

## Impact of Prior Period Issues

**2. Impact of Prior Period Issues:**

After issuance of last Tariff Order in March 2018, the Hon'ble Commission has settled some of the following issues and agreed to allow the financial impact of these issues in the ensuing tariff order. Thus, financial Impact of these issues are computed and sought for truing up in the ensuing Tariff Order as given below:

**Table 2.1: Impact of Previous year Issues already settled or agreed to be settle (Rs Cr.)**

Particulars	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17
Allowance of 10% of pending REC's Note 1	-	-	-	-	-	-	-	-	25.13	-
Allowance of Income Tax Note 2	28.70	-	-	-	-	-	-	-	-	-
Street Light Incentive written back Note 3	0.63	0.69	1.01	1.08	1.28	-	-	-	-	-
Reversal of disallowance of Anta Auriya and Dadri from FY 12-13 onwards Note 4	-	-	-	-	-	26.84	35.28	30.82	32.53	23.02
Reversal of disallowance of Merit Order Scheduling Note 5	-	-	-	-	-	-	45.80	0.04	-	1.56
Differential amount of Truing up of Rithala Note 6	-	-	-	11.80	96.05	88.84	96.32	82.08	81.05	80.78
Reversal of Trading Margin paid to TPTCL FY 11-12 Note 7	-	-	-	-	0.144	-	-	-	-	-
Impact of Review Order against TO 28 march 2018 Note 8	-	-	-	-	-	2.35	-	-	-	156.34
<b>Total</b>	<b>29.33</b>	<b>0.69</b>	<b>1.01</b>	<b>12.88</b>	<b>97.47</b>	<b>118.03</b>	<b>177.40</b>	<b>112.94</b>	<b>138.71</b>	<b>261.70</b>
Opening balance	33.05#	67.44	75.80	84.57	106.92	223.38	374.68	607.13	799.57	1,043.24
Addition	29.33	0.69	1.01	12.88	97.47	118.03	177.40	112.94	138.71	261.70
Carrying cost rate	10.61%	11.32%	10.17%	10.41%	12.20%	11.78%	11.88%	11.98%	12.08%	12.08%
Carrying Cost	5.06	7.67	7.76	9.47	18.99	33.27	55.05	79.50	104.97	141.83
Closing Value	67.44	75.80	84.57	106.92	223.38	374.68	607.13	799.57	1,043.24	1,446.77

# Balance carried over from Note 2 Table no 2.3 of this Petition

**Note 1:**

**Compliance with RPO Obligations (From FY 2012-13 to FY 2015-16)**

While Truing up the ARR for FY 2015-16, the Hon'ble Commission in its Tariff Order dated August, 2017, had deducted Rs 25.13 Cr. from the True up Aggregate Revenue Requirement for FY 2015-16 (refer Table 210 of Tariff Order Aug, 2017) on account of non-fulfillment of RPO obligation by the Petitioner from FY 2012-13 onwards to FY 2015-16.

The Petitioner has filed a Petition no 50 of 2017 before the Hon'ble Commission against such deduction and also submitted in its submissions that it shall comply all its pending RPO obligation (i.e. from FY 2012-13 to FY 2015-16) in FY 2017-18.

Thus, based on the Petitioner submissions in Petition no 50 of 2017, it has decided by the Hon'ble Commission to allow 10% of the cost of pending RE Certificates which was disallowed in Tariff Order dated 31.08.2017.

Relevant extract of the Hon'ble Commission Order dated 28.02.2018 is reproduced below:

*"12. In view of the foregoing discussion, all the facts and the efforts made by the petitioner to clear the back log of Annual RPO targets, this Commission has reached to a considered decision to allow 10% of the cost of REC to a tune of Rs. 25.13 crore, which was disallowed in the Tariff Order dated 31.08.2017 for underachievement of RPO targets by the Petitioner. **The aforesaid amount of Rs.25.13 crore shall be considered in the next Tariff Order for the Petitioner.**"*

It is worth to mention that the Petitioner has procured RE certificates of Rs. 315.84 Cr (Refer Table no 3.15 of this Tariff Petition) in order to comply all its pending RPO obligations.

