

## 6.1 COST OF SERVICE

The Petitioner has considered same approach for determining the cost of supply for different voltage levels as adopted by the Hon'ble Commission in its Tariff Order August, 2017.

The total ARR has been allocated in the Wheeling and Retail Supply business 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.

### ALLOCATION OF WHEELING ARR

The Petitioner has considered the gross energy sales (MU) for the FY 2018-19 and has allocated the same to different voltage levels in the proportion of energy sales (MU) to these voltages to total sales. The voltage wise estimated energy sales for FY 2018-19 is as shown in the following table:

**Table 6.1: Estimated Energy Sales for FY 2018-19 (MU)**

Particulars	MUs
Sales above 66 kV level	130.26
Sales at 33/66 kV level	51.18
Sales at 11 kV level	1,085.06
Sales at LT level	7,587.52
<b>Total</b>	<b>8,854.02</b>

The Petitioner 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. The summary of the voltage wise distribution losses considered by the Commission are as follows.

**Table 6.2: Estimated Distribution Loss for FY 2018-19 (%)**

Particulars	%
Loss above 66 kV level	0.00%
Loss at 33/66 kV level	0.79%
Loss at 11 kV level	2.66%
Loss at LT level	9.10%

The Petitioner would like to mention that the voltage wise distribution losses considered above are estimates and based on same the Energy Input (MU) for the respective voltage levels are shown as follows:



**Table 6.3: Estimated Energy Input for FY 2018-19 (MU)**

Particulars	MUs
Input for 66 kV level	130.26
Input for 33/66 kV level	51.59
Input for 11 kV level	1,114.74
Input for LT level	8,347.26
<b>Total</b>	<b>9,643.85</b>

Based on the ratio given in Business Plan Regulations, 2017 Wheeling ARR for FY 2018-19 is computed as below:

Wheeling Business	Ratio	Amount in Rs Cr.
<b>Particulars</b>		
<b>A</b> O&M Expenses	62%	497.15
<b>B</b> Depreciation	77%	219.64
<b>C</b> ROCE	72%	452.61
<b>D</b> Carrying cost	16%	74.46
<b>E</b> Non Tariff Income	40%	49.25
<b>F Total Wheeling ARR</b>		<b>1,194.61</b>

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 as follows:

**Table 6.4: Wheeling cost for different voltages for FY 2018-19 (Rs. Crore)**

Particulars	Amount
Above 66 kV level	16.14
At 33/66 kV level	6.39
At 11 kV level	138.09
At LT level	1033.99
<b>Total</b>	<b>1194.61</b>

Based on the energy sales at the respective voltage levels the Petitioner has determined Wheeling Charge per unit for different voltages for FY 2018-19 as follows:

**Table 6.5: Wheeling Charges for FY 2018-19 (Rs/Unit)**

Particulars	Rs-kWh Per unit
Above 66 kV level	1.24
At 33/66 kV level	1.25
At 11 kV level	1.27
At LT level	1.36
<b>Average</b>	<b>1.35</b>



**ALLOCATION OF RETAIL SUPPLY ARR**

Based on the ratio given in Business Plan Regulations, 2017 Wheeling ARR for FY 2018-19 is computed as below:

Retail Business		Ratio	Amount in Rs Cr.
	<b>Expenditure</b>		
<b>A</b>	Power Purchase Cost	100%	5,492.38
<b>B</b>	O&M Expenses	38%	304.71
<b>C</b>	Depreciation	23%	65.61
<b>D</b>	ROCE including Tax	28%	176.01
<b>E</b>	Carrying Cost	84%	328.42
<b>F</b>	NTI	60%	73.87
<b>G</b>	<b>Total Retail Business ARR</b>		<b>6,293.25</b>

The Petitioner has allocated the Retail Supply ARR in the ratio of energy input determined above for different voltage levels. The Petitioner 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 2018-19 is given as follows:

