

3. Methodology for Truing up of FY 2017-18

Tata Power- DDL seeking the True up of FY 2017-18 in line with Regulations 152 & 153 of the Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Regulations, 2017 which has stipulated the Truing up mechanism. The relevant extract of the same are given below;

"152. True up of ARR for Distribution (Wheeling & Retail Supply) Licensee shall be conducted on the following principles:

(a) Variation in revenue and sales of the distribution licensee based on projected revenue and sales vis-a vis actual revenue and sales;

(b) Variation in long term power purchase quantum and cost of the distribution licensee based on merit order dispatch principle of projected long term power purchase quantum and cost vis-a-vis actual long term power purchase quantum and cost;

Provided that the distribution licensee shall submit report from State Load Dispatch Centre (SLDC) for instances of forced scheduling due to the reasons not attributable to the Distribution licensee for scrutiny of dispatch of power in Delhi on merit order basis in its area of supply;

Provided that the cost of credit to the net metering consumer on account of net surplus unit of power injected into the grid as specified in Delhi Electricity Regulatory Commission (Net Metering for Renewable Energy) Regulations, 2014 shall be allowed to the distribution licensee in the power purchase cost of the relevant year;

(c) Variation in short term power purchase quantum and cost of the distribution licensee based on projected short term power purchase quantum and cost vis-a-vis actual short term power purchase quantum and cost;

Provided that Trading Margin, Transmission Charges and Transmission Losses incurred on Forward And Reverse transaction in the same time slot executed within three months for Forward / Reverse power procurement/sale through Banking And Bilateral shall not be allowed in the Power Purchase Cost of the Distribution Licensee;

Provided that Sale through Deviation Settlement Mechanism (Unscheduled Interchange) transactions other than forced scheduling of power as certified by SLDC on monthly basis shall be limited to the contingency limit as specified by the Commission in the Business Plan Regulations in order to promote Grid Discipline and optimize Power Purchase Cost;

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

Provided that Short-term arrangement or agreement, other than traded through Power Exchange, for procurement/sale of power has to be executed through a transparent process of open tendering and competitive bidding guidelines issued by Ministry of Power (MoP) as amended from time to time, unless specific direction issued by the Commission;

Provided further that in case the Distribution Licensee does not follow Short Term Power guidelines for procurement of power/sale the rate of such power procurement shall be restricted to the average rate of power purchase/sale through exchange during same month for Delhi region.

(d) Any surplus or deficit on account of controllable parameters i.e., Operation and Maintenance (O&M) expenses shall be to the account of the Licensee and shall not be trued up in ARR; and

(e) Depreciation, Return on equity and interest on loan shall be trued up every year based on the actual capitalization vis-à-vis capital investment plan (capitalization) approved by the Commission;

Provided further that the Commission shall true up the interest rate on the basis of increase/decrease in State Bank of India Base Rate as on April 1 of the relevant financial year vis-a-vis State Bank of India Base Rate as on April 1 of the immediately preceding financial year in accordance with Regulation 0 of these Regulations;

(f) Interest on working capital loan shall be trued up every year based on the working capital requirements specified in Regulation 0 of these Regulations.

153. The actual expenditure vis-a-vis projected expenditure incurred on Demand Side Management in the ARR shall be trued up."

Hence in this petition, the Petitioner has sought truing up of all the parameters of ARR:

1. Net Revenue and Power Purchase
2. Non-Tariff Income, Income from Open Access and Income from Non Energy (Other Business)
3. O&M Expenses along with New Initiatives, Statutory Levies, Taxes etc.
4. Depreciation and RoCE based on the actual Capitalization
5. Income Tax
6. Carrying Cost
7. Incentive towards higher reduction in T&D losses, overachievement of collection efficiency, sharing of savings through refinancing of loans and Incentive on account of sale of surplus power.

The component wise detailed information's are given in relevant paras of this chapter.

Truing up of Revenue Billed and Revenue available towards ARR

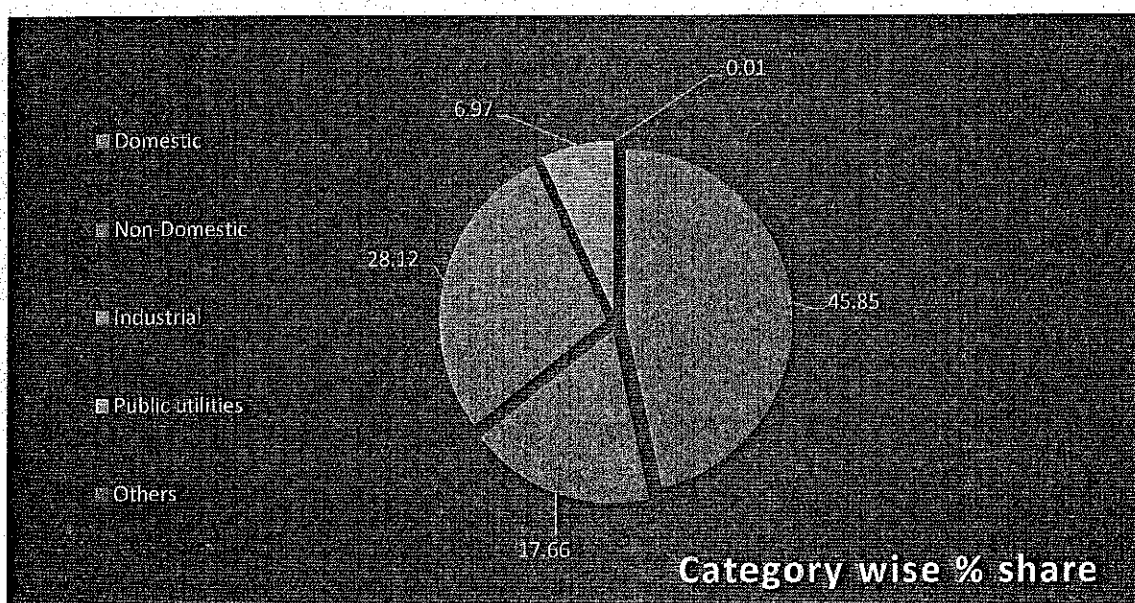
Revenue Billed for FY 17-18

In its Tariff Order for FY 2017-18, the Hon'ble Commission had projected billed sale of energy of 8,456 MU for the FY 2017-18. Against the same, Tata Power- DDL has actually billed 8,638 MU as sale of energy including normative own consumption of 19.05 MU. Given below is the table showing the category wise comparative between projected energy sale and actual energy billed.

Table 3.1: Category wise billed energy sale (Projected vis-à-vis Actual) for FY 2017-18

| Sl. No. | Category | Projected Billed sale of Energy (MU) | Actual Billed sale of Energy (MU) |
|---------|--------------------|--------------------------------------|-----------------------------------|
| 1 | Domestic | 3,876 | 3,947 |
| 2 | Non-Domestic | 1,483 | 1,528 |
| 3 | Industrial | 2,330 | 2,432 |
| 4 | Agriculture | 13 | 13 |
| 5 | Public Lighting | 148 | 154 |
| 6 | Delhi Jal Board | 255 | 243 |
| 7 | Railway Traction | 48 | 51 |
| 8 | DMRC | 166 | 155 |
| 9 | Others | 137 | 114* |
| | Grand Total | 8,456 | 8,638 |

Based on actual energy billed, category wise % share in total energy billed is shown below:



The Hon'ble Commission in its Business Plan Regulations, 2017 has specified that for the purpose of truing up, the Own Consumption shall be considered @ 2% of the energy billed or the actual consumption of licensee whichever is lower. Thus, for the purpose of truing up, Tata Power- DDL has considering actual consumption of 11.85 MU towards own consumption against the normative own consumption of 19.05 MU.