Based on above submission, it is requested to the Hon'ble Commission to allow the amount of Rs 25.13 Cr deducted in trued up ARR of FY 2015-16 along with carrying cost in the ensuing Tariff Order.

**Note 2:****Allowance of Incremental Income Tax related to Policy Direction Period**

The Hon'ble APTEL in its Judgment against Appeal no 271 of 2013 has decided the issue in favor of the Petitioners by relying on the Hon'ble Commission's own submissions. i.e. *"The learned Delhi Commission in the impugned Order has given a clarification that if the tax assessed or paid in any financial year is higher than the tax actual allowed due to the reason that a higher tax is on account of any arrears of income tax pertaining to the past years, the utilities like DISCOM/ appellant herein, may claim the same in the ARR for the relevant year, subject to producing documentary evidence establishing the claim towards arrears. "*

With respect to the implementation of the above judgment, the Hon'ble Commission in its Tariff Order for FY 2017-18 has sought some additional information from the Petitioner. The Petitioner vide its letter dated March 16, 2018 had already submitted the said information to the Hon'ble Commission, thus, seeking for truing up of Income Tax on account of

- a) Tax pursuant to change in section 115 JB of Income Tax Act
- b) Tax paid on account of depreciation of policy direction period allowed in FY 08

The detailed point wise information towards income tax claim is given below

A) The Section 115JB of Income Tax (amended by the Finance (No. 2) Act, 2009) was made effective retrospectively from 01.04.2002. In terms of the said amendment Provision for doubtful debts were required to be added back while calculating book profits for the purpose of computing income tax under MAT.

It is submitted that during the policy direction period, the truing up of all the expenses including Income Tax was allowed on actual basis and most of the above liability pertains to Policy Direction Period i.e. FY 2002-03 to FY 2006-07. As the provision for doubtful debts which was not added at the time of computation of MAT in earlier years was added back pursuant to retrospective change in law resulting in additional liability of Income Tax (including interest of 234 A/B/C) as given below.

**Table 2.2: Impact of Additional Income Tax****(Rs Cr.)**

Financial Year	Additional Income Tax sought for Policy Direction period
FY 02-03	5.52
FY 03-04	Nil
FY 04-05	Nil
FY 05-06	22.60
FY 06-07	0.62
<b>Total Income tax towards for point "a"</b>	<b>28.74</b>

**Table 2.3: Additional Income Tax due to sec 115(JB) of IT Act along with carrying cost****(Rs Cr.)**

Particulars	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Opening balance		5.52	6.02	6.56	29.75
Addition	5.52	-	-	22.60	0.62
Carrying cost rate	9.00%	9.00%	9.00%	9.00%	9.00%
Carrying Cost	-	0.50	0.54	0.59	2.68
Closing Value	5.52	6.02	6.56	29.75	33.05#

Further, with respect to the Income Tax claim sought towards point (b) above, it is again resubmitted that in order to comply with the judgment of Supreme Court, the Hon'ble Commission has allowed the additional depreciation pertaining to the policy direction period in its MYT order dated February 2008 resulting into additional Income of Rs 253.33 Cr. in FY 2007-08. Due to this additional income Tata Power- DDL has to pay additional Income Tax of Rs 28.70 Cr, which has to be allowed on actual basis as the same is pertaining to the impact given for policy direction period. Computation of additional income tax for Policy Direction Period due to issuance of MYT Order dated Feb, 2008 is given below.

**Table 2.4: Additional Income Tax due to truing up of Policy Direction Period in FY 2008****(Rs Cr.)**

Particulars	Amount
Opening Tariff Adjustment a/c payable in books of accounts – A	114.39
Add- Revenue Gap approved in MYT order dated, Feb 2008	138.94
Total Income on which additional Income Tax has been paid during FY 2007-08	253.33
Income Tax Rate – 11.33%	11.33%
Income Tax liability pertaining to Policy Direction Period (b)	28.70

Based on the above submission it is requested to the Hon'ble Commission to allow the additional Income Tax along with carrying cost.