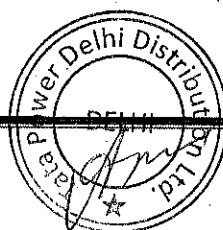
**Table 6.6: Retail Supply cost for different voltages for FY 2018-19 (Rs. Crore)**

Particulars	Amount
Above 66 kV level	85.00
At 33/66 kV level	33.67
At 11 kV level	727.44
At LT level	5447.14
<b>Total</b>	<b>6293.25</b>

Based on the energy sales at the respective voltage levels, the Petitioner has determined retail supply charges per unit for different voltages for FY 2018-19 as follows:

**Table 6.7: Retail Supply Charges at different voltages for FY 2018-19 (Rs/Unit)**

Particulars	Rs-kWh/unit
Above 66 kV level	6.53
At 33/66 kV level	6.58
At 11 kV level	6.70
At LT level	7.18
<b>Average</b>	<b>7.11</b>



The cost of supply determined by the Commission for the different voltage levels is shown as follows:

**Table 6.8: Tariff at different voltages for FY 2018-19 (Rs/Unit)**

Particulars	Rs-kWh/unit
Above 66 kV level	7.76
At 33/66 kV level	7.83
At 11 kV level	7.98
At LT level	8.54
<b>Average</b>	<b>8.46</b>



## **6.2 Any other submission (Measures for Tariff Rationalization)**

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

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

TPDDL proposals on "Tariff Rationalization" are as follows:

### **6.2.1 Time Bound Recovery of Regulatory Assets / Revenue Gap**

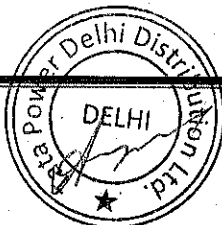
The Hon'ble Commission in its tariff order dated 13<sup>th</sup> July 2012, 31<sup>st</sup> July 2013, 23<sup>rd</sup> July 2014, 29<sup>th</sup> Sep 2015 had allowed for an additional surcharge of 8% **towards recovery of past accumulated deficit /regulatory assets**. The same has also been continued in the Tariff order dated 31<sup>st</sup> Aug 2017 along with additional Surcharge of 3.70% towards recovery of pension Trust Charges of erstwhile DVB Employees/Pensioners as recommended by GoNCTD.

It is pertinent to mention that the said surcharge is not sufficient to ensure recovery of entire Revenue Gap in stipulated timeframe.

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

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

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



Further, as per revised National tariff policy notified on 16<sup>th</sup> January, 2016 stated that "Recovery of outstanding Regulatory Assets along with carrying cost of Regulatory Assets should be time bound and within a period not exceeding seven years".

The Hon'ble Commission is requested to give an amortization schedule with annual recovery of the provisionally accumulated Revenue Gap along with Carrying Costs.

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

The Petitioner once again would like to draw the attention of the Hon'ble Commission on existing Power Purchase Adjustment (PPA) Formula. It is worth to mention that the power purchase adjustment mechanism was to ensure that the impact of change in power purchase cost of the Distribution Companies is passed on to the consumer in a timely manner on quarterly basis.

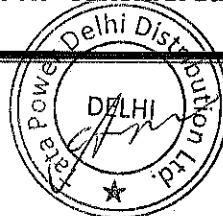
The major short comings of said PPA Formula is that

- a) it has factored only the variance in power purchase cost and not factored the variance in sale rate (which is also a part of power purchase cost)

To remove the above shortcoming, TPDDL in its previous year tariff Petitions has also suggested revised PPAC formula to the Hon'ble Commission. It is further submitted that the Hon'ble APTEL in its Judgment in Appeal no 177 & 178 of 2012 has directed the State Commission to consider the variation in sale price of surplus power in the PPA formula. Relevant extract of the same is given below:

*"The Hon'ble Tribunal agreed with the prayer of the Appellant that Power sales constitute a major component of power purchase cost and the power purchase cost is trued up only after 2 years, putting additional burden on consumers by way of interest charges which have to be borne by the consumers additionally. The Hon'ble Tribunal agreed that any short term power purchase due to unforeseen outages would require prudence check. Keeping in view small amount of short term power procurement cost, the Hon'ble Commission may not include short term power procurement in PPCA.*