Table 3.2: Category wise billed energy sale (MU) sought for truing up for FY 2017-18

| S. No. | Category | *** Total Number of consumers and sanctioned load | | Units Sold |
|--------|---------------------------|---|------------------|--------------|
| | | MW | No. | MU |
| 1 | Domestic | 2,975 | 13,49,394 | 3,947 |
| 2 | Non-Domestic | 1,319 | 2,26,467 | 1,528 |
| 3 | Industrial | 1,466 | 33,816 | 2,432 |
| 4 | Agriculture | 28 | 4,119 | 13 |
| 5 | Public Lighting | 94 | 4,565 | 154 |
| 6 | Delhi Jal Board | 67 | 348 | 243 |
| 7 | Railway Traction | 21 | 1 | 51 |
| 8 | DMRC | 34 | 4 | 155 |
| 9 | Advertisement & Hoardings | 0 | 249 | 1 |
| 10 | E-Rickshaw | 0 | 49 | 0 |
| 11 | Actual Own Consumption | 17 | 357 | 12 |
| 12 | Others | 54 | 21,286 | 94 |
| | Total | 6,075 | 1,640,655 | 8,631 |

Further, the Hon'ble Commission in its Tariff Order for FY 2017-18 had projected total revenue of Rs. 7,215.18 Cr. out of which Rs. 6,680.72 Cr. had been projected towards fixed charges & Energy Charges and balance Rs. 534.46 Cr. (*i.e. 8% Deficit Recovery Surcharge to be applied on fixed and energy charges*) had been projected towards recovery of carrying cost and accumulated revenue gap. Given below is the category wise billed revenue projected for FY 2017-18.

Table 3.3: Category wise Projected billed energy sale (MU) and Revenue (Rs. Cr.) for FY 2017-18

| S. No. | Category | Net Units Sold "A" | Fixed Charges Billed – "B" | Energy Charges Billed- "C" | Total Revenue "D=(B+C)" | ABR/kWh E= D/A*10 | Deficit Recovery Surcharge of 8% F= D*8% |
|--------|--------------------|--------------------|----------------------------|----------------------------|-------------------------|-------------------|--|
| | | MU | Rs. Cr. | | | | Rs. Cr. |
| 1 | Domestic | 3,876 | 86.58 | 2,187.81 | 2,274.39 | 5.87 | 181.95 |
| 2 | Non-Domestic | 1,483 | 236.10 | 1,366.48 | 1,602.58 | 10.81 | 128.21 |
| 3 | Industrial | 2,330 | 223.21 | 1,971.19 | 2,194.40 | 9.42 | 175.55 |
| 4 | Agriculture | 13 | 0.60 | 3.66 | 4.26 | 3.28 | 0.34 |
| 5 | Public Lighting | 148 | | 108.04 | 108.04 | 7.30 | 8.64 |
| 6 | Delhi Jal Board | 255 | 12.64 | 217.31 | 229.95 | 9.02 | 18.40 |
| 7 | Railway Traction | 48 | 4.30 | 37.10 | 41.40 | 8.63 | 3.31 |
| 8 | DMRC | 166 | 5.22 | 103.61 | 108.83 | 6.56 | 8.71 |
| 9 | Others | 137 | 5.16 | 111.71 | 116.87 | 8.53 | 9.35 |
| | Grand Total | 8,456 | 573.81 | 6,106.91 | 6,680.72 | 7.90 | 534.46 |

Against the said projected billed revenue, Tata Power- DDL has actually billed energy revenue (net of E, tax and Pension Trust Surcharge) of Rs. 6,967.66 Cr. at approved Retail Supply Tariffs.

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

Table 3.4 Category wise Actual billed energy sale (MU) and Revenue (Rs. Cr.) for FY 2017-18

| S. No. | Category | *** Total Number of consumers and sanctioned load | | Net Units Sold | Fixed Charges Billed | Energy Charges /other charges Billed | PPCA Amount Billed | Total | ABR | Surcharge of 8% |
|--------|------------------|---|---------|----------------|----------------------|--------------------------------------|--------------------|----------|-------|-----------------|
| | | MW | No. | MU | Rs Cr. | | | | kWh | Rs Cr. |
| 1 | Domestic | 2975 | 1349394 | 3,947 | 107.25 | 2,049.91 | (0.00) | 2,157.15 | 5.47 | 172.59 |
| 2 | Non-Domestic | 1319 | 226467 | 1,528 | 193.78 | 1,379.00 | 0.00 | 1,572.78 | 10.29 | 126.31 |
| 3 | Industrial | 1466 | 33816 | 2,432 | 208.94 | 1,991.48 | 0.01 | 2,200.42 | 9.05 | 176.46 |
| 4 | Agriculture | 28 | 4119 | 13 | 0.66 | 3.43 | (0.00) | 4.09 | 3.13 | 0.33 |
| 5 | Public Lighting | 94 | 4565 | 154 | - | 113.44 | 0.03 | 113.46 | 7.37 | 9.17 |
| 6 | Delhi Jal Board | 67 | 348 | 243 | 10.02 | 182.67 | 0.00 | 192.69 | 7.94 | 15.41 |
| 7 | Railway Traction | 21 | 1 | 51 | 2.67 | 34.90 | - | 37.57 | 7.30 | 3.00 |
| 8 | DMRC | 34 | 4 | 155 | 5.25 | 92.43 | - | 97.68 | 6.29 | 7.81 |

| S. N. O. | Category | *** Total Number of consumers and sanctioned load | | Net Units Sold | Fixed Charges Billed | Energy Charges /other charges Billed | PPCA Amount Billed | Total | ABR | Surcharge of 8% |
|---|---|---|------------------|----------------|----------------------|--------------------------------------|--------------------|-----------------|-------------|-----------------|
| | | MW | No. | MU | Rs Cr. | | | | kWh | Rs Cr. |
| 9 | Advertisement & Hoardings | 0 | 249 | 1 | 0.28 | 1.01 | 0.00 | 1.30 | 14.28 | 0.11 |
| 10 | E-Rickshaw | 0 | 49 | 0 | 0.00 | 0.10 | - | 0.10 | 5.93 | 0.01 |
| 11 | Actual Own Consumption | 17 | 357 | 12 | - | - | - | - | - | - |
| 12 | Others | 54 | 21286 | 94 | 5.69 | 78.53 | 0.04 | 84.26 | 8.94 | 6.73 |
| 13 | (-)Open Access Charges (to be treated separately) | | | | | (9.94) | | (9.94) | | (1.86) |
| | Total | 6,075 | 1,640,655 | 8,631 | 534.53 | 5,916.97 | 0.07 | 6,451.58 | 7.47 | 516.08 |
| Reconciliation Statement with the Audited Form 2.1 a | | | | | | | | | | |
| | Billed amount of Fixed Charges | | | | | | | | | 534.53 |
| | Billed amount of Energy Charges | | | | | | | | | 5,916.97 |
| | Billed amount of PPAC Charges | | | | | | | | | 0.07 |
| | Billed Amount of 8% Deficit Recovery Surcharge | | | | | | | | | 516.08 |
| | Billed amount of E. Tax | | | | | | | | | 310.91 |
| | Billed amount of Pension Trust Surcharge of 3.70% | | | | | | | | | 113.79 |
| | Total amount of Revenue Billed | | | | | | | | | 7392.35 |
| | Average Billing Rate at gross level/ Rs. kWh | | | | | | | | | 8.57 |

(Auditor Certificate for Billed Energy & Revenue billed is attached as Annexure "A-2" in Volume II of the Petition)

Pension Trust Surcharge of 3.70%

The Hon'ble Commission in its Tariff Order for FY 2017-18, has introduced Pension Trust surcharge of 3.70% which was applicable w.e.f. 01st Sep, 2017 over the approved retail supply tariff to meet the Pension Trust liability of erstwhile DVB employees/ Pensioners as recommended by GoNCTD. The Hon'ble Commission further directed to the DISCOMs to deposit the amount in the Pension Trust bank account directly on monthly basis. Tata Power- DDL has fully complied with the directive 6.1 & 6.2 as given in Tariff Order FY 2017-18.

Summary of Pension Trust Billed and collected during the FY 2017-18 is given on next page:

Table 3.5: Pension Trust amount billed and collected for FY 2017-18

(Rs. Cr.)

| S. No | Particulars | Other than Open Access | From open Access | Total Amount |
|-------|---|------------------------|------------------|--------------|
| 1 | Amount billed on account of Pension Trust Surcharge | 113.79 | 0.46 | 114.25 |
| 2 | Amount Collected against amount billed | 109.44 | 0.46 | 109.90 |
| 3 | Amount pending for collection against billed amount at the year end | 4.35 | - | 4.35 |

Computation of Billing Efficiency and Overachievement Incentive

The Hon'ble Commission in its Business Plan Regulations, 2017 has specified the target for Distribution Loss Level for the current control period (FY 2017-18 to FY 2019-20). Relevant extract of the Business Plan Regulations, 2017 is reproduced below:

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

Table 15 Target for Distribution Loss for the Control Period

| Sr. No | Distribution Licensee | 2017-18 | 2018-19 | 2019-20 |
|--------|---------------------------------------|---------|---------|---------|
| 1 | BSES Rajdhani Power Limited | 10.93% | 10.19% | 9.50% |
| 2 | BSES Yamuna Power Limited | 13.00% | 11.69% | 10.50% |
| 3 | Tata Power Delhi Distribution Limited | 8.38% | 8.19% | 8.00% |
| 4 | New Delhi Municipal Council | 10.30% | 9.63% | 9.00% |

Methodology for computation of AT&C loss level has been provided in Regulation 4.7 (a), (b) and (c) of MYT Regulations, 2011.