**Note 3:****Allowance of Street Light Incentive inadvertently considered as a part of Non-Tariff Income in 1<sup>st</sup> MYT Control Period**

The Petitioner filed a Petition No. 49/2013 before the Hon'ble Commission seeking allowance of incentives earned from efficient performance of the Petitioner in maintenance of street lights works carried out in its area of supply for the period of 2007-2012 and consequently correction of NTI amounts in various ARR's/True up Orders. A brief of said appeal and relevant extract of the Judgment of the Hon'ble Commission is given below:

The Hon'ble Commission is well aware that the petitioner is engaged in maintaining the street lights belonging to various civic agencies which are installed in its area of supply; and in order to evolve a performance driven system the Hon'ble Commission *vide* its order dated 05.03.2004 has put up the incentive/disincentive mechanism for maintaining street lights. The Order also provides that the incentive or disincentive would not be a pass through in the calculation of the ARR. Although the said incentive as earned by the petitioner was not meant to be passed on in its ARR, however the same has been inadvertently passed by the Petitioner in the ARR for the FY 2007-08, 2008-09 and 2009-10 under the head street light maintenance income which head also includes the "amount earned on account of incentive" also.

Against the submissions of the Petitioner, the Hon'ble Commission has examined and found that as the amounts of incentive booked and offered in ARR have not been reflected separately either in the Audited Financial Statements or in the Tariff Petitions for the respective financial years except in the Tariff Petition for the FY 2010-11, hence, the Hon'ble Commission decided to consider the amount of incentive of Rs.4,64,74,741/- which is accepted and verified by NDMC through an affidavit.

Based on the above facts and submission, the Hon'ble Commission had issued an Order dated 17.05.2018 and decided to allow Rs 4.64 Cr on account of incentive to the Petitioner. Relevant extract of the said Order is given below;

*"9. In view of the above, an amount of Rs.4,64,74,741/-, earned and received as incentive for a period from 2007 to 2012 shall be allowed to the Petitioner in term of order dated 05.03.2004 which provides that the incentive or disincentive would not be a pass through in the calculation of the ARR and it shall not be treated as non-tariff income."*

Thus, the Petitioner is now seeking the implementation of aforesaid Order and requesting the Hon'ble Commission to allow year wise amount of incentive along with carrying cost.

**Note 4:**

**Reversal of disallowance of Anta Auriya and Dadri from FY 12-13 onwards**

The Petitioner has submitted Petition No. 34/2018 before the Hon'ble Commission in pursuant to the liberty granted by the Hon'ble Supreme Court of India by the Order dated 21.05.2018 passed in the IA No. 62763 of 2018 while disposing of the Civil Appeal No. 7362 of 2016, directing as under:

*"Considering the assertions made in the applications, the applicants are permitted to withdraw the Civil Appeal No. 7362 of 2016 and Civil Appeal Nos. 11106-11107/2016, with liberty to pursue the matter before the Delhi Electricity Regulatory Commission. We make it clear that we are not expressing any opinion on the merits of the controversy and all questions are left open."*

The Petitioner has submitted that it entered into a supplementary PPA dated 22.03.2012 with NTPC. Vide the Supplementary PPA, the term of procurement from the gas based stations of NTPC and from the other stations contained in Clause 13.1 (A) of the PPA dated 08.05.2008 was increased beyond their respective expiry dates to the end of useful life of the respective expiry dated to the end of useful life of the respective station considered in the tariff orders or Regulations issued by CERC or GoI allocations whichever is later. The supplementary agreement was also on the same terms and conditions as the PPA originally entered into between the Petitioner and NTPC.

On 12.06.2015, the Hon'ble Commission has disallowed the power purchase adjustment costs towards Anta, Auraiya and Dadri plants of NTPC. The same was challenged before the Hon'ble Appellate Tribunal for Electricity (APTEL) in Appeal No. 186 of 2015. The Hon'ble APTEL by judgment dated 01.06.2016 had dismissed the said Appeal. Thereafter, the Petitioner filed the Civil Appeal No. 7326 of 2016 against the said judgment under Section 125 of the Electricity Act, 2003 before the Hon'ble Supreme Court. On 21.05.2018, the Hon'ble Supreme Court passed an Order in the IA No. 62763 of 2018 filed by the

Petitioner granting liberty to the Petitioner to pursue the matter before this Hon'ble Commission.