***However, the Hon'ble Tribunal also agreed that Sale of short term power is volatile and may vary from what has been considered in determining the net power***



***purchase cost in ARR. Therefore, State Commission should have considered the variation in sale price of surplus power in the PPCA formula."***

The Hon'ble Commission in its previous Tariff Order dated September 2015 in para no 3.37 on page no 141 has mentioned that

*"The observation of Hon'ble APTEL in Appeal 177 & 178 of 2012 regarding PPAC formula will be taken into consideration while formulating PPAC formula in next MYT Control period."*

Based on the above facts, the Petitioner is once again reproducing the revised formulae for PPAC.

***Proposed Formula for consideration is suggested as below:***

$$\text{PPA for } n\text{th Qtr. (\%)} = \frac{A * C - B * F + (D-E)}{\text{Gross Power Purchase including short term power in (n-1)th Qtr. (in kWh)}}$$

$$\{Z * (1 - \text{Distribution Losses in \%}/100)\} * \text{ABR}$$

***Where,***

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

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

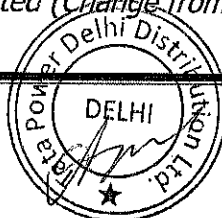
$$= \text{Total bulk sale in (n-1)th Qtr. (in kWh) * A}$$

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

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

$$\text{C} = \text{C actual} - \text{C projected (Change from existing formula)}$$



**C actual** = Actual average Power Purchase Cost (PPC) from power stations having long term PPAs in (n-1)th Qtr. excluding fixed cost of regulated stations (Rs./kWh).

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

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

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

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

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

*DISCOMs will provide duly audited average sale rate.*

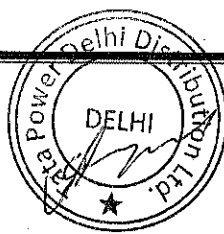
**Z** =  $[\{ \text{Actual Power purchased from Central Generating Stations having long term PPA in (n-1)th Qtr. (in kWh)} * (1 - \text{PGCIL losses in \%}/100) + \text{Power from Delhi Gencos including BTPS (in kWh)} \} * (1 - \text{DTL losses in \%}/100) \} - B]$  in kWh (No change from existing formula)

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

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

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

**PGCIL Losses (in %)** =  $100 \times \text{Approved PGCIL losses in Tariff Order (kWh)}$





*Approved Long Term Power Purchase from  
Central Generating Stations having long term  
PPA in the Tariff Order (kWh)*

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

### **6.2.3 Upward revision in Credit Card / Debit Card Payment Limit**

Recently, Ministry of Power, Govt. of India vide D.O. letter no. 1/10/2016-IT dated 09.12.2016 issued direction regarding digital cashless transaction in country. The clause (b) of MoP, Govt. of India in the said matter is as under:

*a) All convenience fee/charges for digital payment should be waived from customer.*

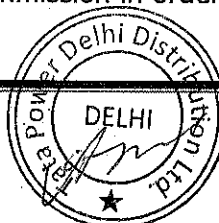
Accordingly, we had requested vide our letter dated 16<sup>th</sup> Jan 2017 to the Hon'ble Commission that processing fees/convenience charges for digital payments may be waived off for the customers and Hon'ble Commission may allow such additional expenditure as pass through in ARR.

In view of above facts, Hon'ble Commission is requested that No processing fee should be charged from customer for payment through credit card / debit card irrespective of bill amount and same should be allowed as pass through in ARR on actual Basis.

### **6.2.4 Cash transaction for theft bills**

The Hon'ble Commission has retained that no revenue collection above Rs.4,000/- should be collected through cash for theft charges.