From the above table, it can be seen that target Distribution Loss Level for FY 2017-18 has been fixed @ 8.38%. Against the said target, Tata Power DDL has achieved actual Distribution loss level of 8.20% for FY 2017-18. Computation of the actual distribution loss level is given below:

Table 3.6: Computation of T&D loss and overachievement for FY 2017-18

| S. No | Particulars | MU | Remark |
|-------|------------------------------------|----------|------------|
| 1 | Input | 9,401.41 | Table 3.15 |
| 2 | Billed Units | 8,630.87 | Table 3.4 |
| 3 | Actual Distribution Loss Level | 8.20% | (1-B/A) |
| 4 | Target Distribution Loss Level | 8.38% | Table 3.7 |
| 5 | Overachievement/(Underachievement) | 0.18% | (4 - 3) |

Further the 25(4) of the Business Plan Regulation, 2017 provided that "Any financial Impact due to overachievement on account of Distribution Loss target by the distribution licensee for the relevant year shall be shared between the Distribution Licensee and consumers as follows:

- i. In case actual distribution loss is between the loss target and loss target minus $[50\% \times (\text{Previous Year Target} - \text{Current Year Target})]$ for the relevant year shall be shared in the ratio of $2/3^{\text{rd}}$ to Consumers and $1/3^{\text{rd}}$ to the Distribution Licensee;
- ii. In case actual distribution loss is less than loss target minus $[50\% \times (\text{Previous Year Target} - \text{Current Year Target})]$ for the relevant year shall be shared in the ratio of $1/3^{\text{rd}}$ to Consumers and $2/3^{\text{rd}}$ to Distribution Licensee."

It is worth to mention that the Hon'ble Commission has not fixed any target distribution loss level for FY 2016-17. Hence, while determination of distribution target loss level for FY 2017-18 & onward, the likely actual AT&C loss level of 8.58% for FY 2016-17 is considered. In the Statement of Reason on Business Plan Regulations, 2017, issued by the Hon'ble Commission, Tata Power- DDL had submitted that actual trued up AT&C loss level for FY 2015-16 was 8.78%.

| Particular's | FY 2015-16 (Actual) | FY 2016-17 (likely actual) |
|---|------------------------|-------------------------------|
| AT&C Loss Level for | 8.78% | 8.58% |
| Likely reduction in AT&C loss level from previous year actual | | 0.20% |

Thus, considering the previous year trend, the Hon'ble Commission has determined the target distribution loss level as under:

Table 3.7: Target Distribution loss Level for 3rd MYT Control Period

| Particulars | FY 2016-17 | FY 2017-18 | FY 2018-19 | FY 2019-20 |
|--|------------|------------|------------|------------|
| Distribution Loss level on the basis of which next year targets has been fixed | 8.58% | | | |
| Distribution Loss Target | | 8.38% | 8.19% | 8.00% |
| Reduction from previous year AT&C loss level | | 0.20% | 0.19% | 0.19% |

Based on above submissions, previous year loss target has been considered at 8.58% for the purpose of computation of sharing of incentive.

Table 3.8: Actual Distribution loss level for FY 2017-18

| S. No | Particulars | MU | Remark |
|-------|---|-------|---|
| 1 | Previous year target | 8.58% | Table 3.7 |
| 2 | Target Distribution Loss Level | 8.38% | Table 3.7 |
| 3 | Actual Distribution Loss Level | 8.20% | Table 3.6 |
| 4 | Applicability of 25(4)(i) Sharing of Incentive 2/3 rd to consumers and 1/3 rd to Discoms | No | As the Actual Distribution Loss Level is less than loss target minus $[50\% \times (\text{Previous year target} - \text{Current year Target})]$, hence sharing should be done as per sub regulation (ii) of 25(4) of Business Plan Regulations, 2017 |
| 5 | Applicability of Regulations 25(4)(ii) Sharing of Incentive 2/3 rd to consumers and 1/3 rd to Discoms | Yes | $[8.38\% - 50\% \times (8.58\% - 8.38\%)]$ $[8.38\% - 0.10\%]$ 8.28% |

Table 3.9 Overachievement Incentive on account of reduction in Distribution Loss Level

| S. No | Particulars | MU | Remark |
|-------|--|----------|--------------------------|
| 1 | Billed Sales for trueing up | 8,630.87 | Table 3.4 |
| 2 | Actual Distribution Loss Level | 8.20% | Table 3.6 |
| 3 | Target Distribution Loss Level | 8.38% | Table 3.7 |
| 4 | Actual Input @ actual distribution loss level | 9,401.41 | Table 3.15 |
| 5 | Desired Input @ Target distribution loss level | 9,420.29 | $8630.87 / (1 - 0.0838)$ |
| 6 | Saving in Input (MU) due to lower distribution loss level | 18.88 | (5-4) |
| 7 | Power Purchase Cost per unit for FY 2017-18 | 5.54 | Table 3.15 |
| 8 | Total Overachievement Incentive | 10.47 | $6 \times 7 / 10$ |
| 9 | TPDDL Share – 2/3 rd of Overachievement incentive | 6.98 | |

Revenue Realization

Computation of collection efficiency and overachievement incentive for FY 17-18

Regulation 10 of the DERC Tariff Regulations, 2017 provided that

"Collection efficiency, which shall be measured as ratio of total revenue realized to the total revenue billed in the same year:

Provided that Revenue Realised or Revenue Billed on account of electricity duty, late payment surcharge, any other surcharge shall be excluded from the computation of Collection Efficiency;"

Table 3.10: Revenue Billed for the purpose of computation of collection efficiency for FY 17-18

| S. No | Particular | UoM | Amount | Remark |
|-------|---|---------|----------|---|
| A | Total Revenue Billed as per Form2.1a | (Rs Cr) | 7,392.35 | Note 39.1 of the Audited Financial Statement attached as Annexure A-1 of the Petition |
| B | Less- Electricity Tax | (Rs Cr) | 310.91 | |
| C | Less- 8% Deficit Revenue Recovery Surcharge | (Rs Cr) | 516.08 | |
| D | Less- Pension Trust Surcharge of 3.70% | (Rs Cr) | 113.79 | |
| E | Net Revenue Billed | (Rs Cr) | 6,451.58 | (A-B-C-D) |

During the FY 2017-18 Tata Power- DDL has realized an amount of Rs. 7,376.64 Cr against the total revenue billed of Rs 7,392.35 Cr. Given below is the working of revenue collection to be considered for truing up of AT&C Loss Level:

Table 3.11: Amount of revenue available for AT&C Computation for FY 2017-18 (Rs Cr)

| S. No | Particular | Amount | Remarks |
|-------|--|----------|--|
| A | Total Revenue Realized | 7,376.64 | Note 39.2 of the Audited Financial Statement attached as Annexure A-1 of the Volume II of the Petition |
| B | Less: Electricity Tax | 305.64 | |
| C | Less: 8% Deficit Revenue Recovery Surcharge | 515.52 | |
| D | Less: Pension Trust Surcharge of 3.70% | 109.44 | |
| E | Revenue Collected for computation of Collection Efficiency | 6,446.04 | (A-B-C-D) |

Based on above submission, computation of collection efficiency and corresponding incentive if any is calculated as below:

Table 3.12: Computation of Collection Efficiency and Incentive for FY 17-18

| S. No | Particular | UoM | Amount | Remarks |
|-------|---|---------|----------|-----------------|
| A | Amount Billed | (Rs Cr) | 6,451.58 | Table 3.4 |
| B | Amount Collected | (Rs Cr) | 6,446.04 | Table 3.11 |
| C | Collection Efficiency | % | 99.91% | (B/A) |
| D | Target collection efficiency | % | 99.50% | As per BPR,2017 |
| E | Amount of Collection over and above 99.50% target | (Rs Cr) | 26.72 | B*(C-D) |
| F | Sharing of Incentive | | | |
| | Discoms 50% of E | (Rs Cr) | 13.36 | |
| | Consumers 50% of E | (Rs Cr) | 13.36 | |

It is further mentioned that during the FY 2017-18, Tata Power DDL has billed Rs. 516.08 Cr as 8% Deficit Recovery Surcharge towards liquidation of Accumulated Revenue Gap. The said Revenue Gap has been accumulated due to absence of cost reflective tariff in the past. In other

words, if the retail tariff would have been cost reflective, the Petitioner would have earned more incentive in those respective years. Now the said deficit of revenue is recovered through 8% Deficit Recovery Surcharge. Hence, in order to compensate the DISCOMs, therefore, the recovery against the earlier years, the Petitioner is requesting the Hon'ble Commission to consider in line with collection efficiency mechanism, an incentive should be granted on sharing basis if the recovery through 8% Deficit Recovery Surcharges exceeds 99.50% of the target collection.

