112.60)
8.	Power available to DISCOM	12720.13
9.	Less: Surplus power sold/banked/UI sales	(4020.07)
10.	**Power required for Petitioner's consumers**	8700.06

Commission's Analysis

4.93 Based on the energy sales, distribution loss, intra-state and inter-state transmission losses approved by the Commission in para 4.91 , the energy required as approved by the Commission is summarized in Table below:

Table 88: Energy Balance approved by the Commission for FY 2013-14

Sl. No.	Particulars	Unit	FY 2013-14
1	Total Energy Available	MU	11104
2	Inter State Transmission Losses	%	3.59
3		MU	310
4	**Energy Available at State Transmission Periphery**	**MU**	**10794**
5	Energy sales	MU	7439
6	Distribution loss	MU	972
7		%	11.56
8	Energy requirement at distribution periphery	MU	8411
9	Intra state transmission loss	MU	103
10		%	1.21
11	**Energy Requirement at Distribution Periphery**	**MU**	**8514**
12	**Energy Surplus (4-11)**	**MU**	**2280**

Rebate On Power Purchase and Transmission Charges

Commission's Analysis

4.94 With regard to rebate on power purchase and transmission charges the MYT Regulations, 2011 states that -

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

4.95 Accordingly, the Commission has considered power purchase rebate @ 2% of the gross power purchase cost and transmission rebate @ 2% of the total transmission and SLDC charges for projection of the normative rebate on the power purchase cost.

Table 89: Rebate on Power purchase and Transmission charges approved for FY 2013-14(Rs. Cr.)

Particulars	**FY 2013-14**
Power Purchase Rebate @ 2%	87.08
Rebate on Transmission Charges @ 2%	9.48

Total power purchase cost

4.96 Based on the analysis above the total power purchase cost for FY 2013-14 approved by the Commission is summarized below:

Table 90: Total Power purchase Cost approved by the Commission for FY 2013-14

Sl. No.	**Source**	**Quantity (MU)**	**Amount (Rs. Cr.)**	**Average cost (Rs./kWh)**
1	Power Purchase from CSGS*	8620	3140.15	3.64
2	PGCIL Losses & Charges	310	321.35	
3	Power Purchase from Delhi Stations#	2481	1213.71	4.89
4	Power Available at Delhi Periphery	**10791**	**4675.21**	
5	DTL Loss & Charges Including SLDC Charges	103	152.85	

6	Cost towards RPO	2.50	63.97	
7	Power Purchase Rebate @ 2%		(87.08)	
8	Rebate on Transmission Charges @ 2%		(9.48)	
9	**Power Available to DISCOM**	**10688**	**4795.47**	**4.49**
10	Sales	7439		
11	Distribution Loss	972		
12	**Required Power**	**8411**	**3883.47**	**4.62**
13	**Surplus Power Available at DISCOM boundary**	**2280**	**912.00**	**4.00**

*includes NTPC (except BTPS), NHPC, SJVNL, THDC, DADRI TPS and future stations.
#includes BTPS, PPCL, Rajghat and GTPS.

Power Purchase Adjustment

4.97 The Commission had approved the formula for Power Purchase Cost Adjustment vide its order dated July 13, 2012.

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

Power Purchase Adjustment (PPA) formula

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

Where,

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

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

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

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

C = Actual average Power Purchase Cost (PPC) from power stations having long term PPAs in $(n-1)^{th}$ Qtr (Rs./ kWh) – Projected average Power Purchase Cost (PPC) from power stations having long term PPAs (Rs./ kWh) (from tariff order)

Z= [{Actual Power purchased from Central Generating Stations having long term

PPA in (n-1)th Qtr (in kWh) *(1 - $\frac{\text{PGCIL losses in \%}}{100}$) + Power from Delhi GENCOs including BTPS (in kWh)} *(1 - $\frac{\text{DTL losses in \%}}{100}$) – B] in kWh

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 %)

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

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

4.99 The base power purchase cost for various generating stations over which any increase has to be taken during FY 2013-14 is given below:

Table 91: Schedule – Base cost for FY 2013-14

Sl. No.	Particulars	Gross Power Purchase (MU)	Total Cost (Rs. Crore)	Average Rate (Rs./kWh)
A	**NTPC**			
1	ANTA GAS	47.00	22.09	4.69
2	AURAIYA GAS	51.00	26.37	5.17
3	BTPS	924.00	437.98	4.74
4	DADRI GAS	94.00	47.85	5.09
5	FARAKKA	36.00	12.64	3.51
6	KAHALGAON - I	93.00	30.41	3.27
7	NCPP - DADRI	1274.00	517.24	4.06
8	RIHAND - I	204.00	45.49	2.23
9	RIHAND - II	291.00	61.69	2.12
10	SINGRAULI	339.00	57.63	1.70
11	UNCHAHAR - I	50.00	17.55	3.51
12	UNCHAHAR - II	100.00	41.10	3.99
13	UNCHAHAR - III	62.00	25.48	3.95
14	KAHALGAON - II	271.00	88.35	3.26
15	DADRI EXTENSION	1482.00	653.56	4.41
16	Aravali Power Corporation Ltd	188.00	175.59	5.90
	NTPC Total	**5506.00**	**2261.02**	
B	**NHPC**			

Sl. No.	Particulars	Gross Power Purchase (MU)	Total Cost (Rs. Crore)	Average Rate (Rs./kWh)
1	BAIRA SIUL	22.00	3.98	1.82
2	CHAMERA - I	53.00	9.75	1.84
3	CHAMERA - II	58.00	16.94	3.74
4	DHAULIGANGA	45.00	16.20	3.60
5	DULHASTI	85.00	57.38	5.53
6	SALAL	110.00	21.34	1.94
7	TANAKPUR	14.00	3.86	2.76
8	URI	97.00	22.99	2.37
9	SEWA -II	20.00	10.64	4.52
	NHPC Total	**504.00**	**163.08**	
C	**NCPP**			
1	RAPS - 5 & 6	120.00	41.40	3.45
2	NPCIL - NAPS	69.00	17.25	2.50
	NUCLEAR Total	**189.00**	**58.65**	
D	**State Generating Station**			
1	Rajghat	195.00	95.55	4.90
2	Gas Turbine	359.00	184.89	5.15
3	Pragati - I	507.00	194.18	3.83
4	Pragati - III, BAWANA	453.00	281.77	6.22
5	Rithala	43.00	17.20	4.50
	SGS Total	**1557.00**	**773.58**	
E	**Other Stations**			
1	TEHRI HEP	95.00	46.84	4.93
2	NJPC (SATLUJ)	202.00	56.16	2.78
3	KOTESHWAR	33.00	14.29	4.33
4	Tala HEP	31.00	6.26	2.02
5	Mejia Units -6	202.00	85.04	4.21
6	CLP Jhajjar (LT-5)	230.00	78.20	3.40
7	DVC (LT-9)	328.00	128.25	3.91
8	DVC(MPL-DVC) (LT-6)	1564.00	785.58	3.52
	Others Total	**2685.00**	**1200.62**	
F	**New Generating Stations**			
1	Chamera - III	43.00	19.18	4.46
2	Chandrapur Extn (U7 & U8)	378.00	134.19	3.55
4	Parbati - III	24.00	8.90	4.50
5	Rihand - III	36.00	10.58	2.94
6	Sasan UMPP	145.00	17.25	1.19
7	Rampur	23.00	8.53	3.71
8	Uri - II	11.00	4.40	4.50
	Total	**660**	**205.48**	
	Net Total	**11101**	**4353.87**	**3.92**

**Power purchase cost of stations from which power shall received during FY 2013-14have been considered for calculation of the Base Rate.*

4.100 The Distribution Companies (DISCOMs) may claim the increase in the power purchase cost in accordance with the formula approved by the Commission and recover from the consumers on approval of the Commission.

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

(a) The PPA will be charged to all categories of consumers.

(b) The PPA for any quarter would be charged only after it is approved by the Commission.

(c) The weighted average base cost in Rs./kWh shall be as approved in this Tariff Order for FY 2012-13 is Rs. 3.92 for Petitioner. Detailed computation is given in Table 91 above. The Schedule will be revised in every subsequent Tariff Order.

(d) In case power is procured from those sources considered as surrendered in this tariff order, then PPAC shall be considered as applicable to them as well.

(e) The Distribution licensee shall submit to the Commission the details in respect of changes in power purchase cost of plants having long term PPAs, as listed in Table 91, for (n-1)th quarter. Further, Auditor's Certificate along with statement indicating plant-wise details of fixed charges, variable charges, other charges and units purchased from each plant having long term PPAs, as listed in Table 91, for (n-1)th quarter shall be furnished along with the proposal of PPA surcharge submitted for the Commission's approval.

(f) The percentage of PPA will be rounded off to two decimal places.

(g) The percentage increase on account of PPA will be applied as a surcharge on the total energy and fixed charges (excluding theft bills, arrears, LPSC, E. Tax etc.) billed to a consumer of the utility.

(h) The bill format shall clearly identify the PPA percentage and amount of PPA billed as separate entries.

(i) The PPA calculated for any quarter, the first quarter being July-September 2012, shall be applied prospectively for 3 months after approval is received from the Commission.

(j) In view of the fact that PPA computed for any quarter will be applied after a time delay for a subsequent 3-month period, there would necessarily be a difference between the actual power purchase cost increase and the recovery by the distribution utility through the quarterly adjustments. The difference will be adjusted at the time of annual true-up undertaken by the Commission for that year.

(k) This Power Purchase Adjustment (PPA) formula shall remain applicable till it is amended, reviewed, revised or otherwise amended.

Operation and Maintenance (O & M) Expenses

Petitioner's Submission

4.102 The Petitioner has estimated the O&M Expense for FY 2013-14 as approved by the Commission in the MYT Order dated 13th July 2012 in accordance with Clause 4.21 (b) (i) of MYT Regulations, 2011. The details are given in the table below:

Table 92: O&M Expenses submitted by Petitioner for FY 2013-14 (Rs. crore)

Sl. No.	Particulars	Approved in MYT Order of July 2012	Petitioner's Submission
1	Employee Expenses	268.20	268.20
2	A&G Expenses	47.57	47.57
3	R & M Expenses	97.74	97.74
4	**Total O&M Expenses**	**413.51**	**413.51**

Commission's Analysis

4.103 The O&M Expenses are considered as Controllable Parameter under Clause 4.21 (b) (i) of MYT Regulations, 2011. This Regulation specified that any surplus or deficit on account of O&M expense shall be to the account of the Licensee and shall not be trued up in the ARR. In view of this the Petitioner has not sought any revision of the O&M expenses approved in the ARR for FY 2013-14 in the MYT Order of 13th July 2012.

4.104 The Commission considers the O&M Expenses at the same level as approved in the MYT Order dated July 13, 2012 for FY 2013-14.