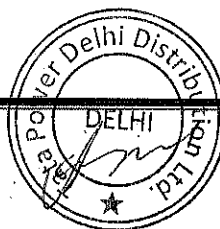
In this regard it is pertinent to mention that the Petitioner is facing certain problems in collection of theft bills in the mode other than cash. Following are some area of concerns which requires the immediate attention of the Hon'ble Commission in order to comply with the said directive:



- a) Theft bills are generally of big amounts raised at double the tariff for 12 months. Most of the theft cases are presently detected in JJ clusters and villages where the consumers do not always have bank accounts to issue cheques.
- b) Even if applied, acceptance of cheques itself poses problems of bounced cheques and further requirements of notices and litigation under Negotiable Instruments Act.
- c) Recovery in theft cases is very difficult and there are frequent defaults. A very large number of consumers of JJ Clusters and villages seek installments for payments and there is lot of default and such consumers are less educated. Asking such persons to go to banks for preparation of drafts every month (due to installments) will be a strong dissuading factor and would involve inconvenience, extra formalities, delays and loss of work for such consumers.
- d) Private banks do not issue drafts unless the applicant has an account with the bank and the public sector banks require PAN No. for transactions above Rs.50,000/-. The consumers of such areas would not be able to meet such requirements.
- e) The Hon'ble Commission has issued the direction mainly due to an apprehension of cash collection without issuing receipts. The Petitioner follows a SAP based transparent process of recovery and unless a bill is issued, no payment can be accepted. Also, payment of only exact amount of the installment bill can be accepted and no one can make or accept any payment less or more than the amount of the bill. Therefore, there is absolutely no possibility of any collection without being accounted for in SAP or without issuing receipts. Both the activities of accounting for and issuing receipts are instant. Also, collections of theft bills are not carried out through any contractor or commission agent and all payments have to be made only at the collection counters of the company. The Petitioner further assures to the Hon'ble Commission that no such transactions are carried out nor are such transactions possible.

It is also pertinent to inform that Hon'ble Commission has issued direction to DISCOMS vide letter No. F.3(427)/Tariff fin/DERC/2015-16/13784 dated 22/01/2016 to comply the direction issued by Hon'ble Special Electricity court, Rohini in Case No. 652/14 dated 31/3/2015 to accept the cash payment towards theft Bill.

For the reasons cited above, the Hon'ble Commission may kindly exempt/exclude theft collections transactions from the said directive.



### **6.2.5 Penalty (ADSM – Additional Deviation Settlement Mechanism) on account of transmission line tripping**

Under the Deviation Settlement Mechanism and Related Matters Regulations, 2014 effective from 17.02.2014, the Hon'ble CERC has assigned the responsibility of maintaining the grid discipline on the Buyers and Sellers only. It however needs to be noted that there are certain factors resulting into ADSM charges which are not under the control of the Discoms, such as forced scheduling of power, sudden decrease in demand due to extreme weather conditions, Mus underdrawn on account of load reduction owing to transmission line outage/tripping/gird disturbance and other force majeure conditions. At times, real time scheduling issues such as lack of co-ordination between Discoms & Delhi SLDC and resultant delay in in lifting/backing down of generators in the prescribed time limits (4 to 6 time blocks) which is being taken care of by the SLDC also lead to undue ADSM penalties on the Discoms. Major factors contributing to ADSM charges are explained below:

#### **A) Forced scheduling of Power:**

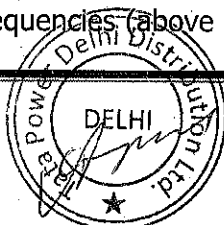
Forced scheduling of power is a major factor contributing to ADSM penalties. Delhi Discoms share a common portfolio of generating stations, which need to generate power as per State/ Discom specific requirements on numerous occasions. Issue of force scheduling arises when some States/ Discoms require certain quantum out of their allocation from these Generating stations, while the others require nil from the same plant at the same time. As the Generating plant need to run at its minimum technical limit, share corresponding to MTL is scheduled to the non-consenting Discoms also.

Further, at times, decision to run or shut down a Central Sector Generating Station is also being taken at RLDC level, considering the prevailing Grid conditions and in such cases also Discoms specific requirements are not considered resulting in forced scheduling of power.