Table 3.13: Additional Incentive towards DRS collection in FY 17-18

| S. No | Particular | UoM | Amount | Remarks |
|-------|---|---------|--------|--|
| A | Amount Billed | (Rs Cr) | 516.08 | Note 39 of the Audited Financials statements attached as Annexure A-1 in Volume II of the Petition |
| B | Amount Collected | (Rs Cr) | 515.52 | |
| C | Collection Efficiency | % | 99.89% | (B/A) |
| D | Target collection efficiency | % | 99.50% | |
| E | Amount of Collection over and above 99.50% target | (Rs Cr) | 2.02 | B*(C-D) |
| F | Sharing of Incentive | | | |
| | Discoms 50% of E | (Rs Cr) | 1.01 | |
| | Consumers 50% of E | (Rs Cr) | 1.01 | |

Computation of Revenue Available for FY 2017-18

The Computation of net revenue available after adjusting the Incentive towards lower Distribution Loss Level and Higher Collection Efficiency is given below:

Table 3.14: Computation of Revenue available for FY 17-18**(Rs Cr.)**

| S. No | Particular | Collection Other than (DRS/PTS) | 8% DRS | Total Amount | Remarks |
|-------|---|---------------------------------|--------|--------------|-------------------------|
| A | Total Collection | 6,446.04 | 515.52 | 6961.56 | Table 3.11 |
| B | Less- Overachievement Incentive towards Lower Distribution Loss | 6.98 | - | 6.98 | Table 3.9 |
| C | Less- Overachievement incentive towards Collection | 13.36 | 1.01 | 14.37 | Table 3.12 & Table 3.13 |
| D | Collection available towards ARR | 6,425.70 | 514.51 | 6,940.21 | (A-B-C) |

Power Purchase

The Hon'ble Commission in its Tariff Order FY 2017-18 has approved average Power Purchase Cost of Rs. 5.63/unit. Against the said approved PP cost the actual power purchase cost for FY 2017-18 as incurred by the Petitioner comes to Rs. 5.54/unit. Detailed summary of the energy balance is given below:

Table 3.15: Power Purchase Cost for FY 2017-18

| Particulars | As Approved | | | Trued up based on actuals | | | Ref. |
|---|-----------------|-----------------|-------------|---------------------------|-----------------|-------------|-------------------------|
| | (MU) | (Rs Cr) | Rs/ kWh | (MU) | (Rs Cr) | Rs/ kWh | |
| Power Purchase from CSGS | 8,991.86 | 3,606.39 | 4.01 | 8,916.06 | 3,297.74 | 3.70 | Table 3.22 |
| Short Term Power Purchase | - | - | - | 637.28 | 240.78 | 3.78 | Table 3.26 |
| Power Purchase Delhi Gencos | 1229.93 | 693.09 | 5.64 | 1660.49 | 879.99 | 5.30 | Table 3.24 |
| RPO Obligations | 129.74 | 81.68 | 6.30 | 159.16 | 91.56 | 5.75 | Table 3.25 |
| Cost of REC certificate | - | 193.59 | | - | 81.18 | | Table 3.25 |
| Gross Power Purchase Cost | 10,351.53 | 4,574.75 | 4.42 | 11,372.99 | 4,591.27 | 4.04 | |
| Add: Transmission Charges | | | | | | | |
| PGCIL charges | 204.11 | 524.92 | | 212.09 | 452.97 | | Table 3.29 |
| DTL charges (including Pension Trust) | 91.36 | 451.76 | | 111.46 | 382.96 | | |
| Other transmission charges | | | | | 69.36 | | |
| Less: Surplus Power sold / Banked / UI sales | 825.03 | 247.51 | 3.00 | 1648.03 | 586.31 | 3.56 | Table 3.28 |
| Power Purchase Cost (Audited) | 9,231.03 | 5,303.92 | 5.75 | 9,401.42 | 4,910.25 | 5.22 | |
| Less- Net Normative Rebate on power purchase | | 87.62 | | | 83.53 | | Table 3.30 |
| Less- Rebate on account of Transmission charges | | 19.46 | | | 15.52 | | |
| Less- Impact of Anta Auriya & Dadri for FY 2016-17 considered as a part of FY 17-18 | | | | | 2.86 | | Explanation given below |
| Add- Differential amount towards Rithala based on True up Petition | | | | | 53.74 | | Table 3.31 |
| Add- Differential amount towards reversal of UI penalties | | | | | 0.10 | | Table 3.31(A) |
| Add-Incentive on Sale of Surplus Power | | | | | 28.75 | | |
| Add- Amount of REC pertaining to previous year compliance | | | | | 315.84 | | Audited Certificate |
| Add- Normative additional units of power Banking @ 4/unit | | | | | 3.85 | | Table 3.27 |
| Net Power Purchase Cost | 9,231.03 | 5,196.82 | 5.63 | 9,401.41 | 5,211.04 | 5.54 | |

(Auditor Certificate is attached as Annexure "A-3" in Volume II of the Petition)

Power Purchase Quantum

During FY 2017-18, the Petitioner has purchased 11,372.99 MUs out of which 1,648.03 MUs of surplus energy was sold as short term sale of surplus power.

Deducting the Inter-State transmission loss of 212.09 MUs and Intra-State transmission loss of 111.46 MUs, the Petitioner has submitted a net power purchase quantum of 9,401.41 MUs (excluding open access quantum consumed by open access consumers) delivered at TPDDL distribution periphery.

The summary of power purchase quantum for FY 2017-18 as per Auditor certificate is given below:

Table 3.16: Power Purchase Quantum (MUs) for FY 2017-18 as per Auditor's certificate

| S. No | Particulars | Actual Power Purchase | Remarks / Ref |
|----------|--|-----------------------|-------------------|
| A | Power Purchase: | | |
| i | Power Purchase Quantum | 10,735.71 | |
| ii | Short Term Power Purchase quantum | 637.27 | |
| iii | Short term sale of Power | (1,648.03) | |
| | Sub-total Power Purchase | 9,724.96 | (i+ii+iii) |
| B | Transmission Loss: | | |
| i | Inter-State Transmission Loss | (212.09) | |
| ii | Intra-State Transmission Loss | (111.46) | |
| | Sub-total Total Transmission Loss | (323.55) | (i+ii) |
| C | Net Power Available after Transmission Loss | 9,401.41 | (A+B) |

Actual consumption

It is submitted that Delhi SLDC issues weekly UI bills from where the actual drawl by a utility is finalized. It may be noted that there is a time lag of approx. 2-3 months in issuing of the UI bills by Delhi SLDC and at the time of finalizing of accounts for FY 2017-18, the UI bills were not issued for the period 15th January 2018 to 31st March 2018. Hence TPDDL had taken a provision of the actual consumption MUs for the months for which bills were not issued. The breakup of consumption in FY 17-18 is as under:

Table 3.17: Input (MUs) as per Auditor Certificate

| Particulars | For FY 2017-18 |
|---|-----------------|
| A. Actual demand of FY 17-18 as per Delhi SLDC UI bills | 7904.02 |
| B. Less: Adjusted towards consumption by Open Access consumer | (38.32) |
| C. Add: TATA Power-DDL own Solar generation not included in A above | 2.14 |
| D. Add Provisional adjustment of UI bills | 1533.51 |
| E. Add: Net metering units | 0.06 |
| Total Input available for consumption by TPDDL consumers | 9,401.41 |

Hence, Input considered for FY 17-18 is 9,401.41 MU.

Summary of Central Generating Station wise power scheduled during the year is given below:

The Hon'ble Commission has projected energy purchase of 10351.53 MU for FY 2017-18. During the year, the Petitioner has purchased 50.96 MU from new generating stations, 20 MUs from Anta Auryia and Dadri Stations and balance 10665 Mu have been purchased against the projected MU of 10351.53 MU.