Table 93: O&M Expenses approved by Commission for FY 2013-14 (Rs. crore)

Sl. No.	Particulars	Petitioner's Submission	Now Approved
1	Employee Expenses	268.20	268.20
2	A&G Expenses	47.57	47.57
3	R & M Expenses	97.74	97.74
4	**Total O&M Expenses**	**413.51**	**413.51**

Capital expenditure and Capitalization

Petitioner's Submission

4.105 The Petitioner has projected the Capital expenditure and Capitalization in the revised ARR for FY 2013-14 as approved by the Commission in the MYT Order of July 2012. The details are given in the table below:

Table 94: Capital expenditure and Capitalization submitted in the RE for FY 2013-14 (Rs. crore)

Sl. No.	Particulars	Approved in MYT Order of July 2012	Petitioner's Submission
1	Capital Expenditure	220.00	475.23
2	Capitalization	220.00	535.44

4.106 The Petitioner has submitted that clause 4.21 (b) of MYT Regulations, 2011 provides the provision for truing up of capital expenditure and capitalization on the basis of actual figures available after the completion of the year.

Commission's Analysis

4.107 Regulation 4.21 (b) (ii) specifies that depreciation and Return on Capital employed shall be trued up every year based on the actual capital investment plan (capital expenditure and capitalization) approved by the Commission. The actual for FY 2012-13 are not available for the Petitioner are not yet available for truing up the relevant expenses and to arrive at the actual of capital expenditure, capitalization, depreciation, the closing balance of GFA and Regulated Rate Base that need to be carried forward as opening balances for FY 2013-14 for considering any changes / revision of these expenses for FY 2013-14.

4.108 The Commission therefore, considers the capital expenditure and capitalization in the review for FY 2013-14 as approved in the MYT Order of July 2012 as detailed in the table below:

Table 95: Capital expenditure and Capitalization approved by the Commission for FY 2013-14 (Rs. crore)

Sl. No.	Particulars	Petitioner's Submission	Now Approved
1	Capital Expenditure	475.00	220.00
2	Capitalization	435.00	220.00

Depreciation

Petitioner's Submission

4.109 The Petitioner has projected the depreciation at Rs. 153.43 crore in the revised ARR for FY 2013-14 as approved by the Commission in the MYT Order dated July 2012. The details are given in the table below:

Table 96: Depreciation submitted in the RE for FY 2013-14 (Rs. crore)

Sl. No.	Particulars	Approved in MYT Order of July 2012	Petitioner's Submission
1	Depreciation	133.62	153.43

4.110 The Petitioner has submitted that depreciation has been considered in the review for FY 2013-14 based on revised capitalisation submitted by the Petitioner.

Commission's Analysis

4.111 The Commission has analyzed the available details to consider provisional capitalization for first MYT Control Period FY 2007-08 to FY 2011-12 and allowed the capitalization based on the actual data submitted by the Petitioner. Opening GFA for second MYT control period FY 2012-13 to FY 2014-15 has been revised due to the provisional capitalization approved by the Commission, upto FY 2011-12 as detailed in the chapter-3 and therefore re-adjustment in the depreciation is required. The Commission has taken into consideration the closing balance of provisionally approved GFA of FY 2011-12 as opening balance for the second MYT control period.

4.112 The Commission considers the revised GFA for FY 2013-14 to FY 2014-15 as given in the table below:

Table 97: Revised GFA now approved by the Commission for FY 2012-13 to FY 2014-15 (Rs. Crore)

S.No.	Particulars	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
1	Opening GFA		3627.21	3828.09	4048.09
2	Addition of assets during the		200.88	220.00	220.00

	year				
3	Closing GFA	3627.21	3828.09	4048.09	4268.09
4	Average assets		3727.65	3938.09	4158.09

Means of Finance

4.113 For the purpose of projecting future funding requirement, the Commission has considered normative debt-equity ratio of 70:30 on the asset capitalised each year after utilizing the consumer contribution. Since the funding for assets capitalised out of closing CWIP for FY 2011-12 has been worked out in Chapter A3. The summary of funding requirement for the 2nd Control Period FY 2012-13 to FY 2014-15 based on the asset capitalisation approved by the Commission in MYT order dated 13th July 2012. is provided in the table below.

Table 98: Means of Finance for the control period FY 2012-13 to FY 2013-14 (Rs. crore)

Particulars	FY 2012-13	FY 2013-14	FY 2014-15
Capitalization	200.88	220	220
Means of Finance			
Consumer Contribution for fresh investments	29.4	33.38	23.72
Net	171.48	186.62	196.28
Equity	51.44	55.99	58.88
Debt	120.04	130.63	137.40

Consumer Contribution

4.114 For capitalization of consumer contribution during FY 2012-13 to FY 2014-15, the Commission has considered that the consumer contribution in any year is getting capitalized in proportion of the investment of the capitalization for that year. The consumer contribution capitalized during the control period has been revised as below:

Table 99: Revised Consumer Contribution Capitalized during FY 2012-13 to FY 2014-15 control period (Rs Crore)

Particulars	FY 2012-	FY 2013-	FY 2014-

	13	14	15
Opening Consumer Contribution	325.25	354.65	388.03
Consumer Contribution	29.4	33.38	23.72
Closing Consumer Contribution and Grants	354.65	388.03	411.75
Average Consumer Contribution and Grants	339.95	371.34	399.89

4.115 The Commission considers the depreciation in the review for FY 2013-14 as approved in the MYT Order of July 2012 for the reasons elaborated in _______. The depreciation approved in the review of FY 2013-14 is given in the Table below:

Table 100: Depreciation approved by the Commission for FY 2013-14 (Rs. crore)

S.No.	Particulars	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
1	Opening GFA		3627.21	3828.09	4048.09
2	Addition of assets during the year		200.88	220.00	220.00
3	Closing GFA	3627.21	3828.09	4048.09	4268.09
4	Average assets		3727.65	3938.09	4158.09
5	Less: Average Consumer Contribution		339.95	371.34	399.89
6	Average Assets net of Contribution		3387.70	3566.75	3758.20
7	Average rate of depreciation		4.00%	4.00%	4.00%
8	Depreciation		121.96	128.40	135.30
9	Accumulated Depreciation	1223.71	1345.67	1474.07	1609.37

Advance against Depreciation

4.116 The Commission has revised the computation of AAD taking into account revised depreciation as computed above:

Table 101: Revised Advance against depreciation approved by the Commission for FY 2012-13 to FY 2014-15 (Rs. Crore)

S.No.	Particulars	FY 2012-13	FY 2013-14	FY 2014-15
1	1/10 of the Opening loan (A)	186.80	217.28	234.53
2	Debt Repayment (B)	168.12	179.95	183.42
3	Minimum of A&B	168.12	179.95	183.42
4	Depreciation as per ARR routed for repayment of loans	3387.70	3566.75	3758.20
5	**Excess of Min (A,B) over Depreciation**	**(3219.58)**	**(3386.80)**	**(3574.78)**

6	Cumulative Repayment (C)	880.73	1060.68	1244.10
7	Cumulative Depreciation (D)	1345.67	1474.07	1609.37
8	**Excess of (C) over (D)**	**(464.94)**	**(413.39)**	**(365.27)**
9	AAD	0.00	0.00	0.00

Working Capital Requirement

4.117 Working capital has been trued up for FY 2011-12 as detailed in para 3.154 of Chapter A3. The opening balance of working capital for FY 2012-13 has been revised based on the closing balance of Working capital of FY 2011-12. The audited financial statement for FY 2012-13 is not available. Therefore, the Working Capital for FY 2012-13 to FY 2014-15 has been considered as projected in MYT order dated 13th July 2012.

Table 102: Revised Working Capital for the FY 2012-13 to FY 2014-15 (Rs. crore)

Particulars	**FY 2011-12**	**FY 2012-13**	**FY 2013-14**	**FY 2014-15**
Opening Balance		234.57	419.37	461.24
Closing Balance	234.57	419.37	461.24	503.58
Working Capital Requirement		184.80	41.87	42.34

4.118 The distribution utilities have historically been adopting a bi-monthly billing cycle for single phase domestic consumers and a monthly billing cycle for all other categories. Single phase domestic consumers account for nearly 50% of the energy sales of the distribution utilities. Accordingly, the average billing cycle works out to 45 days for the distribution utilities as a whole. Taking into account a period of 15 days for raising the bills and receipt of payment, the Commission has allowed 60 days outstanding while computing working capital requirements of the distribution utilities.

4.119 The Commission's attention has been drawn to recent changes in the billing cycle for single phase domestic consumers implemented by the distribution utilities during FY 2013-14. In some cases, the billing cycle has been reduced to 45 days, while in some others this has been reduced to 30 days.

4.120 In order to deal with such changes, one approach could be to revise the working capital provision in the ARR based on the practice being followed by the distribution utility in respect of single phase domestic consumers. This would lead to different principles being adopted for different distribution utilities on account of different practices being followed by them.

4.121 The other approach would be to retain the existing provision for working capital in the tariff on a uniform basis, but mandate a correction by way of rebate to single phase domestic consumers whose billing cycle is changed from the earlier 60 days billing period.

4.122 The Commission proposed to follow the second approach as this would allow continuation of a uniform provision in the tariff while requiring that the distribution utilities allow varying rebates depending on the billing cycle adopted by them in respect of single phase domestic consumers. This rebate would be allowed by the distribution utility at the end of each financial year based on the number of bills raised by them during the financial year and interest cost at the SBI PLR at 14.45% for the average number of days for which the billing has been advanced. Accordingly, the level of rebate on the total amount billed in any financial year shall be allowed in the first bill of the next financial year. This rebate shall be computed as per the following table:

Number of bills raised during the financial year	**Rebate (%)**
6	Nil
7	0.2
8	0.4
9	0.6
10	0.8
11	1.0
12	1.2

Equity & Debt

4.123 Due to revision in opening balance of GFA for 2nd Control period FY 2012-13 to FY 2014-15 the equity and debt has been approved as below:

Table 103: Revise Equity and Debt approved for the Control Period for FY 2012-13 to FY 2014-15 (Rs. crore)

S.No.	**Particulars**	**FY 2012-13**	**FY 2013-14**	**FY 2014-15**
Equity during the Control period				
1	Opening Equity	869.88	921.33	977.31
2	Addition during the year	51.44	55.99	58.88

3	Closing Balance	921.33	977.31	1036.20
4	Average Equity	895.61	949.32	1006.76
Debt during the control period				
5	Opening loan	1867.96	2172.80	2345.30
6	Add: Capex loan	120.04	130.63	137.40
7	Working Capital loan	184.80	41.87	42.34
8	Closing Loan	2172.80	2345.30	2525.04
9	Average Loan	2020.38	2259.05	2435.17

Return on Capital Employed (RoCE)

Petitioner's Submission

4.124 The Petitioner has projected the RoCE at Rs. 407.77 crore in the revised ARR for FY 2013-14 as approved by the Commission in the MYT Order of July 2012. The details are given in the table below:

Table 104: RoCE Projected in the RE for FY 2013-14 (Rs. crore)

Sl. No.	Particulars	Approved in MYT Order of July 2012	Petitioner's Submission
1	RoCE	297.56	407.77

4.125 The Petitioner has submitted the RoCE for FY 2013-14 in based on the projected capitalisation for FY 2012-13 and FY 2013-14.