Such forced scheduling of power leads to over scheduling/under scheduling of power leading to ADSM penalties in addition to difficulties in real time operations.

#### **B) Tripping of transmission lines:**

As per the Deviation Settlement Mechanism (DSM) Regulations 2014, penalty is imposed on DISCOM if it underdrawls at high grid frequencies (above 50.1 Hz). One of the reasons due to



which the DISCOMs under draw is when a section of the load is disconnected due to tripping of transmission lines or power transformers maintained by Central Transmission Utility(CTU) or State Transmission Utility(STU) due to technical faults. Further, the problem is compounded by the fact that Delhi DISCOMs procure bulk of the power from generating stations situated outside Delhi, except for some distributed solar (less than 2 MW), and are thus completely dependent on the STU and CTU for delivery of power. Any subsequent corrective action to revise our schedule to the altered demand requires at least 4 to 6 time blocks.

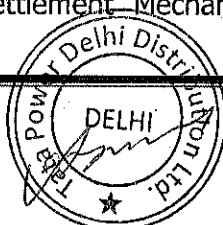
The Hon'ble Commission may therefore appreciate that, unless intimated beforehand, the DISCOM cannot account for these events in Day ahead planning. By their inherent nature, a tripping or fault cannot be predicted. Also as the fault has occurred in a system not maintained by the DISCOM, the DISCOM cannot take any action to reduce them by predictive or preventive maintenance. Therefore, any ADSM charges/penalty on account of the same should be made pass through in the ARR of the DISCOM and the DISCOM should not be held liable for any under-drawal on account of any unforeseen failure of a CTU or STU equipment, which resulted in such under-drawal and may be excluded from liability in case of such events.

### **C) Scheduling/revision of power in four time block**

IEGC 2010 and subsequent amendments stipulates that the scheduling/revision of power should be executed in four time blocks. This timeline is adhered to incase when revision is within a region however, the process takes approx. 6 time blocks or more in cases when seller and buyer are located in different region. Further, the scheduling of URS takes more than stipulated 4 time blocks as consent of multiple parties is involved in the same. The same results in penalty on account of overdrawl.

These discrepancies between regulation and execution restrict the immaculate planning and execution required to meet such a stringent norm.

Hence, the Petitioner request the Hon'ble Commission to consider suspension of Additional Deviation Settlement Mechanism (ADSM), penalty applicable on DISCOMs for reasons beyond their control such as forced scheduling of power, transmission outages/tripping's, sudden change in demand due to extreme weather conditions, grid disturbance and other force majeure conditions & scheduling errors of third parties such as SLDC and NRLDC. In the event, suspension of Additional Deviation Settlement Mechanism (ADSM) is not possible; the

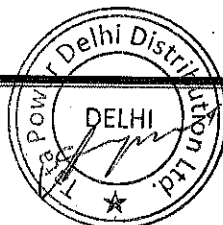


responsibility center for penalty and revenue loss by DISCOMs should be determined and the concerned agency should be held accountable for revenue loss and well as ADSM penalty being levied on the Discoms. Actual ADSM penalty to be borne by the Discoms should be worked out only after considering the Impact of the factors which are beyond the control of Discoms.