Thus the Petitioner filed the Petition for reconsideration of the disallowance done by the Hon'ble Commission by the Tariff Order dated 29.09.2015 and subsequent Tariff Orders dated 31.08.2017 and 28.03.2018 while truing up the accounts for relevant financial years has considered all power scheduled from Anta, Auraiya and Dadri Stations for the past years, i.e., FY 2012-13, FY 2013-14, FY 2014-15, FY 2015-16 and FY 2016-17 on the basis of the same was procured by the Petitioner through short term sources. Therefore, the cost of procurement of this power has been limited to the monthly average rate of exchange of Northern Region (N2) as determined by the Hon'ble Commission, thereby causing a substantial adverse financial impact on the revenues of the Petitioner as the short term market rates are much lower from the actual power purchase costs borne by the Petitioner for power scheduled from Anta, Auraiya and Dadri plants of NTPC.

Based on the submission made in Petition, the Hon'ble Commission vide its Order dated 04.07.2018 has decided to consider this Petition as a special case and thus agreed to allow the cost of these power plants which was disallowed in earlier years. Relevant extract of the said Order is given below:

*"3. f) In view of the aforesaid discussions as a special case the Petitioner is allowed the cost of power purchase from FY 2012-13 till FY 2016-17 on the principle of Merit Order."*

Based on above submission, the Petitioner is now seeking the implementation of aforesaid Order and requesting to the Hon'ble Commission to allow the entire disallowed cost of Anta, Auriya and Dadri Gas based plants from FY 2012-13 onwards.

**Note 5:**

**Differential amount of Truing up of Rithala Power Plant**

As per Para 27(a) of the Rithala Order dated 31.08.2017, the Hon'ble Commission has allowed the cost of the plant upto March 2018 meaning thereby that the Hon'ble Commission shall fix the tariff for Rithala Plant upto FY 2017-18. It is also directed to the Petitioner that it shall file true up Petition since operation of this plant till FY 2016-17 before the Hon'ble Commission.



In order to comply with the said directive, Without prejudice to the its rights and contentions the Petitioner has filed True up Petition No 51 of 2017 for seeking True Up of expenses for FY 2010-11 to FY 2016-17 and ARR for FY 2017-18, in terms of applicable Tariff Regulations (2007 & 2011) read with Delhi Electricity Regulatory Commission Comprehensive (Conduct of Business) Regulations, 2001.

During the prudence check of this Petition the Hon'ble Commission has also directed to the Petitioner to file true up Petition for Rithala plant for FY 2017-18 also. The Petitioner has filed an interim application dated 7<sup>th</sup> Sep, 2018 has requested to the Hon'ble Commission for consideration of Rithala ARR of FY 2017-18 as a true up Petition for FY 2017-18.

The Petitioner would like to mention that as the Hon'ble Commission is doing truing up of FY 2017-18, hence it is requested to the Hon'ble Commission to allow the differential impact of Rithala Power Plant (i.e. Amount Sought in the True up Petition minus amount already allowed on Provisional basis) along with the carrying cost. The Computation of year on year differential amount is given below:

**Table 2.5: Impact of Rithala based on True up Petition no 51/2017**

(Rs Cr.)