Commission's Analysis

4.126 The closing GFA of FY 2011-12 has been provisionally revised based on actual capitalization submitted by the Petitioner, therefore, the RRB, RoCE for the second current Control Period FY 2012-13 to FY 2014-15 has also been revised.

Regulated Rate Base

4.127 The Commission had approved RRB for each year of the Control Period (FY 2012-13 to FY 2014-15) based on the projected GFA of first MYT period FY. 2007-08 to FY. 2011-12 in the MYT tariff order dated 13th. July 2012. The revised approved RRB in the review of FY 2013-14 is given in the Table below :

Table 105: Revised RRB approved for the control period for FY 2012-13 to FY 2014-15 (Rs. Crore)

Sl. No.	Particulars	Reference	FY 2012-13	FY 2013-14	FY 2014-15
1	RRB Opening	E	2312.81	2547.14	2647.22
2	ΔAB (Change in Regulated Base)	F=G-H-I-J	49.52	58.22	60.98
3	Investments Capitalized	G	200.88	220.00	220.00
4	Depreciation	H	121.96	128.40	135.30
5	AAD	I	0.00	0.00	0.00
6	Consumer Contribution	J	29.40	33.38	23.72
7	Change in WC	K	184.80	41.87	42.34
8	RRB Closing	L=E+F+K	2547.14	2647.22	2750.55
9	RRB (i)	M=E+F/2+K	2522.38	2618.12	2720.057

RoCE

4.128 The RoCE approved in the review of FY 2013-14 is given in the Table below:

Table 106: Revised RoCE approved for the control period for FY 2012-13 to FY 2014-15 (Rs .Crore)

Sl. No.	Particulars	Reference	FY 2012-13	FY 2013-14	FY 2014-15
1	RRB (i)	(Rs. crore)	2522.38	2618.12	2720.06
2	Equity (Average)	(Rs. crore)	895.61	949.32	1006.76
3	Debt (Average)	(Rs. crore)	2020.38	2259.05	2435.17
4	Rate of Return on Equity	%	16%	16%	16%
5	Rate of Return on Debt	%	9.97%	10.12%	10.25%
6	WACC	%	11.82%	11.86%	11.93%
7	RoCE	(Rs. crore)	298.14	310.51	324.50

Capitalisation of expense and Interest Charge

4.129 In its written submission to the Hon‘ble ATE, the Commission submitted that

> *For the MYT Period DERC is following the principle of Return on Capital Employed in which it allows Return on Equity and Interest on Loan under RoCE only for the assets capitalized. Any interest cost incurred before capitalization is considered as IDC (Interest During Construction) and would be included in Asset base only after capitalization. DERC would correct this error based on this principle in the True up Order.*

4.130 For capitalizing the employee for the Control Period, the Commission has considered that 10% of the Employee expense will be capitalised during each year of the Control

Period, as was proposed by the Petitioner in the MYT Petition for each year of the Second Control period (FY 2012-13 to FY 2014-15), as shown in the table below:

Table 107: Approved Expense Capitalization for FY 2012-13 to FY 2014-15 (Rs Cr)

Particulars	FY 2012-13	FY 2013-14	FY 2014-15
Interest & Finance Charges Capitalised	6.79	7.76	7.08
Employee Expenses Capitalised	39.03	47.98	59.06
A&G Expenses Capitalised	0.00	0.00	0.00
Total Capitalisation	**45.82**	**55.73**	**66.14**

Income Tax

Petitioner's Submission

4.131 The Petitioner has projected the Income Tax in the Revised ARR for FY 2013-14 in accordance with MYT Order of July 2012 as detailed in the table below:

Table 108: Income Tax Projected in the RE for FY 2013-14 (Rs. crore)

Sl. No.	Particulars	Approved in MYT Order of July 2012	Petitioner's Submission
1	Income tax	23.77	44.14

4.132 The Petitioner has submitted that it has considered the Income tax for FY 2013-14 in accordance with the MYT Order of July 2012.

Commission's Analysis

4.133 Regulation 5.22 of DERC MYT Regulations. 2011 specified that Tax on Income, if any liable to be paid on the licensed business of the distribution Licensee shall be limited to tax on return on the equity component of capital employed. In accordance with this Regulation the Commission had approved income Tax at Rs. 23.77 crore for FY 2013-14 in the MYT Order of July 2012.

4.134 The Commission considers the Income tax based on revised RoE which will be trued up on submission of actual/audited accounts. Income tax approved for FY 2012-13 to FY 2014-15 is given in the Table below:

Table 109: Revised Income Tax approved by the Commission for FY 2012-13 to FY 2014-15 (Rs. crore)

S.No.	Particulars	Reference	FY 2012-13	FY 2013-14	FY 2014-15
1	RRB (Average)	A	2522.38	2618.12	2720.06
2	Equity	B	895.61	949.32	1006.76
3	Debt	C	2020.38	2259.05	2435.17
4	% of Equity	D	**30.71%**	**29.59%**	**29.25%**
6	**Equity Considered for Income Tax**	**F=A*D**	**774.62**	**774.70**	**795.62**
7	**Rate of Return**	G	16%	16%	16%
8	Return on Equity	**H=E*F**	**123.94**	**123.95**	**127.30**
9	**MAT /** Income Tax Rate	**I**	20.01%	20.01%	20.01%
10	Income Tax	**J=(H/(1-I))-H**	**31.00**	**31.01**	**31.84**

Non – Tariff Income other than Wheeling business Income

Petitioner's Submission

4.135 The Petitioner has submitted that it has considered the non-tariff income for FY 2013-14 at the same level as approved in the MYT Order of July 2012. The details are given in the Table below:

Table 110: Non tariff Income / Other Income projected in the RE for FY 2013-14 (Rs. crore)

Sl. No.	Particulars	Approved in MYT Order of July 2012	Petitioner's Submission
1	Non tariff Income other than Wheeling business Income	74.28	98.58

Commission's Analysis

4.136 The Commission Considers the Other Income / Non Tariff Income in the review for FY 2013-14 as approved in the MYT Order of July 2012.The details are as given in the Table below:

Table 111: Non Tariff Income other than Wheeling business Income approved by the Commission for FY 2013-14 (Rs. crore)

Sl. No.	Particulars	Petitioner's Submission	Now Approved
1	Non tariff Income other than Wheeling business Income	98.58	74.28

Revenue billed

Petitioner's submission

4.137 The Petitioner has projected the Revenue billed (net of E-Tax) at existing tariff as Rs. 5340.60 crore for FY 2013-14.

Commission's Analysis

4.138 The Commission has computed the revenue billed (net of E-Tax) with existing tariffs based on approved energy sales for FY 2013-14 at Rs. 5015 crore.

Aggregate Revenue Requirement

4.139 The ARR approved in the MYT Order dated July 2012, ARR claimed by the Petitioner in the RE and ARR considered in the review for FY 2013-14 are summarized in the table below:

Table 112: Approved Aggregate Revenue Requirement (ARR) (Rs. crore)

Sl. No.	Particulars	MYT Order of July, 2012	Petitioner's Submission	Now Approved
1	Power Purchase Cost	3605.02	4722.81	3409.27
2	Inter-State Transmission Charges	177.58	178	321.35
3	Intra-State Transmission Charges	163.41	302	152.85
4	O&M Expenses	413.51	413.51	413.51
a	Employee Expenses	268.2	268.2	268.2
b	A&G Expenses	47.57	47.57	47.57
c	R & M Expenses	97.74	97.74	97.74
5	Depreciation	133.62	153.43	128.40
6	Return on Capital Employed	297.56	407.77	310.51
7	Income tax	23.77	44.14	31.01
8	Less: Other Income	(74.28)	(98.58)	(74.28)
9	Aggregate Revenue Requirement	**4740.19**	**6123.08**	**4692.62**

4.140 The Commission therefore approves Aggregate Revenue Requirement of Rs. 4692.62 crore for FY 2013-14.

4.141 Based on the allocation of different expenses as already discussed above the approved ARR for Wheeling and Retail Supply business is given below:

Table 113: Approved ARR for Wheeling Business of Petitioner for FY 2013-14 (Rs. crore)

Sl. No.	Particulars	FY 2013-14

1	Operation and Maintenance costs	254.39
2	Depreciation (including AAD)	98.41
3	Return on Capital employed	221.21
4	Income Tax provision	22.08
	Less:	
5	Non-tariff income	-29.71
6	**Aggregate Revenue Requirement**	**566.38**

Table 114: Approved ARR Retail Supply Business of Petitioner for FY 2013-14 (Rs. crore)

Sl. No.	**Particulars**	**FY 2013-14**
1	Cost of power purchase	3409.27
2	Inter-state transmission charges	321.35
3	Intra-state transmission charges	152.85
5	Operation and Maintenance Cost	159.12
6	Depreciation (including AAD)	29.99
7	Return on capital employed	89.30
8	Income Tax provision	8.92
	Less:	
9	Non-tariff income	-44.57
10	**Aggregate Revenue Requirement**	4126.24

A5: Tariff Design

Components of Tariff Design

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

(a) Consolidated Sector Revenue (Gap)/Surplus.

(b) Cost of service

(c) Cross-subsidisation in tariff structure

Consolidated Revenue (Gap)/Surplus for the Sector

Revenue (Gap)/Surplus till FY 2011-12

5.2 The Commission has approved the revenue (gap)/surplus for the Petitioner for the past period, FY 2007-08 to FY 2011-12 as discussed in detail in Chapter A3 of this Order. The cumulative revenue (gap)/surplus till end of FY 2010-11 and for FY 2011-12 is summarised in the table below:

Table 115: Revenue (Gap)/Surplus of TPDDL till FY 2011-12 (Rs. crore)

Sl. No.	Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12#
1	Opening level of Gap	(156.34)	(369.48)	(359.06)	(1122.77)	(2111.50)
2	Contingency Reserve Adjusted towards Meeting Revenue Gap				45.51	
3	Revenue Requirement for the year		2295.14	3259.42	3679.09	4253.95
4	Revenue at existing tariffs		2344.58	2567.42	2802.60	3310.10
5	Surplus/ (Gap) for the year	(186.66)	49.44	(692.00)	(876.49)	(943.85)
6	Rate of Carrying Cost	10.61%	11.32%	10.17%	10.41%	12.20%
7	Carrying Cost	(26.48)	(39.02)	(71.71)	(157.75)	(315.20)
8	Closing Balance of (Gap)/ Surplus	(369.48)	(359.06)	(1122.77)	(2111.50)	(3370.56)

\# including additional impact of True-up with carrying cost as per Hon'ble APTEL's direction of FY 2007-08 to FY 2010-11 of RoCE, Depreciation, etc.