Table 3.18: Energy Purchased (MU) from Central Generating Stations during FY 2017-18

| S. No | Particulars | Approved Energy in ARR | Actual Energy sought for Trued up | Difference |
|-------|-----------------------|------------------------|-----------------------------------|-----------------|
| A | NTPC | | | |
| 1 | ANTA | - | 1.44 | 1.44 |
| 2 | AURIYA | - | 1.91 | 1.91 |
| 3 | DADRI | - | 18.57 | 18.57 |
| 4 | FARAKKA | 24.11 | 27.98 | 3.87 |
| 5 | KAHALGAON - I | 94.23 | 66.67 | (27.56) |
| 6 | NCPP - DADRI | 257.64 | 236.89 | (20.75) |
| 7 | RIHAND - I | 213.79 | 220.92 | 7.13 |
| 8 | RIHAND - II | 255.01 | 283.97 | 28.96 |
| 9 | RIHAND - III | 100.59 | 117.96 | 17.37 |
| 10 | SINGRAULI | 308.27 | 297.97 | (10.30) |
| 11 | UNCHAHAHAR - I | 28.88 | 30.64 | 1.76 |
| 12 | UNCHAHAHAR - II | 60.57 | 66.18 | 5.61 |
| 13 | UNCHAHAHAR - III | 37.7 | 42.82 | 5.12 |
| 14 | KAHALGAON - II | 220.64 | 257.44 | 36.80 |
| 15 | DADRI EXTENSION | 476.04 | 467.35 | (8.69) |
| 16 | ARAVALI | 2152.08 | 1,967.88 | (184.20) |
| | Sub-Total NTPC | 4,229.55 | 4,106.61 | (122.94) |

| S. No | Particulars | Approved Energy in ARR | Actual Energy sought for Trued up | Difference |
|----------|---|------------------------|-----------------------------------|----------------|
| B | NHPC | | | |
| 1 | BAIRA SIUL | 26.04 | 19.96 | (6.08) |
| 2 | CHAMERA – I | 52.54 | 54.96 | 2.42 |
| 3 | CHAMERA – II | 63.28 | 59.05 | (4.23) |
| 4 | CHAMERA – III | 44.06 | 40.20 | (3.86) |
| 5 | DHAULIGANGA | 47.1 | 45.04 | (2.06) |
| 6 | DULHASTI | 82.42 | 89.09 | 6.67 |
| 7 | SALAL | 79.55 | 79.88 | 0.33 |
| 8 | TANAKPUR | 16.81 | 11.87 | (4.94) |
| 9 | URI | 88.75 | 76.55 | (12.20) |
| 10 | SEWA – II | 26.59 | 27.05 | 0.46 |
| 11 | Uri – II | 48.75 | 48.32 | (0.43) |
| 12 | Parbati – III | 32.02 | 27.17 | (4.85) |
| | Sub-Total NHPC | 607.91 | 579.15 | (28.76) |
| C | NCCP | | | |
| 1 | RAPS – 5 & 6 | 100.76 | 122.24 | 21.48 |
| 2 | NPCIL – NAPS | 98.57 | 107.46 | 8.89 |
| | Sub-Total Nuclear | 199.33 | 229.69 | 30.36 |
| D | OTHER STATIONS | | | |
| 1 | TEHRI HEP | 52.35 | 57.05 | 4.70 |
| 2 | KOTESHWAR | 33.47 | 37.94 | 4.47 |
| 3 | SVNL | 205.28 | 204.01 | (1.27) |
| 4 | MEJIA UNIT - 6 | 212.38 | 196.67 | (15.71) |
| 5 | DVC CHANDRAPUR (Ext. 7 & 8) | 631.3 | 606.97 | (24.33) |
| 6 | Haryana CLP JHAJJAR (LT-5) | 364.12 | 569.11 | 204.99 |
| 7 | MAITHON POWER | 2046.60 | 1,845.95 | (200.65) |
| 8 | TALA HEP | 29.14 | 26.06 | (3.08) |
| 9 | SASAN UMPP | 380.43 | 445.45 | 65.02 |
| | Sub-Total OTHER STATIONS | 3955.07 | 3989.20 | 34.14 |
| E | STATE GENERATING STATIONS | | | |
| 1 | GTPS | 177.63 | 224.18 | 46.55 |
| 2 | PRAGATI – I | 270.78 | 373.97 | 103.19 |
| 3 | PRAGATI – III | 464.68 | 733.88 | 269.20 |
| 4 | BTPS | 316.84 | 330.31 | 13.47 |
| 5 | RAJGHAT POWER HOUSE | - | (1.85) | (1.85) |
| 6 | RITHALA CCPP | - | - | - |
| | Sub-Total SGS | 1229.93 | 1660.49 | 430.56 |
| F | RENEWABLE ENERGY | | | |
| 1 | NET METERING | - | 0.06 | 0.06 |
| 2 | TOWMCL | 50.55 | 51.31 | 0.76 |
| 3 | SOLAR (SECI) | 41.02 | 41.38 | 0.36 |
| 4 | MSW BAWANA | 36.03 | 24.71 | (11.32) |
| 5 | OWN SOLAR | 2.14 | 2.14 | 0.00 |
| | Sub- TOTAL RENEWABLE ENERGY | 129.74 | 119.16 | (10.13) |
| G | NEW STATIONS ADDED DURING THE YEAR | | | |
| 1 | FEROZE GANDHI UNCHAHAR TPS 4 | - | 11.41 | 11.41 |
| 2 | SINGRAULI SMALL HYDRO | - | 0.41 | 0.41 |
| 3 | SHEPL | - | 33.18 | 33.18 |
| 4 | NHPPL | - | 5.96 | 5.96 |
| | Sub-TOTAL NEW GENERATING STATIONS | - | 50.96 | 50.96 |
| | Grand Total (A to G) | 10351.53 | 10,735.71 | 384.18 |

* MU scheduled to the petitioner in FY 17-18 as per invoices. Figures fetched from Audited Power Purchase Certificate

Short Term Power Purchase

During this financial year the Petitioner has purchased 637.27 MU through bilateral/exchange/UI/Intrastate/Banking as short-term power purchase. Out of 637.27 MU the Petitioner has received back 449.02 MUs of banking and purchased 50.43 MU through UI, 3.84 MU through intra state purchase and balance 133.98 MU through Exchange mode. A comparative summary of sources wise short term power purchase from various sources from FY 2015-16 onwards are shown below:

Table 3.19: Details of Short term Power Purchase

| S. No | Particulars | FY 15-16 | | FY 16-17 | | FY 17-18* | |
|-------|--------------|-----------------|-------------|-----------------|-------------|---------------|---------------|
| | | Energy (MU) | (%) | Energy (MU) | (%) | Energy (MU) | (%) |
| A | Bilateral | - | - | - | - | - | - |
| B | Banking | 627.28 | 56% | 1387.53 | 94.17% | 449.02 | 70.5% |
| C | Exchange | 367.20 | 33% | 44.16 | 3.00% | 133.98 | 21.0% |
| D | Intra state | 96.45 | 9% | 6.41 | 0.44% | 3.84 | 0.6% |
| E | UI | 29.38 | 3% | 35.39 | 2.40% | 50.43 | 7.9% |
| F | Total | 1,120.31 | 100% | 1,473.49 | 100% | 637.27 | 100.0% |

*Figures fetched from Audited Power Purchase Certificate

Short Term Power Sale

The Hon'ble Commission has projected 825.03 MU sale of surplus power for the FY 2017-18 in its Tariff Order for FY 2017-18. However, during the year the Petitioner has sold 1,648.03 MU of surplus energy out of which 71.59 MU (4.34%) was sold through UI, 904.17 MU (54.86%) was banked, 609.76 MU (37%) was sold through exchange, 18.48 MU (1.12%) was sold through bilateral arrangement and 44.03 MU (2.67%) through intra-state arrangements.