Particulars	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18*
<b>Fixed Charges</b>								
O&M expenses	1.14	10.14	25.65	27.12	28.67	30.31	32.04	33.88
Depreciation	2.07	20.69	25.93	25.95	25.97	25.99	25.99	25.99
Interest on Loans	1.11	9.96	11.35	8.51	5.65	2.79	0.68	0
Return on Equity	0.69	6.72	8.32	8.33	8.33	8.33	8.33	8.33
Interest on Working Capital	0.93	7.52	9.97	10.02	10.07	10.17	10.28	7.95
Income Tax	0.26	2.57	3.38	3.38	3.38	3.45	3.45	2.26
<b>Sub- Total - A</b>	<b>6.20</b>	<b>57.60</b>	<b>84.60</b>	<b>83.32</b>	<b>82.08</b>	<b>81.05</b>	<b>80.78</b>	<b>78.42</b>
<b>Variable charges</b>								
Fuel Cost	13.17	93.31	44.64	0.28	-	-	-	-
Ship or pay charges	2.59	14.78	-	12.72	-	-	-	-
<b>Sub-Total - B</b>	<b>15.76</b>	<b>108.09</b>	<b>44.64</b>	<b>13.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total (A+B)</b>	<b>21.96</b>	<b>165.69</b>	<b>129.24</b>	<b>96.32</b>	<b>82.08</b>	<b>81.05</b>	<b>80.78</b>	<b>78.42</b>
<b>Less- Allowed by DERC-C</b>	<b>10.16</b>	<b>69.64</b>	<b>40.40</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Differential amount now sought for truing up (A+B-C)</b>	<b>11.80</b>	<b>96.05</b>	<b>88.84</b>	<b>96.32</b>	<b>82.08</b>	<b>81.05</b>	<b>80.78</b>	<b>78.42</b>

\*Amount sought as a part of Power Purchase Cost for FY 2017-18

**Note 6:****Reversal of Trading Margin paid to TPTCL**

The Hon'ble APTEL in its Judgment against Appeal no 271 of 2013 against the Tariff Order dated July 2013 has held that

*"13.2) Since the learned Delhi Commission has given clear liberty and clearly provided that the trading margin is provisionally disallowed but the same would be considered in the final true up. We hope the learned Delhi Commission would consider the same at the final truing up stage, hence, in view of this we do not find any perversity in the Impugned Order and this issue is decided against the appellant."*

Based on the above, the Petitioner is requesting the Hon'ble Commission to allow the said trading margin of Rs 0.144 Cr along with carrying cost, which was disallowed on provisional basis in FY 2011-12.

**Note 7:****Adherence to Merit Order Scheduling**

The Hon'ble DERC during the past 4 years from FY 2013-14 to FY 2016-17 has made disallowances on account of alleged "Merit Order Violation". The same has been appended below for ready reference:

**Table 2.6: Allowance of disallowed amount of Merit Order Scheduling (Rs Cr.)**

Sl. No.	Particulars	*FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
1	Amount Disallowed	49.11	0.04	0.00	1.56
2	Less- Already Allowed	3.31*	-	-	-
3	Differential amount now sought	45.80	0.04	0.000	1.56

\* An amount of Rs. 3.31 Crores was allowed for FY 2013-14 in Tariff order dated 28<sup>th</sup> March 2018.

In this regard, we would like to make the following submissions:-

- A. On numerous occasions, the individual plant wise requisitions of the beneficiaries are ignored and power scheduling is done by NRLDC & Delhi SLDC considering the larger issues like Grid Stability/Security, transmission constraints arising due to tripping/outage of inter-regional transmission links, line loading & other operational and commercial constraints at any given point of time. In such a scenario violation in "Merit Order Scheduling" takes place which is beyond the control of Tata Power-DDL and we request

the Hon'ble Commission to consider the same and not impose penalty upon Tata Power-DDL towards the same. A detailed submission on the same is already a part of Tata Power-DDL petition before Hon'ble Commission (Petition No. 10 of 2014: Tata Power-DDL vs. Delhi SLDC). The issue of force scheduling has also been mentioned by Hon'ble DERC as part of its ROP dated 9<sup>th</sup> Aug'2018 in Petition number 10 of 2014.