Further, in addition to our submission regarding ADSM charges/Penalty as mentioned above, Hon'ble DERC is also requested to issue necessary directions in the matter of revision of "Deviation settlement mechanism (DSM) Accounting methodology", with effect from Feb' 2014 in line with CERC DSM regulations so as to ensure that no double accounting/ adjustments are done while drawing out DSM accounts by Delhi SLDC. The "Deviation settlement mechanism (DSM) Accounting methodology" being followed by Delhi SLDC for drawing out DSM account of intra state entities was discussed in the meetings held at Delhi SLDC on 12<sup>th</sup> Jan' 2017 & 27<sup>th</sup> Jan' 2017 in presence of various intra state entities. In the said meeting it was discussed that the existing "Deviation settlement mechanism (DSM) Accounting methodology" being followed by Delhi SLDC is leading to double accounting/adjustments in respect of various component of the DSM account and hence the same needs to be revised. TPDDL suggested that the revision in the DSM accounts should be done from Feb'2014 onwards when the CERC regulations on DSM got implemented. However, SLDC was of the view that the proposed scheme for revision in DSM bills shall be implemented from 38<sup>th</sup> Week of 2016-17 and for prior period, consent of DERC shall be obtained by SLDC. Accordingly, for revision in the DSM bills for the period prior to week 38, Delhi SLDC has asked for concurrence from Hon'ble DERC vide its letter No. F./DTL/207/16-17/GM ( SLDC)/F-41/157 dated 6<sup>th</sup> March 2017 & letter No. F./DTL/207/17-18/GM ( SLDC)/F-41/30 dated 7<sup>th</sup> June 2017. In view of the above we request the Hon'ble Commission to issues necessary directions on the above issues at the earliest.

#### **6.2.6 Uniform Tariff for industrial, mushroom cultivation and commercial categories**

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



**6.2.7 Flat Tariff for Pre-Paid connections (Domestic Category)**

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

**6.2.8 Value Added Services on Paid Basis**

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

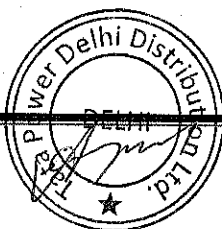
- a. Sharing of load survey data,
- b. Sharing of yearly account statement,
- c. Tool for consumption analysis and helping in demand side management etc.

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

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

**6.2.9 Levy of Surcharge on all residential connections under temporary supply**

In recent tariff orders issued by Hon'ble Commission, surcharge on residential connection under temporary supply category has been removed in line with residential co-operative group housing connections. While the applicability of the same for residential co-operative group housing connections is understandable, however including "other" residential connections in this category may be avoided due to following reasons.

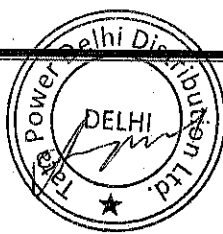


- a) Apparently now, there is no motivation for residential consumers to switch from temporary to permanent connection as he is availing temporary connection at the same tariff.
- b) Also it will create a lot of safety concerns, since, there is no standardization of cables used by consumers. Also, there is chance of theft by tapping the service cable used by consumer.
- c) Further, there is a scope of misuse of existing permanent connection as consumer will not ask for temporary connection for construction of additional floor/units by consumer as there is no fear of any penalty etc. on account of misuse. *(being on same tariff)*
- d) Temporary connection cannot be denied as per supply code, and there is possibility that consumer will use the same and will not go for permanent connection which is provided subject to feasibility.
- e) Already domestic consumer is subsidized and excluding surcharge from long term temporary connection is like providing them double benefit.
- f) Also, TPDDL procures long term power based on the demand of the existing consumers and for the temporary connections (based on load demanded), we have to make temporary arrangement in terms of procuring additional power on short term basis, which is at much higher rates as compared to long term power being procured on a regular basis.

Considering above points it is requested to allow levy of surcharge on all residential connections under temporary supply category.

#### **6.2.10 Revised methodology for LPSC**

It has been observed that few consumers are taking undue benefit of change in the methodology for calculation of LPSC on Daily Basis as well as regulation of 15 days' notice period before disconnection. Some frequently defaulting consumers has made the habit of paying the bill after due date but well before completing the 15 days of notice period as a result of which we are neither able to disconnect consumer supply nor able to charge full month LPSC. This is seriously hampering our efforts for reducing AT&C losses and is affecting Honest Paying Consumers. Further it is unnecessary increasing DISCOMs Operational expenditure for sending DN and Follow Up for payment. Therefore, the Petitioner requests to the Hon'ble Commission to modify guidelines as follows at least for High End Consumer with Load > 10 KW as amount involved is very high:



1. The Consumers who defaults the payment twice or more in last six month should not give the additional notice period of 15 Days in case consumer default bills and the bill itself should be treated as disconnection Notice.
2. The Consumers who defaults the payment twice or more in last six month, Full Month LPSC should be levied on consumer in case of Default.
3. DISCOM should be given option of converting connection of Consumers from Postpaid to Prepaid, if Consumer Defaults more than 2 times in a Year.