A comparative summary of source wise short term power sales through various sources from FY 2015-16 onwards are shown below:

Table 3.20: Details of Short term Power Sales

| S. No | Particulars | FY 15-16 | | FY 16-17 | | FY 17-18* | |
|-------|--------------|-----------------|-------------|----------------|-------------|-----------------|---------------|
| | | Energy (MU) | (%) | Energy (MU) | (%) | Energy (MU) | (%) |
| A | Bilateral | - | - | 15.93 | 1% | 18.48 | 1.1% |
| B | Banking | 1,461.44 | 74% | 440.58 | 24% | 904.17 | 54.9% |
| C | UI | 122.37 | 6% | 148.14 | 8% | 71.59 | 4.3% |
| D | Intra state | 257.19 | 13% | 336.89 | 18% | 44.03 | 2.7% |
| E | Exchange | 123.57 | 6% | 888.23 | 49% | 609.76 | 37.0% |
| F | Total | 1,964.57 | 100% | 1829.78 | 100% | 1,648.03 | 100.0% |

*Figures fetched from Audited Power Purchase Certificate

Power Purchase Cost

The Petitioner has incurred gross power purchase cost of Rs. 4,510.08 Cr (excluding cost of RE Certificates) for the gross power purchase quantum of 11,372.99 MUs in FY 2017-18 from all sources including intra-state, bilateral, UI and exchange. The revenue of Rs. 586.31 Cr on account of sale of 1,648.03 MU of surplus energy through bilateral, intra-state, UI and exchange has been adjusted against the gross power purchase cost. The Petitioner has also incurred transmission charges of Rs. 905.29 Cr which includes Rs 74.62 Cr paid to DTL towards Pension Trust as per the Directive of the Hon'ble Commission in its Tariff Order FY 2017-18.

Further in order to meet all pending RPO obligations an amount of Rs 315.84 Cr. has been incurred towards purchase of RE certificates. The Petitioner has clubbed the said amount in the normal Power Purchase Cost of FY 2017-18. Thus, arrived at total audited power purchase cost of Rs. 5,144.92 Cr for FY 2017-18. Given below is the plant wise energy procured and its corresponding cost without previous year arrears.

Table 3.21: Details of Power Purchase Cost Station wise for FY 2017-18 without considering PY Arrears

| S. No | Particulars | Energy (MU) | Total Charges (Rs. Cr.) | Avg. Rate (Rs./kWh) | Energy (MU) | Charges without PY arrears (Rs. Cr.) | Avg. Rate (Rs./kWh) |
|-----------------|-----------------------|-----------------|-------------------------|---------------------|-----------------|--------------------------------------|---------------------|
| Approved In ARR | | | | Sought for Trued up | | | |
| A | NTPC | | | | | | |
| 1 | ANTA | - | - | - | 1.44 | 6.89 | 47.89 |
| 2 | AURIYA | - | - | - | 1.91 | 11.22 | 58.74 |
| 3 | DADRI | - | - | - | 18.57 | 17.86 | 9.62 |
| 4 | FARAKKA | 24.11 | 10.91 | 4.53 | 27.98 | 12.79 | 4.57 |
| 5 | KAHALGAON - I | 94.23 | 35.51 | 3.77 | 66.67 | 27.25 | 4.09 |
| 6 | NCPP - DADRI | 257.64 | 125.63 | 4.88 | 236.89 | 126.63 | 5.35 |
| 7 | RIHAND - I | 213.79 | 45.26 | 2.12 | 220.92 | 46.11 | 2.09 |
| 8 | RIHAND - II | 255.01 | 56.06 | 2.20 | 283.97 | 59.61 | 2.10 |
| 9 | RIHAND - III | 100.59 | 30.50 | 3.03 | 117.96 | 33.05 | 2.80 |
| 10 | SINGRAULI | 308.27 | 63.22 | 2.05 | 297.97 | 60.47 | 2.03 |
| 11 | UNCHAHAHAR - I | 28.88 | 13.33 | 4.62 | 30.64 | 14.11 | 4.60 |
| 12 | UNCHAHAHAR - II | 60.57 | 26.56 | 4.39 | 66.18 | 27.77 | 4.20 |
| 13 | UNCHAHAHAR - III | 37.70 | 18.72 | 4.97 | 42.82 | 19.61 | 4.58 |
| 14 | KAHALGAON - II | 220.64 | 92.81 | 4.21 | 257.44 | 97.18 | 3.77 |
| 15 | DADRI EXTENSION | 476.04 | 230.35 | 4.84 | 467.35 | 244.21 | 5.23 |
| 16 | ARAVALI | 2,152.08 | 1,181.45 | 5.49 | 1,967.88 | 1,061.24 | 5.39 |
| | Sub-Total NTPC | 4,229.55 | 1,930.30 | 4.56 | 4,106.61 | 1,866.00 | 4.54 |

| S. No | Particulars | Energy (MU) | Total Charges (Rs. Cr.) | Avg. Rate (Rs./kWh) | Energy (MU) | Charges without PY arrears (Rs. Cr.) | Avg. Rate (Rs./kWh) |
|----------|-------------------------------|-----------------|-------------------------|---------------------|---------------------|--------------------------------------|---------------------|
| | | Approved In ARR | | | Sought for Trued up | | |
| B | NHPC | | | | | | |
| 1 | BAIRA SIUL | 26.04 | 6.92 | 2.66 | 19.96 | 4.26 | 2.13 |
| 2 | CHAMERA - I | 52.54 | 13.61 | 2.59 | 54.96 | 10.61 | 1.93 |
| 3 | CHAMERA - II | 63.28 | 16.85 | 2.66 | 59.05 | 12.38 | 2.10 |
| 4 | CHAMERA - III | 44.06 | 18.69 | 4.24 | 40.20 | 18.74 | 4.66 |
| 5 | DHAULIGANGA | 47.10 | 19.21 | 4.08 | 45.04 | 14.06 | 3.12 |
| 6 | DULHASTI | 82.42 | 59.32 | 7.20 | 89.09 | 47.35 | 5.31 |
| 7 | SALAL | 79.55 | 9.29 | 1.17 | 79.88 | 15.31 | 1.92 |
| 8 | TANAKPUR | 16.81 | 7.50 | 4.46 | 11.87 | 4.80 | 4.04 |
| 9 | URI | 88.75 | 19.49 | 2.20 | 76.55 | 16.47 | 2.15 |
| 10 | SEWA -II | 26.59 | 11.49 | 4.32 | 27.05 | 11.65 | 4.31 |
| 11 | Uri - II | 48.75 | 31.02 | 6.36 | 48.32 | 30.43 | 6.30 |
| 12 | Parbati - III | 32.02 | 14.41 | 4.50 | 27.17 | 14.25 | 5.24 |
| 13 | WATER CESS | | | | | 5.00 | |
| | Sub-Total NHPC | 607.91 | 227.79 | 3.75 | 579.15 | 205.30 | 3.54 |
| C | NCPP | | | | | | |
| 1 | RAPS - 5 & 6 | 100.76 | 35.64 | 3.54 | 122.24 | 49.56 | 4.05 |
| 2 | NPCIL - NAPS | 98.57 | 25.46 | 2.58 | 107.46 | 34.38 | 3.20 |
| | Sub-Total Nuclear | 199.33 | 61.10 | 3.07 | 229.69 | 83.93 | 3.65 |
| D | Other Stations | | | | | | |
| 1 | TEHRI HEP | 52.35 | 26.97 | 5.15 | 57.05 | 27.93 | 4.90 |
| 2 | KOTESHWAR | 33.47 | 12.23 | 3.65 | 37.94 | 15.73 | 4.15 |
| 3 | SJVNL | 205.28 | 48.88 | 2.38 | 204.01 | 48.84 | 2.39 |
| 4 | MEJIA UNIT - 6 | 212.38 | 88.07 | 4.15 | 196.67 | 75.50 | 3.84 |
| 5 | DVC CHANDRAPUR (Ext. 7 & 8) | 631.30 | 226.25 | 3.58 | 606.97 | 211.26 | 3.48 |
| 6 | Haryana CLP JHAJJAR (LT-5) | 364.12 | 220.50 | 6.06 | 569.11 | 272.56 | 4.79 |
| 7 | MAITHON POWER | 2,046.60 | 714.67 | 3.49 | 1,845.95 | 621.14 | 3.36 |
| 8 | TALA HEP | 29.14 | 5.90 | 2.02 | 26.06 | 5.63 | 2.16 |
| 9 | SASAN UMPP | 380.43 | 43.73 | 1.15 | 445.45 | 71.30 | 1.60 |
| | Sub-Total Others | 3,955.07 | 1,387.20 | 3.51 | 3,989.21 | 1,349.88 | 3.38 |
| E | NEW GENERATING STATION | | | | | | |
| 1 | FEROZE GANDHI UNCHAHAR TPS 4 | - | - | - | 11.41 | 4.95 | 4.33 |

| S. No | Particulars | Energy (MU) | Total Charges (Rs. Cr.) | Avg. Rate (Rs./kWh) | Energy (MU) | Charges without PY arrears (Rs. Cr.) | Avg. Rate (Rs./kWh) |
|-------|---|-----------------|-------------------------|---------------------|---------------------|--------------------------------------|---------------------|
| | | Approved In ARR | | | Sought for Trued up | | |
| | Sub- Total New Generating Stations | - | - | - | 11.41 | 4.95 | 4.33 |
| | Grand Total(A to E) | 8,991.86 | 3,606.39 | 4.01 | 8,916.06 | 3,510.06 | 3.94 |