- B. There have been instances on a daily basis being faced with Delhi State Generating Stations, wherein, time and again costly power from Delhi State Generating Stations (especially GT & Pragati) is scheduled forcefully citing the reasons of line loading and Grid constraints by Delhi SLDC. On numerous occasions it has been noted that the Generation Capacity having the lower cost is not being utilized fully and at the same time higher cost Generating Stations are being scheduled. For example, on 20<sup>th</sup> Feb 2018, GT against an offered capacity of 80 MW at Rs. 3.76/unit was operating only at 38 MW, whereas Pragati against an offered capacity of 265 MW at Rs. 4.50 /unit was operating at 275 MW. Simultaneously, Bawana offering a capacity of 325 MW at a per unit cost of Rs. 4.00 was being run at only 249 MW thus resulting into non utilization of around 75 MW of low cost power from Delhi Genco itself. Accordingly, we requested Delhi SLDC through emails dated 20<sup>th</sup> Feb' 2018, 22<sup>nd</sup> Feb' 2018, 23<sup>rd</sup> Feb' 2018 & 27<sup>th</sup> Feb' 2018 and telephonic discussion to close down the generation from Pragati (being the costliest) or schedule the power from Pragati only to the Discoms who require power from it, and operate GT at a full offered capacity of 80 MW. However, no response to the above was received from SLDC. We had highlighted similar instances in past also through our letters addressed to Delhi SLDC, however, no reply to the same was provided by them. Owing to no response being received from Delhi SLDC, we had also raised the above issue of suboptimal scheduling of Delhi Genco's in OCC (Operation Co-ordination Committee) meeting held on 21st Feb 2018. The matter was deliberated in presence of Officials of Delhi SLDC and SLDC was advised to communicate the desired/relevant information to respective Discoms, however no response to the same was received from Delhi SLDC.

The matter of scheduling of Costly Power from Delhi State Generating Stations was also discussed in the DPPG meeting held on 9<sup>th</sup> May 2018. The relevant extracts of Minutes of Meeting dated 9<sup>th</sup> May 2018 has been reproduced below for reference "Delhi SLDC intimated that the "Scheduling of Costly Power from Delhi Genco like PPCL-1, PPCL-3 & GT is done to maintain the line loading of the system within permissible limits for grid

stability and security and such scheduling should not be considered under MOD. Delhi SLDC informed that scheduling of costly power is done as and when required due to grid stability and security, the same is also informed to DISCOMS for booking such costly powers. Delhi SLDC also confirmed that the information regarding booking of costly power is also confirmed to DERC when sought from DERC".

Accordingly, we request that scheduling of power from Delhi Genco should be excluded from the pool of Generators considered for "Merit order Scheduling"

- C. Apart from the above there are various other instances of "Merit Order Violation" faced by Tata Power-DDL during Financial Year 2017-18.

The details of the same have been highlighted to Delhi SLDC with a copy to Hon'ble DERC vide our letter number TATA Power-DDL/PMG/SLDC/13082018 dated 13<sup>th</sup> Aug' 2018.

- D. From the above, it is evident that there are numerous instances for "Merit Order Violation" which have taken place due to "reasons beyond the control of the Discoms". The same is happening regularly even today also. Hence, Hon'ble Commission is requested that during truing up exercise for FY 2017-18, the effect of factors beyond control of the Discoms may be considered accordingly and no penalty on account of the same on ADSM & Merit order scheduling be levied upon TATA Power-DDL.

- E. Tata Power-DDL would also like to submit that station such as Hydro, Renewable & Nuclear are must run stations and cannot be scheduled/backed down on the basis of Merit Order Dispatch.

- F. Further, as per minutes of meeting issued by SLDC dated 14.09.2018 to the DISCOMS stating that SLDC has schedule the power based on must run plants.

Based on above submissions and letter of SLDC, Tata Power DDL requested to the Hon'ble Commission to reverse back the said disallowances done on account of non-following of merit order dispatch guidelines.

**Note 8:**

**Impact of the Review Petition no 32/2018**

The Petitioner has filed review petition for review/revision/clarification for some of the issues against the Hon'ble Commission's Tariff Order dated 28.03.2018 in Petition No. 67 of 2017. The Hon'ble Commission vide its Order dated 24.09.2018 has disposed off the said Petition in favour of the Petitioner. Relevant extract of the Order is given below:

*"5 The Petition is disposed of as per the directions and decisions contained in the paragraph 4 of this order, which would be given effect to in the subsequent Tariff Order."*

Based on above Order issue wise impact is computed below and submitted to the Hon'ble Commission to consider before issuing the next tariff order. Item wise impact of the Review Order is given below:

**Table 2.7: Impact of Review Order in Review Petition no 32/2018**

(Rs Cr.)