5.3 The summary of revenue (gap)/surplus approved for BYPL and BRPL till FY 2011-12 is shown below:

Table 116: Revenue (Gap)/Surplus of BYPL till FY 2011-12 (Rs. crore)

Sl. No.	Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12#
1	Opening level of Gap	(158.50)	(114.46)	24.26	(510.34)	(1638.85)

Sl. No.	Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12#
2	Contingency Reserve Adjusted towards Meeting Revenue Gap				7.43	
3	Revenue Requirement for the year		1562.72	2348.38	3076.12	3504.19
4	Revenue at existing tariffs		1706.62	1841.57	2064.73	2486.78
5	Surplus/ (Gap) for the year	59.28	143.90	(506.81)	(1011.39)	(1017.41)
6	Unpaid dues to Generation and Transmission utilities as per audited accounts					1675.08
7	*Normative trade credit for power purchase					320.39
8	Over dues to Generation and Transmission utilities for computing carrying cost (6-7) ($ refer note below)					1354.69
9	(Gap)/Surplus after adjusting unpaid overdues for the year (5+8)	(99.22)	29.44	(482.55)	(1514.30)	337.28
10	Rate of Carrying Cost	11.83%	12.17%	12.13%	12.35%	13.52%
11	Carrying Cost	(15.24)	(5.17)	(27.80)	(124.54)	(198.77)
12	Closing Balance of (Gap)/ Surplus	(114.46)	24.26	(510.34)	(1638.85)	(2855.03)
13	Net (Gap) / Surplus after adjusting unpaid over dues	(114.46)	24.26	(510.34)	(1638.85)	(1500.34)

including additional impact of True-up with carrying cost as per Hon'ble APTEL's direction of FY 2007-08 to FY 2010-11 of RoCE, Depreciation, etc.

* While deciding the amount of outstanding dues to be deducted from the accumulated revenue shortfall for computing the carrying cost, the Commission has considered the total outstanding dues at the end of the year less normal trade credit of 30 days extended by the suppliers (generation and transmission utilities). The normal trade credit of 30 days as above has been worked out considering 1/12th of the total amount billed by the suppliers. The same could be subject to subsequent adjustment based on supporting evidence which the distribution companies may provide to justify a change in the above normative figures.

$ In its Tariff Orders for FY 2011-12 and FY 2012-13, the Commission had quantified the revenue gap in respect of the distribution companies. In the Tariff Order FY

2012-13, the Commission has also introduced a tariff surcharge of 8% for progressive liquidation of this accumulated shortfall. Under normal circumstances, the above revenue shortfall to the extent that it will remain unrecovered in ARR and would qualify for carrying cost at rates decided by the Commission from time to time.

The Govt. of NCT of Delhi vide its letter No.F.11(115)/2010/Power/Pt./1334 dated 24.05.2013 has drawn the attention of the Commission to the fact that some of the distribution utilities have not been paying their dues to the Delhi GENCOs and Delhi Transco and have accumulated a huge backlog in respect of these payments. The Government have, therefore, requested the Commission to direct the distribution companies to establish Trust and Retention Account into which all revenues received by the distribution companies should flow and various liabilities then be discharged there from as per priorities to be determined by Commission. The matter regarding non-payment of the dues by the DISCOMs to Generator is being separately heard by the Commission in Petition No. 51 & 52 of 2011 filed by IPGCL & PPCL respectively. Pending completion of hearing of this Petition and any orders that the Commission may pass in this regard, the Commission has decided to deduct the amount of Rs. 1354.69 crore (which is the net overdue) owed by the distribution company to generation and transmission utilities from the amount of accumulated shortfall for the purpose of computing carrying cost on the accumulated shortfall.

This approach is based on the fact that while some of the utilities have raised resources (either internal or from the market) and have been regularly paying their dues to the generation and transmission utilities, others have defaulted in payment and built up huge arrears. It would, therefore, not be justified to allow carrying cost to the extent of the accumulated arrears of the distribution companies to the generation and transmission utilities.

The Commission has excluded the unpaid over dues to Generation & Transmission Utilities for computing carrying cost. However, the Commission would re-visit the issue of carrying cost on outstanding dues after these dues, surcharge thereon etc. have been paid by the distribution companies to the generation and transmission utilities. In doing so, the Commission would duly consider the penal nature of late payment surcharge and the normal carrying costs based on principles decided by the Commission.

Table 117: Revenue (Gap)/Surplus of BRPL till FY 2011-12 (Rs. crore)

Sl. No.	Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12#
1	Opening level of Gap	(404.47)	(592.12)	(620.99)	(1698.10)	(3262.19)
2	Contingency Reserve Adjusted towards Meeting Revenue Gap				28.91	
3	Revenue Requirement for the year		3069.39	4351.69	5235.64	6109.01
4	Revenue at existing tariffs		3109.13	3408.33	3929.66	4572.58
5	Surplus/ (Gap) for the year	(133.73)	39.74	(943.36)	(1305.98)	(1536.43)

6	Unpaid dues to Generation and Transmission utilities as per audited accounts					2508.74
7	*Normative trade credit for power purchase					534.75
8	Over dues to Generation and Transmission utilities for computing carrying cost (6-7) ($ refer note above)					1973.99
9	(Gap)/Surplus after adjusting unpaid over dues for the year (5+8)	(133.73)	39.74	(943.36)	(1305.98)	437.56
10	Rate of Carrying Cost	11.44%	11.99%	12.24%	12.36%	13.37%
11	Carrying Cost	(53.92)	(68.61)	(133.74)	(287.02)	(406.90)
12	Closing Balance of (Gap)/ Surplus	(592.12)	(620.99)	(1698.10)	(3262.19)	(5205.52)
13	Net (Gap) / Surplus after adjusting unpaid over dues	(592.12)	(620.99)	(1698.10)	(3262.19)	(3231.53)

including additional impact of True-up with carrying cost as per Hon'ble APTEL's direction of FY 2007-08 to FY 2010-11 of RoCE, Depreciation, etc.

* The Commission has decided to deduct the amount of Rs. 1973.99 crore (which is the net overdue) owed by the distribution company to generation and transmission utilities from the amount of accumulated shortfall for the purpose of computing carrying cost on the accumulated shortfall.

5.4 The Revenue Gap at Tariffs determined by the Commission is indicated below:

Table 118: Revenue (Gap)/Surplus of the three DISCOMS till FY 2011-12 (Rs. crore)

Particulars	Upto FY 2011-12
BRPL	(5205.52)
BYPL	(2855.03)
TPDDL	(3370.56)
Total	**(11431.12)**

5.5 It can be seen from the above that the accumulated Revenue Gap till FY 2011-12 for all the three DISCOMs is Rs. (11431.12) crore.

5.6 The Commission has excluded the unpaid dues to Generation & Transmission Utilities for computing carrying cost. However, the Commission would re-visit the issue of carrying cost on outstanding dues after these dues, surcharge thereon etc. have been paid by the distribution companies to the generation and transmission utilities. In doing so, the Commission would duly consider the penal nature of late payment surcharge and the normal carrying costs based on principles decided by the

Commission.

5.7 The Net Revenue (Gap) / Surplus after adjusting unpaid over dues to Generators & Transmission utilities is given below:

Particulars	Upto FY 2011-12
BRPL	(3231.53)
BYPL	(1500.34)
TPDDL	(3370.56)
Total	**(8102.43)**

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

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

Table 119: Revenue (Gap)/Surplus of BRPL at Existing Tariffs for FY 2013-14 (Rs. Crore)

Particulars	FY 2013-14
Revenue requirement for the year	6131.17
Revenue at existing tariff	6785.90
Revenue (Gap)/surplus for the year	654.73

5.9 The summary of net revenue (gap)/surplus for BYPL and TPDDL at existing tariff for the current year, FY 2013-14 is shown below:

Table 120: Revenue (Gap)/Surplus of BYPL at existing tariffs for FY 2013-14 (Rs. Crore)

Particulars	FY 2013-14
Revenue requirement for the year	3625.12
Revenue at existing tariff	3584.99
Revenue (Gap)/surplus for the year	(40.13)

Table 121: Revenue (Gap)/Surplus of TPDDL at existing tariffs for FY 2013-14 (Rs. Crore)

Particulars	FY 2013-14
Revenue requirement for the year	4692.62
Revenue at existing tariff	4989.93
Revenue (Gap)/surplus for the year	297.31

Table 122: Revenue (Gap)/Surplus of all the three DISCOMs for FY 2013-14 (Rs. Crore)

Particulars	Up to FY 2011-12
BRPL	654.73
BYPL	(40.13)
TPDDL	297.31
Total	**911.91**

Revenue (Gap)/Surplus at Approved Tariffs

5.10 The summary of revenue billed at existing tariffs, excluding 8% surcharge, for FY 2013-14 is shown below:

Table 123: Revenue at existing tariffs for FY 2013-14 (Rs. Crore)

Category	Fixed Charges	Energy Charges	Total Revenue Billed
Domestic	80.50	1492.33	1572.83
Non-Domestic	174.04	1091.67	1265.71
Industrial	185.89	1577.39	1763.28
Public Lighting	0.00	87.00	87.00
Irrigation & Agriculture	0.60	3.38	3.98
Railway Traction	3.89	37.57	41.46
DMRC	6.58	88.27	94.85
Others (DIAL, DJB, Temporary, Misuse, Enforcement etc.)	10.50	175.39	185.89
Total	462	4553	*5015
Total Revenue Collected @ 99.50% Collection Efficiency			4989.93

5.11 Taking the collection efficiency at 99.50% as approved for FY 2013-14, the revenue realised for FY 2013-14 projected by Commission at existing tariff is Rs 4989.93 crore.

5.12 The Commission has revised the Tariffs with effect from 01-08-2013.

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

Table 124: Revenue at revised tariffs for FY 2013-14 (Rs. crore)

Summary of revenue	Fixed charges	Energy charges	Total revenue billed
Domestic	80.47	1546.07	1626.54
Non-Domestic	174.03	1134.33	1308.36
Industrial	185.89	1636.24	1822.12
Public lighting	0.00	85.05	85.05
Irrigation and agriculture	0.60	3.51	4.11
Railway traction	3.89	38.83	42.72
DMRC	6.58	94.00	100.58
Others (DIAL, DJB, Temporary, Misuse, enforcement etc.)	8.35	198.69	207.04
Total	459.81	4739.25	5196.54
Total Revenue Collected @ 99.50% Collection Efficiency			5170.56

5.14 Taking the collection efficiency at 99.50% as approved for FY 2013-14, the revenue projected to be realised in FY 2013-14 projected by the Commission is Rs. 5170.56 Crore.