During the FY 2017-18, the Petitioner has received bills of total negative arrears of Rs. 212.32 Cr; ultimately reducing the power purchase cost of the year. Party wise amount of arrears bills received during the year is given below:

Table 3.22: Details of Power Purchase Cost Station wise including PY arrears for FY 2017-18

| S. No | Particulars | Energy (MU) | Cost without PY arrears Rs Cr. | PY arrears Rs Cr. | Total Charges (Rs. Cr.) | Avg. Rate (Rs./kWh) |
|----------|-----------------------|-----------------|--------------------------------|-------------------|-------------------------|---------------------|
| A | NTPC | | | | | |
| 1 | ANTA | 1.44 | 6.89 | 1.28 | 8.17 | 56.79 |
| 2 | AURIYA | 1.91 | 11.22 | -1.06 | 10.16 | 53.20 |
| 3 | DADRI | 18.57 | 17.86 | 0.81 | 18.66 | 10.05 |
| 4 | FARAKKA | 27.98 | 12.79 | (0.03) | 12.76 | 4.56 |
| 5 | KAHALGAON - I | 66.67 | 27.25 | (1.63) | 25.62 | 3.84 |
| 6 | NCPP - DADRI | 236.89 | 126.63 | (21.47) | 105.16 | 4.44 |
| 7 | RIHAND - I | 220.92 | 46.11 | (9.11) | 36.99 | 1.67 |
| 8 | RIHAND - II | 283.97 | 59.61 | (2.15) | 57.47 | 2.02 |
| 9 | RIHAND - III | 117.96 | 33.05 | (1.64) | 31.41 | 2.66 |
| 10 | SINGRAULI | 297.97 | 60.47 | (4.79) | 55.68 | 1.87 |
| 11 | UNCHAHAHAR - I | 30.64 | 14.11 | (1.20) | 12.91 | 4.21 |
| 12 | UNCHAHAHAR - II | 66.18 | 27.77 | 0.30 | 28.07 | 4.24 |
| 13 | UNCHAHAHAR - III | 42.82 | 19.61 | (1.27) | 18.35 | 4.28 |
| 14 | KAHALGAON - II | 257.44 | 97.18 | (0.57) | 96.60 | 3.75 |
| 15 | DADRI EXTENSION | 467.35 | 244.21 | (12.55) | 231.67 | 4.96 |
| 16 | ARAVALI | 1,967.88 | 1,061.24 | 3.47 | 1,064.71 | 5.41 |
| | Sub-Total NTPC | 4,106.61 | 1,866.00 | (51.61) | 1814.39 | 4.42 |
| B | NHPC | | | | | |
| 1 | BAIRA SIUL | 19.96 | 4.26 | 0.13 | 4.39 | 2.20 |
| 2 | CHAMERA - I | 54.96 | 10.61 | 0.66 | 11.27 | 2.05 |
| 3 | CHAMERA - II | 59.05 | 12.38 | 0.34 | 12.72 | 2.15 |
| 4 | CHAMERA - III | 40.20 | 18.74 | (0.00) | 18.74 | 4.66 |
| 5 | DHAULIGANGA | 45.04 | 14.06 | 2.62 | 16.68 | 3.70 |

| S. No | Particulars | Energy (MU) | Cost without PY arrears Rs Cr. | PY arrears Rs Cr. | Total Charges (Rs. Cr.) | Avg. Rate (Rs./kWh) |
|-------|---|-----------------|--------------------------------|-------------------|-------------------------|---------------------|
| 6 | DULHASTI | 89.09 | 47.35 | 2.48 | 49.83 | 5.59 |
| 7 | SALAL | 79.88 | 15.31 | 0.53 | 15.85 | 1.98 |
| 8 | TANAKPUR | 11.87 | 4.80 | 0.19 | 4.99 | 4.20 |
| 9 | URI | 76.55 | 16.47 | 1.50 | 17.97 | 2.35 |
| 10 | SEWA -II | 27.05 | 11.65 | 0.04 | 11.69 | 4.32 |
| 11 | Uri - II | 48.32 | 30.43 | 0.04 | 30.47 | 6.31 |
| 12 | Parbati - III | 27.17 | 14.25 | (0.01) | 14.24 | 5.24 |
| 13 | WATER CESS | | 5.00 | | 5.00 | |
| | Sub-Total NHPC | 579.15 | 205.30 | 8.52 | 213.80 | 3.69 |
| C | NCCP | | | | | |
| 1 | RAPS - 5 & 6 | 122.24 | 49.56 | 0.16 | 49.71 | 4.07 |
| 2 | NPCIL - NAPS | 107.46 | 34.38 | 0.12 | 34.49 | 3.21 |
| | Sub-Total Nuclear | 229.69 | 83.93 | 0.27 | 84.21 | 3.67 |
| D | Other Stations | | | | | |
| 1 | TEHRI HEP | 57.05 | 27.93 | (9.10) | 18.82 | 3.30 |
| 2 | KOTESHWAR | 37.94 | 15.73 | 0.01 | 15.73 | 4.15 |
| 3 | SJVNL | 204.01 | 48.84 | 0.01 | 48.84 | 2.39 |
| 4 | MEJIA UNIT - 6 | 196.67 | 75.50 | 36.26 | 111.77 | 5.68 |
| 5 | DVC CHANDRAPUR (Ext. 7 & 8) | 606.97 | 211.26 | (2.45) | 208.80 | 3.44 |
| 6 | Haryana CLP JHAJJAR (LT-5) | 569.11 | 272.56 | 0.38 | 272.94 | 4.80 |
| 7 | MAITHON POWER | 1,845.95 | 621.14 | (195.34) | 425.80 | 2.31 |
| 8 | TALA HEP | 26.06 | 5.63 | - | 5.63 | 2.16 |
| 9 | SASAN UMPP | 445.45 | 71.30 | 0.75 | 72.05 | 1.62 |
| | Sub-Total Others | 3,989.21 | 1,349.88 | (169.49) | 1,180.39 | 2.96 |
| E | New Stations | | | | | |
| 1 | FEROZE GANDHI UNCHAHAH TPS 4 | 11.41 | 4.95 | | 4.95 | 4.33 |
| | Sub- Total New Generating Stations | 11.41 | 4.95 | | 4.95 | 4.33 |
| | Grand Total (A to E) | 8,916.06 | 3,510.06 | (212.32) | 3,297.74 | 3.70 |

Energy availability from State based Gencos

The energy scheduled along with total cost to the Petitioner during FY 17-18 from the generating stations based in Delhi is summarized in the table below:

Table 3.23: Details of Power Purchase Cost Station wise without PY arrears for FY 2017-18

| S. No | Particulars | Energy (MU) | Total Charges (Rs. Cr.) | Avg. Rate (Rs./kWh) | Energy (MU) | Cost without PY arrears (Rs. Cr.) | Avg. Rate (Rs./kWh) |
|----------|----------------------------------|-----------------|-------------------------|---------------------|----------------|-----------------------------------|---------------------|
| A | State Generating Stations | | | | | | |
| 1 | BTPS | 316.84 | 162.27 | 5.12 | 330.31 | 156.96 | 4.75 |
| 2 | GTPS | 177.63 | 85.74 | 4.83 | 224.18 | 114.91 | 5.13 |
| 3 | PRAGATI – I | 270.78 | 108.97 | 4.02 | 373.97 | 172.97 | 4.63 |
| 4 | PRAGATI – III | 464.68 | 336.11 | 7.23 | 733.88 | 429.73 | 5.86 |
| 5 | RAJGHAT POWER HOUSE | - | - | - | (1.85) | -0.70 | 3.79 |
| 6 | RITHALA CCPP | - | - | - | - | 24.68 | |
| | Total SGS | 1,229.93 | 693.09 | 5.64 | 1660.49 | 898.55 | 5.41 |