The Petitioner requests to the Hon'ble Commission to implement above guidelines at least for High End Consumer, so that Honest Paying and Small Consumer are not affected due to malpractice of frequent Defaulters.

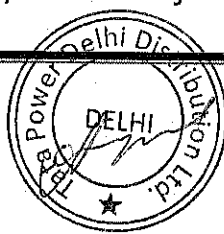
#### **6.2.11 Incentive on Early and Digital Payments**

The Digital India program is a flagship program of the Government of India with a vision to transform India into a digitally empowered society and knowledge economy. One of professed role of Digital India program is to make society "Paperless, Cashless & Faceless".

In Tata Power-DDL, we had also taken several initiatives to become Digital by all means and contribute towards the national goal. One of the major key factor for contributing towards the Digital India program is to adopt and promote the Digital payment modes. Digital modes of payment not only gives the Convenience in bill payment 24X7, from the comfort of home or on the go, but it also results in monetary savings to consumers in their travelling costs.

Many of the Tata Power-DDL, associated Business Partners like Paytm, Mobikwik, PhonePe, PayU etc., keep on sponsoring/running incentive schemes (like Cashback, Loyalty and Pay N Win Schemes etc.) for promotion of Digital payments through their platform. Through these schemes, we are able to achieve a level of about 40% in digital payments, for the month Oct'17, from the level of 16% for month of Mar'15.

Many State Regulators in India have also allowed discount for early payments to their consumers to ensure the timely recovery of bills. Gujarat Electricity Regulatory Commission





(GERC), Maharashtra Electricity Regulatory Commission (MERC) has allowed early payment discount of 1% of bills paid within 7 days from the bill issued date. Further, West Bengal Electricity Regulatory Commission (WBERC) has linked digital payment with due date and allow 1% discount to consumers on the bill amount, excluding arrears and other levied taxes etc.

It is also observed that Incentive schemes give push to Digital payments and more consumers shift towards digital payments, for availing the incentive schemes. In addition, Hon'able Commission has also advised in recent Supply Code 2017, for incentive programs for the Digital and Early payments by the consumers, with the prior approval from them.

In view of the above, we are proposing below mentioned Incentive Scheme for promoting Early & Digital Payments against the electricity bills.

On the similar term of Discount offered by other State Regulators, we also propose to give 1% discount for all the payments made within Due dates and through Digital platforms (excluding amount of Arrears, Non-energy, Surcharges, PPAC, LPSC and Taxes). Payments made directly through Digital platforms like Credit/Debit Cards, Net Banking, NEFT/RTGS, IMPS, Wallets, Unified Payment Interface (UPI), Aadhar pay (AEPS), NACH (ECS), EBPP etc will be considered for the discount. Any payment made through the agents of any Business Associate will not be considered.

These promotional discounts will not only push the digital payments but also contribute towards Green initiative through reduction in carbon footprints, which occurs due to transportation used for Commuting to payment centers and usage of papers etc.

It is expected that after introduction of 1% Discounts for timely and Digital Payments, at least 50% payments will be received through different digital Modes mentioned above. Total Revenue Collection of Tata Power-DDL is expected to be approx. Rs.7000 Crores in the FY 2018-19, out of which approx.85% will be the amount of Fixed and Energy charges on which discount will be allowed. Total discounts provided to the consumers will be to the tune of Rs.30 Crores i.e. 1% of Rs.3000 Crores (50% of Total Revenue).

It is requested to Hon'ble Commission to please allow the discounts as proposed above for promotion of timely and Digital Payments for the FY 18-19 and the expenses be allowed as a pass through in ARR.