5.15 After revision of the tariff, the net revenue (gap)/surplus for TPDDL along with adjustment at approved tariff is shown below:

Table 125: Revenue (gap)/surplus of TPDDL at Revised tariffs for FY 2013-14 (Rs. crore)

Particulars	FY 2013-14
Revenue requirement for the year	4692.62
Revenue available at revised tariffs	5170.56
(Gap)/Surplus for the year	477.94

5.16 The Commission observes that the revenue gap for FY 2011-12 is Rs. (3370.56) Crore, while revenue (gap)/surplus for FY 2013-14 are Rs. 297.31 Crore. The tariff increase approved by the Commission in this order will enable the Petitioner to generate additional revenue of Rs. 180.63 Crore in remaining period of the year, leaving a revenue surplus for FY 2013-14 on standalone basis at Rs. 477.94 Crore. The 8% surcharge levied by the Commission in this tariff order will enable the Petitioner to generate additional revenue of Rs. 415.72 Crore in the remaining period of the year FY 2013-14.

Treatment of Revenue (Gap)/Surplus

Petitioner's Submission

5.17 The Petitioner has proposed Aggregate Revenue Requirement (ARR) of Rs. 5643.09 crore for FY 2013-14 (without past revenue gaps and carrying cost) against projected revenue collection of Rs. 5340.60 Crore (excluding 8% surcharge) at existing tariffs. Thus, the revenue deficit at existing tariff proposed by the Petitioner for FY 2013-14 is Rs. 302.49 Crore.

5.18 The Petitioner has requested the Commission to increase in energy charges by 5% for Domestic, Commercial, Agriculture consumers and to increase energy charges in the range of 10 to 15% for other categories i.e. industrial, railways, DMRC, DJB etc. The Petitioner further requested to increase the deficit recovery surcharge from 8% at present to a level which would allow the recovery of past gaps in next 4 to 5 years.

Commission's Analysis

5.19 The total revenue at existing tariffs (excluding 8% surcharge) for all the three distribution companies is estimated at Rs.15360.82 Crore as compared to the combined ARR of the three distribution companies of Rs.14448.91 Crore, leaving a net revenue surplus of Rs. 911.91 Crore for FY 2013-14. The 8% surcharge is estimated to result in an additional inflow of Rs.1228.87 Crore, leaving a net surplus of Rs. 2140.78 Crore in the hands of the utilities. There is, however, an additional revenue gap of Rs. 3497.69 Crore resulting from the true up of FY 2011-12. A major portion of this additional revenue gap is offset by the expected revenue surplus of Rs.2140.78 Crore for FY 2013-14, leaving a net incremental shortfall of Rs. 1356.91 Crore for FY 2013-14.

5.20 The Commission has undertaken a provisional true up of capitalisation for the first MYT period from FY 2007-08 to FY 2011-12 both in respect of DTL and for the distribution companies. The capitalisation by all the utilities based on audited accounts for the above years, has been lower than the projected capitalisation considered by the Commission in its MYT order for FY 2007-08 to FY 2010-11 and tariff order for FY 2011-12. This has resulted in downward revision in the provision for depreciation and Return on Capital Employed (RoCE) for each of the above entities.

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

5.22 The provision for capitalisation in respect of the distribution companies which is presently based on their audited accounts may also undergo downward revision based on the physical verification of assets presently being undertaken by the Commission, which would in turn impact the provisions for depreciation and RoCE in respect of the distribution companies.

5.23 The Commission has given effect to various orders of the Appellate Tribunal for Electricity (ATE) and recognized the amounts receivable by the utilities on account of the above orders. An amount of approximately Rs. 600 Crore is provisionally being included for recovery in the ARR of FY 2013-14, pending outcome of appeals which are pending before the Supreme Court against the various orders of the ATE. In case the appeals are settled on the basis of the grounds taken by the Commission, the amount of Rs.600 Crore being passed through in the ARR of FY 2013-14 would have to be adjusted accordingly.

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

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

5.26 IPGCL are yet to furnish the details regarding the disposal of the assets of IP Station which has been closed down. The sale proceeds are expected to be significantly higher than the depreciated cost. The actual impact shall be assessed after incorporating the sale proceeds.

5.27 After the completion of the provisional true-up for FY 2011-12 and provisional capitalization for the MYT period FY 2007-08 to FY 2010-11, the Commission has observed that the Net Revenue Gap/Revenue gap after adjusting outstanding dues for all the 3 DISCOMs has increased from the earlier figure of Rs.6919.04 Crore at the end of FY 2010-11 (now revised to Rs. 7012.54 Crore due to revised carrying cost) to Rs. 11431.12 Crore at end of FY 2011-12.

5.28 Considering all the factors listed above, the Commission has decided to take a conservative view and limit the quantum of tariff increase to 5% for FY 2013-14.

5.29 For meeting carrying cost of the revenue gap till FY 2013-14, the Commission has decided to continue the existing surcharge at 8% over the revised tariff. The Commission in consultation with GoNCTD shall evolve a reasonable schedule for liquidation of revenue gap which will be fair to all stakeholders.

Cost of Service Model

5.30 While determining the revenue requirement, various sectors of services, viz.

generation, transmission and the distribution costs contribute to the total cost of service. The relative burden of constituent consumer categories is assessed and on the basis of the cost imposed on the system, it is decided as to how much share is due to which category of consumers. Although, it shall be equitable to have the embedded cost in designing the tariff for different consumer categories, it calls for a detailed database of allocated costs. Such allocations in the determination of embedded cost are done on the basis of following factors:

(a) Voltage of supply;
(b) Power factor;
(c) Load factor;
(d) Time of use of electricity;
(e) Quantity of electricity consumed,
(f) AT&C Loss etc.

5.31 As the detailed information regarding all the above factors except AT&C loss is not available, it would be difficult to assess the cost of service with reference to all the above factors except AT&C loss.

5.32 The Commission has carried out a study for calculating the voltage wise cost of supply for all the three DISCOMs for FY 2013-14. The approach adopted by the Commission for determining the cost of supply for different voltage levels has been described in the following paragraphs.

5.33 The approved ARR of the Wheeling and Retail Supply business is allocated to different voltage levels and the same has been considered along with the energy sales to the respective voltage level to arrive at the per unit Wheeling charge and Retail Supply Charge for that voltage level (detailed methodology discussed ahead).

Allocation of Wheeling ARR

5.34 The Commission has considered the gross energy sales (MU) approved for the DISCOM for the year and has allocated the same to different voltage levels in the proportion of energy sales (MU) to these voltages to total sales in that year as submitted by the respective DISCOMs. Both BRPL and BYPL have not indicated any energy sales above 66 kV level in their distribution areas and therefore, no energy sales has been considered above 66 kV level while computing the cost of supply.

TPDDL has shown 1.96% of the total sales of TPDDL to DMRC as sales above 66 kV and same has been considered by the Commission in the MYT order dated July 13, 2012. Same level of sales is considered for above 66 kV during FY 2013-14 also.

Table 126: Approved Energy Sales for FY 2013-14 (MU)

Particulars	BRPL	BYPL	TPDDL
Sales above 66 kV level	-	-	146
Sales at 33/66 kV level	763	192	124
Sales at 11 kV level	1717	625	925
Sales at LT level	7405	4728	6244
Total	**9885**	**5545**	**7439**

5.35 The Commission has, thereafter, grossed up the energy sales (MU) at the specific voltage level with the respective distribution losses (%) at that level to arrive at the Energy Input (MU) for that level. Since the accurate baseline data for the voltage wise distribution losses is not available, the Commission has considered the distribution losses based on the losses as approved in the MYT Order dated July 13, 2012. The summary of the voltage wise distribution losses considered by the Commission are as follows.

Table 127: Distribution Loss for FY 2013-14 (%)

Particulars	BRPL	BYPL	TPDDL
Loss above 66 kV level	0.00	0.00	0.00
Loss at 33/66 kV level	1.39	0.9	1.25
Loss at 11 kV level	2.35	2.00	3.96
Loss at LT level	12.52	14.65	8.10

5.36 The Commission would like to re-iterate that the voltage wise distribution losses considered above are estimates and may not reflect the actual picture. The Commission, in this regard directed the three DISCOMs (BRPL, BYPL and TPDDL) earlier to carry out energy audit of the sales at HT level (33 kV and 11kV) so that the actual data of distribution losses at different voltage levels could be used to calculate the cost of supply in the next Tariff Order. Since these are not furnished the Commission has considered the loss levels approved in the MYT order. The summary of Energy Input (MU) for the respective voltage levels are shown below:

Table 128: Approved Energy Input for FY 2013-14(MU)

Particulars	BRPL	BYPL	TPDDL
Input for 66 kV level	0	0	146
Input for 33/66 kV level	774	194	126

Input for 11 kV level	1783	644	975
Input for LT level	8791	5705	7164
Total	**11348**	**6542**	**8411**

5.37 The Wheeling ARR for the year has been apportioned in proportion of the energy input at different voltage levels. The wheeling cost allocated to different voltage levels is tabulated below:

Table 129: Wheeling cost allocated to different voltages for FY 2013-14 (Rs. crore)

Particulars	BRPL	BYPL	TPDDL
Above 66 kV level	0	0	9.83
At 33/66 kV level	46.80	12.98	8.46
At 11 kV level	107.85	43.11	65.68
At LT level	531.68	382.14	482.42
Total	**686.33**	**438.23**	**566.38**

5.38 Based on the energy sales at the respective voltage levels the Commission has determined Wheeling Charge per unit for different voltages for FY 2013-14 as below.