Sl No	Particulars	Amount
1	Differential of LPSC financing cost for FY 2012-13	2.35
2	Impact of Carrying Cost rate of 11.98% instead of 12.08% for FY 2016-17	0.25
3	Reversal of Negative Power Purchase Cost for Rithala Power Plant	128.18
4	Non-allowance of Income Tax while approving the Income from other Business;	5.03
5	Differential Income Tax due to Income Tax rate of 33.99% instead of 34.61%;	0.93
6	Difference of Revenue Billed instead of Revenue Realized/Collected while computing the Revenue Gap/Surplus for the year	10.84
7	Non-consideration of Depreciation towards retired/de-capitalized assets while computing Regulated Rate Base ("RRB") for FY 2016-17;	Not considered here as the same is related to RRB;
8	Inadvertent consideration of ARR instead of Revenue Billed for the purpose of computing 2 months Receivables; and	
9	Difference in collected amount of 8% surcharge for the purpose of computation of Revenue Gap/Surplus for the FY 2016-17	7.5
10	Revised Truing up of actual Aggregate Technical and Commercial (AT&C) loss for FY 2016-17; and	3.61
11	Clarification of disallowance of Rs. 1.56 crores for FY 2016-17 on account of Merit Order Violation.	Already considered under merit order scheduling

**Inadvertent omission of FY 2012-13 for allowances of Financing Cost at the approved working capital rate of 11.62%.**

The Hon'ble Commission in para 4.1.3 of the Order has stated that "The LPSC rate for the entire control period is at the same rate as the rate approved for working capital for the control period. Accordingly, the impact on account of LPSC Financing Cost for FY 2013-14 to FY 2015-16 has already been considered in Tariff Orders dated 31.08.2017 and 28.03.2018. As much as it is related to FY 2012-13, shall also be at 11.62%."

Thus the Petitioner has recomputed the LPSC financing cost considering the interest rate of 11.62% and sought differential amount of Rs 2.35 Cr towards LPSC financing cost to be retained by the Petitioner.

**Inadvertent Error in computation of Carrying Cost at the rate of 11.98% instead of 12.08% for FY 2016-17 while computing Prior Period Claim.**

The Hon'ble Commission in para 4.2.4 has stated that in table no. 146 of the Tariff Order dated 28.03.2018 of TPDDL, the rate of carrying cost for FY 2016-17 has been considered as 12.08% whereas in Table at Page No.111, the rate of carrying cost for FY 2016-17 has been considered as 11.98%, which is an inadvertent error. Accordingly, the carrying cost rate of FY 2016-17 in table at page 111 shall be read as 12.08% and the impact of the same shall be considered in the subsequent Tariff Order.

Thus the Petitioner has computed the differential amount of Rs 0.25 Cr towards carrying cost.

**Inadvertent consideration of negative Power Purchase Cost for Rithala Power Plant while truing up of Power Purchase Cost for FY 2016-17.**

The Hon'ble Commission in para 4.3.11 has stated that "In view of the above and considering the certification from the Auditor, the cost of Rs. 128.18 Cr. for Rithala Power Plant is allowed."

Thus the Petitioner has seeking an amount of Rs 128.18 Cr to be allowed as a Power Purchase cost of the Petitioner for FY 2016-17.

**Non allowance of Income tax while approving the Income from Other Business.**

**Petitioner's Submission:**

The Hon'ble Commission in para no 4.5.6 stated that "Further, maximum tax which can be paid on account of Income Tax from other Business is the difference between actual tax paid & tax already allowed on Return on Equity (ROE). In the instant case the amount of actual tax paid is Rs. 57.48 and the tax allowed is Rs. 52.45 Cr, which includes 0.93 Cr. allowed under issue No.6 hereafter. Therefore, an amount of Rs. 5.03 Cr is allowed on account of Income Tax on Income from other Business."