Table 130: Wheeling Charges for FY 2013-14 (Rs/Unit)

Particulars	BRPL	BYPL	TPDDL
Above 66 kV level	0	0	0.67
At 33/66 kV level	0.61	0.68	0.68
At 11 kV level	0.63	0.69	0.71
At LT level	0.72	0.81	0.77
Average	**0.69**	**0.79**	**0.76**

Allocation of Retail Supply ARR

5.39 The Commission has allocated the Retail Supply ARR in the ratio of energy input determined above for different voltage levels. The Commission has thereafter, determined the Retail Supply charge for a particular voltage level by considering energy sales at that voltage level. The summary of Retail supply ARR Allocation to different voltage levels for FY 2013-14 is given below:

Table 131: Retail Supply cost Allocated to different voltages for FY 2013-14 (Rs. crore)

Particulars	BRPL	BYPL	TPDDL
Above 66 kV level	0.00	0.00	71.62
At 33/66 kV level	371.27	94.38	61.60
At 11 kV level	855.58	313.51	478.48
At LT level	4217.99	2779.01	3514.54
Total	**5444.83**	**3186.90**	**4126.24**

5.40 Based on the energy sales at the respective voltage levels, the Commission has determined retail supply charges per unit for different voltages for FY 2013-14 as below:

Table 132: Retail Supply Charges at different voltages for FY 2013-14 (Rs/Unit)

Particulars	BRPL	BYPL	TPDDL
Above 66 kV level	0.00	0.00	4.91
At 33/66 kV level	4.87	4.92	4.97
At 11 kV level	4.98	5.02	5.17
At LT level	5.70	5.88	5.63
Average	**5.51**	**5.75**	**5.55**

5.41 The cost of supply determined by the Commission for the different voltage levels is shown below:

Table 133: Cost of Supply for BRPL (Rs./Unit)

Particulars	Wheeling	RST	Total
Above 66 kV level	0.00	0.00	0.00
At 33/66 kV level	0.61	4.87	5.48
At 11 kV level	0.63	4.98	5.61
At LT level	0.72	5.70	6.41
Average	0.69	5.51	6.20

Table 134: Cost of Supply for BYPL (Rs. /Unit)

Particulars	Wheeling	RST	Total
Above 66 kV level	0.00	0.00	0.00
At 33/66 kV level	0.68	4.92	5.59
At 11 kV level	0.69	5.02	5.71
At LT level	0.81	5.88	6.69
Average	0.79	5.75	6.54

Table 135: Cost of Supply for TPDDL (Rs. /Unit)

Particulars	Wheeling	RST	Total
Above 66 kV level	0.67	4.91	5.58
At 33/66 kV level	0.68	4.97	5.65
At 11 kV level	0.71	5.17	5.88
At LT level	0.77	5.63	6.40
Average	0.76	5.55	6.31

Cross-subsidisation in Tariff Structure

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

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

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

5.44 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.

5.45 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. Several stakeholders have raised serious concern over cross subsidization of some categories and argued that after privatization, electricity distribution is purely commercial operation and there is no justifications for making some consumers pay for others. If any class of consumers is to be given concessional tariff on socio-economic ground, the State government shall bear the cost on this count as supporting weaker sections of society is the responsibility of the government.

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

5.47 With the revision in tariff the Commission has made an attempt towards reducing the cross subsidy in the existing tariff structure by approving a higher tariff hike (percentage) for all subsidized categories, than those approved for subsidizing consumer categories, as can be seen from the table below:

Table 136: Ratio of ABR to Average Cost of Supply and category-wise tariff hike approved for FY 2013-14

Category	Average Billing Rate At Existing Tariff	Average Billing Rate (ABR) at Revised Tariff		Average Cost of Supply	Ratio of average billing rate at Revised Tariff to Average Cost of Supply		% hike in average tariff
		8month ABR	Full Year ABR		8month ABR	Full Year ABR	
Domestic	4.91	5.17	5.17	6.31	81.93%	81.93%	5.30%
Non-domestic low tension							
Up to 10 kW	9.25	9.59	9.55	6.31	151.98%	151.35%	3.24%
> 10 kW to 100 kW	9.3	9.79	9.68	6.31	155.15%	153.41%	4.09%
>100 kW	10.48	10.95	10.92	6.31	173.53%	173.06%	4.20%
Non Domestic High Tension	8.94	9.35	9.32	6.31	148.18%	147.70%	4.25%
Small Industrial Power (SIP)							
up to 10 kW	8.61	8.99	8.96	6.31	142.47%	142.00%	4.07%
10-100 kW	8.02	8.48	8.45	6.31	134.39%	133.91%	5.36%
>100 kW	9.54	10.1	10.08	6.31	160.06%	159.75%	5.66%
Large Industrial Power (LIP)	7.12	7.45	7.44	6.31	118.07%	117.91%	4.49%
Agriculture	3.06	3.22	3.21	6.31	51.03%	50.87%	4.90%
Mushroom cultivation	-	-	-	-	-	-	-
Public Lighting	7.25	7.00	7.00	6.31	110.94%	110.94%	-3.45%
Railways	7.27	7.63	7.61				4.68%
DMRC	5.48	6.00	5.99	6.31	95.09%	94.93%	9.31%
DJB	8.34	8.77	8.79	6.31	138.99%	139.30%	5.40%

Tariff Structure

Domestic Tariff

5.48 Domestic tariff is applicable for power consumption of residential consumers, hostels of recognized/aided educational institutions and staircase lighting in residential flats, compound lighting, lifts and water pumps or drinking water supply and fire-fighting equipment, etc. in Cooperative Group Housing Societies (CGHS), bonfire domestic use in farm houses, etc.

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

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

5.51 The Commission has considered the views expressed by the stakeholders and after considering various options, the Commission proposes to continue with the existing methodology of levying fixed charges on slab system, based on the sanctioned load till sanctioned load of 5 kW and for sanctioned load above 5 kW, the fixed charges shall be applicable in Rs/kW terms.

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

Domestic single delivery point at 11 KV for CGHS

5.53 In respect of tariff for Cooperative Group Housing Societies (CGHS) complexes, the Commission in its earlier Tariff order dated 13th July, 2012, had considered 60% of the consumption at 201-400 units slab and remaining 40% consumption in the tariff slab of above 400 units.

5.54 In this order the commission has revised the slab structure for domestic consumers.

Accordingly, the Commission has considered first 55% consumption in 201-400 units slab, next 40% in 401-800 units slab and balance 5% in above 800 units slab.

Non-Domestic Tariff

5.55 Non-domestic category of consumers comprises two sub-categories, viz., Supply on low Tension and Supply on High Tension (11 kV and above).

Non-Domestic Low Tension (NDLT)

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

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

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

5.59 For Non Domestic consumers having contract demand or sanctioned load (whichever is lower) more than 100 kW/108 kVA and up to 200 kW/215 kVA and availing supply on LT will also be charged kVAh tariff which will be higher than tariff for non domestic consumers having contract demand or sanctioned load more than 10 kW and up to 100 kW/(108 kVA). This has been done in view of the fact that the lower the voltage of supply, higher will be the system losses and hence the consumers with connected load more than 100 kW (108 kVA) at LT voltage (400 V) have to be discouraged.

5.60 The Commission believes that with gradual movement towards voltage linked tariff, irrespective of load of the consumer, the tariff for consumption at higher voltages will be lower than that for lower voltages, which will discourage consumers to opt for LT connections particularly for loads higher than 100 kW.

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

Non-Domestic High Tension (NDHT)

5.62 Non-domestic consumers with contract demand or sanctioned load more than 100 kW/ 108 kVA shall avail supply on 11 kV.

5.63 Non domestic consumers availing supply on 33 kV/66 kV or 220 kV will be entitled for rebate of 2.5% and 4% respectively on the applicable energy charges on 11 kV tariff.

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

Industrial Tariff

5.65 Industrial category of consumers consists of two sub-categories, viz., Small Industrial Power (SIP) and Large Industrial Power (LIP).

Small Industrial Power (SIP)

5.66 This category covers industrial consumers having contract demand or sanctioned load, whichever is applicable, up to 200kW / 215kVA.

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

5.68 For Industrial consumers having contract demand or sanctioned load more than 10 kW/11 kVA and up to 100 kW/108 kVA, the Commission has specified the kVAh based tariff.

5.69 Industrial consumers having contract demand or sanctioned load more than 100 kW/108 kVA and up to 200 kW/215 kVA and availing supply on LT will also be charged kVAh tariff which will be higher than the tariff for Industrial consumers having contract demand or sanctioned load more than 11 kVA and up to 108 kVA. This has been done in view of the fact that lowers the voltage of supply, higher the system losses and hence consumers with connected load more than 108 kVA at LT voltage (415 V) have to be discouraged.

5.70 For existing consumers of 10 kW and above having sanctioned load/contract demand, whichever is applicable, in kW, the actual power factor of the consumer in the relevant billing cycle shall be considered for converting kW to kVA for computing the fixed charges. For new consumers, the sanctioned load/contract demand shall be in terms of kVA only.

Large Industrial Power (LIP)

5.71 Industrial consumers with contract demand or sanctioned load more than 108 kVA shall avail supply on 11 kV.

5.72 The Commission believes that with gradual movement towards voltage linked tariff, irrespective of load of the consumer, the tariff for consumption at higher voltages will be lower than that for lower voltages, which will discourage consumers to opt for LT connections particularly for loads higher than 100 kW.

5.73 For supply at 33/66 kV, consumers will get a rebate of 2.5% on the energy charges applicable for supply at 11 kV and a rebate of 4% for supply at 220 kV.

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

Agriculture

5.75 Agriculture connections are available for tube wells for irrigation, threshers and kutty cutting in conjunction with pumping load for irrigation purpose for loads up to 10 kW and lighting load for bonafide use in “kothra‟.

Mushroom Cultivation

5.76 This category is applicable to the consumers who are engaged in mushroom cultivation/processing.

Public Lighting

5.77 Tariff for this category is applicable to all street light consumers including MCD, DDA, PWD/CPWD, CGHS, Slums, DSIIDC and certain civilian pockets of MES. The share of MCD, however is dominating as most of the street lights in the city are owned by the MCD.

5.78 The Commission has decided that tariff for public lighting which is metered will be lower than tariff for public lighting which is unmetered. Therefore, the Commission has prescribed different tariff for metered and unmetered public lighting.

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

Railway Traction

5.80 This category is applicable to Indian Railways for traction purposes for loads more than 100 kW/108 kVA.

DMRC

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

Temporary Supply

5.82 The Commission does not propose any change in the existing tariff methodology for temporary supply as mentioned in the Tariff Schedule.

Delhi Jal Board (DJB)

5.83 In the Tariff Order for FY 2009-10, the Commission had decided to depart from the earlier practice of charging DJB consumption at MLHT tariff by creating a special category for DJB which provides an important public utility service. The special category created is being continued in view of the nature of consumption of DJB.

5.84 In the previous Tariff Order, the Commission has added DJB supply under LT also in this category.

5.85 For the purpose of conversion of kW to kVA, the actual power factor of the relevant billing cycle shall be considered for the computation of fixed charges.

Delhi International Airport Limited (DIAL)

5.86 The Commission, in the Tariff Order for FY 2009-10, has already created a separate category to cover the consumption for the infrastructure facilities at the airport. However in view of the fact that DIAL is providing services to consumers belonging to higher strata, it will not be fair to give the tariff at par with DJB, which is providing essential services to all consumers including the lowest strata of the society. Accordingly, the Commission has decided to give DIAL, a tariff, which shall be higher than that of DJB but lower than that of Non Domestic HT consumers.

Advertisement and Hoardings

5.87 The Commission, in this Tariff Order has created a separate category to cover the consumption for the advertisements and Hoardings. This category will be applicable for supply of electricity for lighting external advertisements, external hoardings and displays at departments stores, malls, multiplexes, theatres, clubs, hotels, bus shelters, Railway/Metro Stations shall be separately metered and charged at the tariff applicable for "Advertisements and Hoardings" category, except such displays which are for the purpose of indicating/displaying the name and other details of the shop, commercial premises itself. Such use of electricity shall be covered under the prevailing tariff for such shops or commercial premises.

Time of Day (ToD) Tariff

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

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

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

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

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

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

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

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

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

TARIFF SCHEDULE:

	Category	Fixed Charges[1]	Energy Charges[2]
1	**Domestic**		
1.1	**Domestic**		
a.	Up to 2 kW connected load		
	0-200 units	40 Rs/month	390 Paisa/kWh
	201-400 units	40 Rs/month	580 Paisa/kWh
	401 – 800 units	40 Rs/month	680 Paisa/kWh
	Above 800 Units	40 Rs/month	700 Paisa/kWh
b.	Between 2-5 kW connected load		
	0-200 units	100 Rs/month	390 Paisa/kWh
	201-400 units	100 Rs/month	580 Paisa/kWh
	401-800 units	100 Rs/month	680 Paisa/kWh
	Above 800 Units	100 Rs/month	700 Paisa/kWh
c.	Above 5 kW connected load		
	0-200 units	20 Rs /kW/month	390 Paisa/kWh
	201-400 units	20 Rs /kW/month	580 Paisa/kWh
	401-800 units	20 Rs /kW/month	680 Paisa/kWh
	Above 800 Units	20 Rs /kW/month	700 Paisa/kWh
1.2	**Single delivery point on 11kV for CGHS**		
	First 55%	20 Rs /kW/month	580 Paisa/kWh
	Next 40%	20 Rs /kW/month	680 Paisa/kWh
	Balance 5%	20 Rs /kW/month	700 Paisa/kWh
	In case of cooperative group housing societies having independent connection for common facilities through separate meter, energy charges shall be billed at highest slab tariff for domestic category. Rebate of 10% is admissible on energy charges having supply at 11kV and rebate is not applicable for supply at LT.		
2	**Non-Domestic**		
2.1	**Non- Domestic Low Tension (NDLT)**		
	Up to 10 kW	100 Rs/kW/month	790 Paisa/kWh
	Between 10 kW(11kVA) -100 kW (108 kVA)	115 Rs/kVA/month	760 Paisa/kVAh
	Greater than 100 kW / 108 kVA (400 volts) (No Supply on LT for load > 215 kVA)	150 Rs/kVA/month	890 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	750 Paisa/kVAh[3]
	**The Single Point Delivery Supplier shall charge the NDHT tariff to its LT consumers and in addition shall charge an extra 5% of the bill amount at NDHT tariff to cover losses and all expenses.*		
3	**Industrial**		
3.1	**Small Industrial Power (SIP) [less than 200kW/215 kVA]**		
	Up to 10 kW	80 Rs/kW/month	760 Paisa/kWh
	Between 10 kW(11kVA)-100kW (108 kVA)	90 Rs/kVA/month	700 Paisa/kVAh
	Greater than 100 kW/108 kVA (400 volts) (No Supply on LT for load > 215 kVA)	150 Rs/kVA/month	850 Paisa/kVAh

3.2	**Industrial Power on 11 kV Single Point Delivery for Group of SIP Consumers**	90 Rs/kVA/month	630 Paisa/kVAh[3]
3.3	**Large Industrial Power (LIP) (Supply at 11 kV and above)**	125 Rs/kVA/month	660 Paisa/kVAh[3]
4	**Agriculture**	20 Rs//kW/ month	275 Paisa/kWh
5	**Mushroom Cultivation**	40 Rs /kW/month	550 Paisa/kWh
6	**Public Lighting**		
6.1	**METERED:**		
a	Street Lighting[4]		700 Paisa/kWh
b	Signals and Blinkers		700 Paisa/kWh
6.2	**UNMETERED:**		
a	Street Lighting[4]		750 Paisa/kWh
b	Signals and Blinkers		750 Paisa/kWh
7	**Delhi Jal Board**		
7.1	**Supply at LT**		
a	Up to 10 kW	80 Rs/kW/month	760 Paisa/kWh
b	Between 10kW(11kVA)-100kW(108kVA)	90 Rs/kVA/month	700 Paisa/kVAh
c	Greater than 100 kW/108kVA (400 volts) (No Supply on LT for load > 215 kVA)	150 Rs/kVA/month	840 Paisa/kVAh
7.2	Supply at 11 kV and above	125 Rs/kVA/month	660 Paisa/kVAh[3]
8	**Delhi International Airport Limited**	150 Rs/kVA/month	710 Paisa/kVAh[3]
9	**Railway Traction**[5]	150 Rs/kVA/month	610 Paisa/kVAh[3]
10	**DMRC (Supply at 220 kV and 66 kV)**	125 Rs/kVA/month	550 Paisa/kVAh
11	**Advertisements and Hoardings**	500 Rs/month/hoarding	1000 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
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
12.2	For residential cooperative group housing connections and other residential connections	Same as that of relevant category	Domestic tariff without any 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
12.4	For major construction projects	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
B	For extended period		On pro-rata basis for each week or part thereof

Notes on Superscripts

1 For all categories other than Domestic, Fixed/demand charges are to be levied on billing demand on per kW/kVA are part thereof, basis. Where the MDI reading exceeds sanctioned load/contract demand a surcharge of 30% shall be levied on the fixed charges corresponding to excess load in kW/kVA for such billing cycle only. Wherever, sanctioned load/ contract demand is in kW/HP, the kVA shall be calculated on basis of actual power factor of the consumer, for the relevant billing cycle.

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

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

For other than peak and off-peak hours normal energy charges will be applicable.

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

3 Tariff is for supply at 11 kV. Additional rebate of 2.5% on the energy charges on 11 kV rates for availing supply at 33/66 kV and 4% for supply at 220 kV shall be admissible.

4 Maintenance Charges on street lights would be additional to the specified tariff @ Rs. 84/light point/month and material cost at the rate Rs 19/point/month as per the Commission's Order dated 22 September 2009 till further amended by the Commission. These charges will be payable to the DISCOM only if maintenance services are provided by the DISCOM.

5 Tariffs for Northern Railways Traction are based on the supply being given through a single point delivery and metering point at single voltage. An additional capacity blockage charge is also applicable which is to be calculated as Rs 1260 x (2.97 A +5) where A is contract/maximum demand, whichever is higher, in MVA subject to a minimum of Rs 25000.

Note: (i) The above tariff rates shall be subject to an additional surcharge of 8% on the fixed and energy charges (excluding LPSC, Arrears, E-tax etc.) towards recovery of past accumulated deficit.

(ii) The 8% surcharge is not to be levied on PPAC and PPAC should not be levied on 8% surcharge.

(iii) The 8% surcharge should not be levied on the load violation surcharge as the penalty of 30% is already inherent in the load violation surcharge.

(iv) The distribution licensee should levy PPAC after considering rebate on energy charges available to the customer.

(v) In case of prepaid consumers, the rebate is applicable on the basic energy and fixed charges and all other charges should be calculated on the tariff applicable after rebate.

(vi) The single phase domestic consumer up to 10 kW load shall be given a rebate by the DISCOMs depending on the number of bills raised in a year to the consumer as under:

Number of Bills raised during the Financial Year	**% of Rebate**
6	Nil
7	0.2
8	0.4
9	0.6
10	0.8
11	1.0
12	1.2

This rebate shall be given on the total amount billed in the financial year and shall be allowed in the first bill of the ensuing year.

Other Terms and Conditions of the Tariff

	Category	Availability	Character of Service
1. Domestic	1.1Domestic Lighting/Fan and Power (Single Delivery Point and Separate Delivery Points/Meters)	A) Available to following categories of consumers: Residential consumers Hostels of recognized/aided institutions of Municipal Corporation of Delhi or Government of the NCT of Delhi. Staircase lighting in residential flats separately metered. Compound lighting, lifts and water pumps etc., for drinking water supply and fire-fighting equipment in residential complexes, if separately metered. In cooperative group housing societies etc. for bonafide use of lighting/fan and power, subject to the provision that the supply is at single delivery point for combined lighting/fan & power. (B)It is available to following consumers. Dispensary/Hospitals/ Public Libraries / School/ College/Working Women's Hostel / Orphanage / Charitable homes run by the Municipal Corporation of Delhi or the Government of the NCT of Delhi. Small Health Centre's approved by the Department of Health, Government of NCT of Delhi for providing Charitable Services only. Recognized Centre's for welfare of blind, deaf and dumb, spastic children, physically handicapped persons, mentally retarded persons, as approved by the Government of NCT of Delhi. (C) Bed and Breakfast Establishments (Residential Premises) registered u/s 3 of the National Capital Territory of Delhi (Incredible India) Bed and Breakfast Establishments (Registration & Regulations) Act, 2007. (D) Places of worship. (E) Cheshire homes/orphanage. (F) Shelter Homes (including Night Shelters) approved by Delhi Urban Shelter Improvement Board, GoNCTD (G)Electric crematoriums. (H)Professionals i.e. individuals engaged in those activities involving services based on professional skills, viz Doctor, Lawyer, Architect, Chartered Accountant, Company Secretary, Cost & Work Accountant, Engineer, Town Planner, Media Professional and Documentary Film Maker may utilize the domestic connection at their residence for carrying out their professional work in the nature of	AC 50 Hz, single phase, 230 Volts for load up to 10 kW & AC 50 Hz, three phase, 400 Volts for loads beyond 10 kW AC 50 Hz, 3 phase, 11 kV beyond 100 kW (108 kVA)