Thus the Petitioner has seeking an amount of Rs 5.03 Cr to be allowed as Income Tax for FY 2016-17.

**Error in submitting the rate of Income Tax as 33.99% in Tariff Petition instead of 34.61%.**

The Hon'ble Commission in para no 4.6.6 has stated that "TPDDL vide its reply received on 03.08.2018 has submitted the detailed computation of Income Tax Rate of 34.61% along-with relevant documents of Income Tax Department. Therefore, the impact on account of Income Tax Rate of 34.61% for FY 2016-17 may be allowed to TPDDL. Therefore, consequent upon revision of the rate of Income Tax from 33.99% to 34.61%, an amount of Rs. 0.93 Cr. is allowed to the petitioner."

Thus the Petitioner has seeking differential amount of Rs 0.93 Cr to be allowed as Income Tax on ROE for FY 2016-17.

**Inadvertent consideration of amount of Revenue Billed instead of Revenue Realized/Collected while computing the Revenue Gap/Surplus for FY 2016-17.**

The Hon'ble Commission in para no 4.7.4 has stated that "It is observed that inadvertently the Revenue Billed has been considered instead of Revenue collected for computing of Revenue Gap for TPDDL. Therefore, the amount of Revenue collected is rectified to Rs. 6,118.98 Cr. against Rs. 6,129.82 Cr. as has been considered in the Tariff Order."

Thus the Petitioner is requesting the Hon'ble Commission to consider the differential amount of Rs. 10.84 Cr by increasing the Revenue Gap.

**Inadvertent consideration of collected amount of 8% surcharge for the purpose of computation of Revenue Gap/Surplus for the FY 2016-17.**

The Hon'ble Commission in para no 4.10.3 has stated that "As per Note 47.2 of the audited accounts for FY 2016-17, the amount collected through 8% surcharge is Rs. 491.03 Cr. against Rs. 498.53 Cr. considered in the Tariff Order dated 28.03.2018. In view of the above, the 8% surcharge amount of Rs. 491.03 Cr. shall be read in the relevant place against Rs. 498.53 Cr." Thus the Petitioner is requesting the Hon'ble Commission to consider the differential amount of Rs. 7.50 Cr by increasing the Revenue Gap.

**Inadvertent consideration of Gross Energy Input for the purpose of Truing up of actual AT&C loss for FY 2016-17.**

The Hon'ble Commission in para no 4.13.5 has stated that "TPDDL has also furnished a letter from SLDC dated 28.05.2018, wherein it is indicated that the energy input of 9,062.97 MU for TPDDL for FY 2016-17 includes energy consumption by open access consumers. Based on the clarification by SLDC the impact of open access consumption is allowed to the Petitioner."

Thus computation of additional return on account of overachievement in AT&C is given below:

**Table 2.8: Differential amount of overachievement AT&C Incentive sought for FY 2016-17 (Rs Cr.)**

Particulars	Trued up in Tariff Order	Revised Submission based on review order
Input	9,062.97	9,034.27^
Unit Billed	8,253.72	8,253.72
Amount billed	6,129.82	6,129.82
Distribution loss	8.93%	8.64%
Amount collected	6,118.98	6,118.98
Collection efficiency	99.82%	99.82%
Units realized	8,239.12	8,239.12
AT&C loss level	9.09%	8.80%
Previous year Target	11.00%	11.00%



Particulars	Trued up in Tariff Order	Revised Submission based on review order
Current year Target	11.50%	11.50%
Additional return on Equity	3.82%	4.40%
RRB	2,638.41	2,638.41
Average Equity	625.28	625.28
Average Debt	2,013.13	2,013.13
ROE	16%	16%
Effective ROE	19.82%	20.40%
Cost of Debt	10.40%	10.40%
WACC	12.63%	12.77%
ROCE	333.29	336.91
Impact of ROE		3.61*

*\*figures may be changed based on final truing up of capitalization*

*^ Input is net of open Access units as certified by SLDC*

Thus the Petitioner is requesting the Hon'ble Commission to allow the differential amount of Rs. 3.61 Cr towards the overachievement incentive.