	Category	Availability	Character of Service
		consultancy without attracting non-domestic tariff for the electricity consumed, provided the area used for professional activity does not exceed the area permitted to be used for such activity in residential area under the Master Plan for Delhi, 2021 (MPD-2021), which as per MPD-2021 is permissible on any one floor only but restricted to less than 50% of the permissible or sanctioned FAR whichever is less on that plot or dwelling unit. (I) Available, for loads up to 21 kW, to farm houses for bonafide domestic self use. (J) The consumers running small commercial establishments from their households in JJ Clusters shall be charged domestic tariff provided that the total consumption of electricity in a month does not exceed 200 units. (K) Cattle / Dairy Farms/ Dhobi-Ghat with a total consumption of not more than 200 units/month and connected load of up to 2kW.	
	1.2 Domestic Connection on 11 kV single delivery point	Same as 1.1(A) and for CGHS flats and loads above 100 kW in case of individual	AC 50 Hz, three phase, 11 kV; on single delivery point
2.Non-Domestic	2.1.1 Non-Domestic (Low Tension) – NDLT	Available to all consumers having load (other than the industrial load) up to 100 kW/108 kVA for lighting, fan & heating/cooling power appliances in all non-domestic establishments as defined below: Hostels (other than those recognized/aided institutions of Municipal Corporation of Delhi or Government of the NCT of Delhi) Schools/colleges (Other than those run by Municipal Corporation of Delhi or the Government of NCT of Delhi) Auditoriums, Lawyer Chambers in Court Complexes, Hospitals, nursing homes/diagnostic Centres other than those run by Municipal Corporation of Delhi or the Government of NCT of Delhi. Railways (other than traction) Hotels and restaurants Cinemas Banks Petrol pumps All other establishments, i.e., shops, chemists, tailors, washing, dyeing etc. which do not come under the Factories Act. Cattle farms, fisheries, piggeries, poultry farms, floriculture, horticulture, plant nursery Farm houses being used for commercial activity DMRC for its commercial activities other than traction. Ice-cream parlours and any other category of commercial consumers not specified/covered in any other category in this Schedule	AC 50 Hz, single phase, 230 Volts up to 10 kW load; AC 50 Hz, 3 phase, 400 Volts for loads above 10 kW and up to 100 kW (108 kVA)
	2.1.2 Non-Domestic High Tension (NDHT) Non-	Available to consumers having load (other than industrial load) above 100 kW/108 kVA Non-	AC 50 Hz, 3 phase, 11 kV

	Category	Availability	Character of Service
	Domestic Power on 11 kV Single Delivery Point NDHT for Commercial Complexes	Domestic establishments including pumping loads of Delhi Jal Board /DDA/MCD and supply to Delhi Metro Rail Corporation (DMRC) Ltd. for their on-going construction projects etc and for commercial purposes other than traction. Available to commercial complexes having load more than 100kW for group of consumers for non-domestic use.	
3. Industrial	3.1.1 Small Industrial Power (SIP)	Available to Industrial consumers with load up to 100 kW including lighting, heating and cooling load.	AC 50 Hz, single phase, 230 Volts; AC 50 Hz, 3 phase, 400 Volts
	3.1.2 Industrial Power (SIP) on 11 kV Single Delivery Point for Group of SIP Consumers	On single delivery point for group of SIP consumers provided load of any individual consumer does not exceed 100 kW	AC 50 Hz, 3 Phase, 11 kV
	3.2 Large Industrial Power (LIP) a) Supply on 11 kV b) Supply on LT (400 Volts)	Available as primary power to large industrial consumers having load above 100 kW including lighting load. Supply at extra high voltage (33 kV and more) may also be given	AC 50 Hz, 3 phase, 11 kV; AC 50 Hz, 3 Phase, 400 Volts
4. Agriculture		Available for load up to 10 kW for tube wells for irrigation, threshing, and kutti-cutting in conjunction with pumping load for irrigation purposes and lighting load for bonafide use in Kothra.	AC 50 Hz, Single / Three Phase, 230/400 Volts
5. Mushroom cultivation		Available for mushroom growing/cultivation up to 100 kW.	AC 50 Hz, 3 Phase, 400 Volts up to 100 kW
6. Public Lighting	6.1(a) Street lighting	Available to all street lighting consumers including MCD, DDA, PWD/CPWD, Slums department/DSIIDC/MES/CGHS etc.	AC 50 Hz, Single /three Phase, 230/400 Volts
	6.1(b) Signals & Blinkers	Available for traffic signals and blinkers of Traffic Police	AC 50 Hz, Single Phase, 230 Volts
	6.2(a) Street lighting	Available to all street lighting consumers including MCD, DDA, PWD/CPWD, Slums department/DSIIDC/MES/CGHS etc.	AC 50 Hz, Single /three Phase, 230/400 Volts
	6.2(b) Signals & Blinkers	Available for traffic signals and blinkers of Traffic Police	AC 50 Hz, Single Phase, 230 Volts
7. Railway Traction (other than DMRC)		Available for railway traction for connected load above 100 kW/108 kVA.	AC 50 Hz, Three phase, 220/66/33 kV
8. Delhi Jal Board	DJB- LT	Available to DJB for pumping load & Water Treatment Plants	AC 50 Hz, 3 Phase, 400 Volts up to 100 kW
	DJB-HT	Available to DJB for pumping load & Water Treatment Plants	AC 50 Hz, 3 phase, 11 kV for loads above 100 kW
9.Delhi International Airport Limited		Available to DIAL	AC 50 Hz, 3 phase, 220/66/33 kV
10. Delhi Metro Rail Corporation		Available to Delhi Metro Rail Corporation (DMRC) (not for construction projects)	AC 50 Hz, 3 phase, 220/66/33 kV
11. Temporary	11.1(a) for less than 16 days	Available as temporary connection under the	AC 50 Hz, single phase,

	Category	**Availability**	**Character of Service**
Supply	11.1(b) for more than or equal to 16 days	respective category	230 Volts; AC 50 Hz, 3 phase, 400 Volts; AC 50 Hz, three phase, 11 kV
	11.2 for residential cooperative group housing connections	Same as that of relevant category	
	11.3 for religious functions of traditional and established characters and cultural activities	Provided for religious functions of traditional and established characters like Ram lila, Dussehra, Janmashtami, Nirankari Sant Smagam, Gurupurb, Durga Puja, Id, Christmas celebrations, Easter, Pageants and cultural activities like NCC camps, scouts & guides camps etc. (normally for a period less than 10 days).	
	11.4 for major construction projects	With loads more than 10 kW	
	11.5 for threshers	During the threshing season	
12.Advertisement / Hoardings		Electricity for lighting external advertisements, external hoardings and displays at departments stores, malls , multiplexes, theatres, clubs, hotels, bus shelters, Railway/Metro Stations shall be separately metered and charged at the tariff applicable for "Advertisements and Hoardings" category, except such displays which are for the purpose of indicating/displaying the name and other details of the shop, commercial premises itself. Such use of electricity shall be covered under the prevailing tariff for such shops or commercial premises.	AC 50 Hz, single phase, 230 Volts for loads up to 10 kW; AC 50 Hz, 3 phase, 400 Volts for loads more than 10 kW and up to 100 kW (108 kVA)

Electricity taxes and other levies

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

Surcharges

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

Payments

5.96 In the event of the electricity bill rendered by the licensee, not being paid in full within the time specified on the bill, a surcharge @ 1.5% per month shall be levied. The LPSC shall be charged for the number of days of delay in receiving payment from the consumer by the Distribution Licensee, until the payment is made in full without prejudice to the right of the licensee to disconnect the supply after due date, in the event of non-payment in accordance with section 56 of Electricity Act, 2003. This will also apply to temporary connections, where payment of final bill amount after adjustment of consumption deposit, is not made by due date.

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

Interpretation/clarification

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

A6: DIRECTIVES

6.1 The Licensee is directed to correct the consumer tagging/consumer indexing within two months & put the DT-wise losses for FY 2012-13 on its website by September 2013.

6.2 Distribution licensee is directed to reduce AT&C losses by at least 10% in respect of those zones/districts which are currently having losses in excess of 30% within one year i.e. by July, 2014. These targets shall have to be met by distribution licensee irrespective of the overall AT&C loss achievement targets specified in this Order. Failure to do so will invite penalties. Basis and quantum of penalties for violation of the directives will be communicated by the Commission.

6.3 Distribution licensee shall be responsible for making timely payment of bills/dues to central & state generating stations and transmission utilities. The Commission shall not allow surcharge as a pass through in the ARR, if paid by the distribution licensee, on account of delayed payments.

6.4 The Commission directs the distribution licensee to conduct a safety audit and carry out preventive maintenance as per schedule.

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

(a) The information in respect of Form 2.1 (a) shall be submitted as per revised format issued by the Commission to the utilities.

(b) Include the category wise / slab wise consumer details i.e. no of consumer, connected load, sales, revenue from fixed charges, revenue from demand charges in the annual balance sheet.

(c) Submit monthly report to the Commission giving details of category wise consumer addition and their detail within 3 weeks of the following month.

(d) Submit monthly report to the Commission giving details of no. of connection disconnected / reconnected and their detail within 3 weeks of the following month.

(e) Submit monthly report to the Commission on change of consumer category for consumer within 3 weeks of the following month.

6.6 The Commission directs that 100% metering shall be done for street lighting. Energy consumption on account of ballast etc shall be accounted through metered consumption.

6.7 The Commission directs DISCOMs to meter self consumption in their own premises. The bills shall be raised at the appropriate tariff for actual consumption recorded based on meter reading every month. The licensee may avail credit at zero tariff to the extent of the normative self consumption approved by the Commission at the end of the financial year.

6.8 It was observed by the Commission that TPDDL is under-drawing energy viz-a-viz its schedule from the Grid to a very large extent resulting in 70% of the short term sales being done through the UI mechanism. TPDDL is directed to minimize the under drawls.

6.9 All effort shall be made for prudence in short term sale and purchase so as optimize power purchase cost.

6.10 The Distribution Licensee shall continue to comply with guidelines for procurement of short-term power purchase issued by the Commission. The Distribution licensee is further directed to take necessary steps to restrict the cost of power procured through short term contracts at Rs.5 per kwh. Further in case of short term power purchase at a rate higher than the above ceiling rate (of Rs.5 per kwh), the impact of such purchase on total short term power purchase shall not exceed 10 paise /kWh during the financial year. The Commission shall approve the short term power purchase as above subject to any major exceptions/circumstances as may be brought to the notice of the Commission with full justification within 24 hours.

6.11 The Commission directs that provisions made on account of power sale and purchase at the end of year i.e. in March shall be adjusted within one month, i.e. in the month of April. Remaining provisions if any shall be considered by the Commission for next year True-up.

6.12 The Commission directs the DISCOM to submit the quarterly progress reports for the schemes being implemented during each year of the Control Period within 15 days of the end of each quarter. DISCOM is further, directed to submit the actual details of capitalization for each year for the Control Period by June 30 of the following year for consideration of the Commission. All information regarding capitalization of assets is to be furnished in the formats prescribed by the Commission. These formats are to be submitted along with the necessary statutory clearances/ certificates of Electrical Inspector, etc. for all EHV & HV works and certificate of SLDC for commissioning/ commercial operation.

6.13 It has to be ensured that asset capitalization takes place within a reasonable time so that IDC does not increase disproportionately. As a norm, the Commission would consider the commissioning period indicated by the utility at the time of seeking approval of the scheme from the Commission. In certain cases completion of a project may get delayed for reasons beyond the control of the utility. This can only be an exception but not the rule and the utility would need to justify delay in capitalization in each case where delay takes place. The Commission may accept the delayed commissioning if it is satisfied based on the information furnished by the utility that such delay was for reasons beyond the control of the utility. Failing this or pending receipt of satisfactory explanation regarding delay in commissioning, the Commission would have no option but to go by the commissioning period indicated by the utility at the time of seeking approval to the scheme and provide for IDC based on such completion time.