During the FY 2017-18, the Petitioner has received negative arrear bills of Rs. 18.56 Cr ultimately reducing the power purchase cost for the year. The party wise amount of arrears bills received during the year is given in table below:

Table 3.24: Details of Power Purchase Cost Station wise including PY arrears for FY 2017-18

| S. No | Particulars | Energy (MU) | Cost without PY arrears (Rs. Cr.) | PY arrears (Rs Cr.) | Total Charges (Rs. Cr.) | Avg. Rate (Rs./kWh) |
|----------|----------------------------------|-----------------|-----------------------------------|---------------------|-------------------------|---------------------|
| A | State Generating Stations | | | | | |
| 1 | BTPS | 330.31 | 156.96 | (14.65) | 142.31 | 4.31 |
| 2 | GTPS | 224.18 | 114.91 | (4.65) | 110.26 | 4.92 |
| 3 | PRAGATI – I | 373.97 | 172.97 | (3.67) | 169.30 | 4.53 |
| 4 | PRAGATI – III | 733.88 | 429.73 | (0.06) | 429.68 | 5.85 |
| 5 | RAJGHAT POWER HOUSE | (1.85) | -0.70 | 4.47 | 3.77 | (20.37) |
| 6 | RITHALA CCPP | - | 24.68 | - | 24.68 | |
| | Total SGS | 1,660.49 | 898.55 | (18.56) | 879.99 | 5.30 |

Renewable Purchase Obligation

The Petitioner would like to submit that the Hon'ble Commission vide notification dated 01st Oct' 2012 mandated that all the obligated entities have to meet certain specified percentage of energy through renewable energy.

Further, the Hon'ble Commission in its Business Plan Regulations, 2017 has prescribed the given below RPO trajectory to be met by Delhi Discom's for FY 17-18 to FY 19-20. Extract of the relevant Regulation is reproduced below:

27. TARGET FOR RENEWABLE PURCHASE OBLIGATION

(1) The targets for Renewable Purchase Obligation (RPO) in terms of Regulation 124 of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 of a Distribution Licensee from FY 2017-18 to FY 2019-20 shall be computed **as a percentage of total sale of power to its retail consumers in its area of supply excluding procurement of hydro power**. The target for Renewable Purchase Obligation shall be as follows:

Table 16: Targets for Renewable Purchase Obligation

| Sr. No | Particulars | 2017-18 | 2018-19 | 2019-20 |
|--------|------------------------|---------|---------|---------|
| 1 | Solar Target (minimum) | 2.75% | 4.75% | 6.75% |
| 2 | Total | 11.50% | 14.25% | 17.00% |

(2) The Distribution Licensee shall comply with its RPO through procurement of either Solar energy or combination of Solar energy and Non-Solar energy with minimum purchase of Solar energy as specified in the table above:

Provided that the Distribution Licensee may purchase solar energy in excess of the minimum solar Target as specified in aforesaid sub-Regulation (1),

Provided further that the Distribution Licensee may purchase Renewable Energy Certificate (REC) for any shortfall in meeting their total RPO targets for any financial year within three months from the date of completion of the relevant financial year.

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

....."

In Order to comply with above Regulations, the petitioner had sought some clarification vide letter TPDDL/PMG/Regulatory/03 Dated 25th May'2018 with respect to computation methodology to be adopted by the Hon'ble Commission. The Petitioner in its letter has submitted that procurement of hydro power (other than small hydro) has to be excluded from total sale of power (to the consumers within the TATA Power- DDL License area) for calculating the RPO applicability in line with the Hon'ble Commission own Regulation, 27(1).

Thus, the Petitioner has considered hydro power as a clean energy source, hence, the practice of excluding Hydro Power has been adopted for the purpose of truing up of RPO obligations.

It is worth to mention here that vide Regulation 27(2) of the Business Plan Regulations, 2017, the Hon'ble Commission has given liberty to the DISCOMs to purchase the RE certificates within 3 months from the end of respective financial year. Thus, Tata Power- DDL has purchased the RE certificates pertaining to FY 2017-18 in Q1 of FY 18. Given below is the status of RPO obligation of the Petitioner for FY 2017-18.

Table 3.25: RPO obligations approved in the order vis-à-vis Actual for FY 17-18

| Generating Stations | Estimated by DERC in Tariff Order dated 31st Aug 2017 | | | Actual cost including PY arrears (B) | | | Difference (B-A) | |
|---|---|----------------|--------------------|--------------------------------------|----------------|--------------------|------------------|----------------|
| | Energy (MU) | Amount (Rs Cr) | Av. Rate (Rs/unit) | Energy (MU) | Amount (Rs Cr) | Av. Rate (Rs/unit) | Energy (MU) | Amount (Rs Cr) |
| Total Billed Sales | | | | | 8,630.87 | | | |
| Less- units from Hydro | | | | | 904.21 | | | |
| Balance Billed sales to be met through RPO obligation | | | | | 7,726.67 | | | |
| Solar RPO Obligations | | | | | @ 2.75% | | | |
| TPDDL Generation | 2.14 | 1.17 | 5.47 | 2.14 | 3.01 | 14.04 | (0.00) | (1.84) |
| *Net metering (Net Injected) | - | - | - | 0.06 | 0.03 | 5.13 | (0.06) | (0.03) |
| *Net Metering (Consumed) | | | | 5.78 | | | (5.78) | |
| Less- Adjusted towards Past REC | | | | (1.23) | | | 1.23 | |
| SECI | 41.02 | 22.56 | 5.50 | 41.38 | 22.76 | 5.50 | (0.36) | (0.20) |
| Balance Solar Energy to be purchased | 358.57 | 86.06 | 2.40 | 164.34 | 18.41 | 1.12 | 194.23 | 67.65 |
| Total – RPO to be met through Solar @ 2.75% | 401.73 | 109.79 | 2.73 | 212.48 | 44.21 | 2.08 | 189.25 | 65.58 |
| Non- Solar RPO Obligations | | | | | @ 8.75% | | | |
| REC Purchase | 716.88 | 107.53 | 1.50 | 560.52 | 62.78 | 1.12 | 156.36 | 44.75 |
| TOWMCL | 50.55 | 32.53 | 6.44 | 51.31 | 33.02 | 6.44 | (0.76) | (0.49) |
| MSW Bawana | 36.03 | 25.33 | 7.03 | 24.71 | 17.37 | 7.03 | 11.32 | 7.96 |
| Suryakanta Hydro | | | | 33.18 | 12.61 | 3.80 | (33.18) | (12.61) |
| Nanti Hydro | | | | 5.96 | 2.56 | 4.29 | (5.96) | (2.56) |
| Singrauli Small Hydro | | | | 0.41 | 0.21 | 5.06 | (0.41) | (0.21) |
| Sub Total Non-Solar @ 8.75% | 803.46 | 165.39 | 2.06 | 676.08 | 128.54 | 1.90 | 127.38 | 36.85 |
| TOTAL RPO | 1205.19 | 275.18 | 2.28 | 888.57 | 172.75 | 1.94 | 316.62 | 102.43 |
| Total RE Certificates to be purchased | | | | | 81.18 | | | |

* The gross generation of energy through rooftop solar was 5.84 MUs, out of which 4.64 MUs was self-consumed by the consumers and 1.20 MUs are injected into the Petitioner's Network against which the respective consumer can get the benefit of setoff of his/her upcoming self-consumption upto the end of that financial year. The consumers has set off 1.14 MUs against its self-consumption and for balance 0.06 MUs the Petitioner has booked the power purchase cost @ 5.13 per unit and adjusted an amount Rs. 0.03 Cr in consumers account towards the purchase from roof top solar generation. As per Net Metering Guidelines, the DISCOMs has to claim the amount of such power purchase cost in its ARR. Therefore, it is requested to allow Rs. 0.03 Cr for FY 2017-18 as a part of power purchase cost.

Details of Short Term Power Purchase

During this financial year the petitioner has procured 637.27 MU through bilateral/exchange/UI/Intrastate/Banking under short-term power purchase.

Table 3.26: Details of Short term Power Purchase

| S No | Short Term Purchase | Units (MU) | Rate per Unit | Amount (Rs Cr) |
|------|----------------------------------|---------------|---------------|----------------|
| A | Banking Purchase | 449.02 | 3.91 | 175.76 |
| B | DSM Purchase | 50.43 | 2.67 | 13.46 |
| C | IDT Purchase | 3.84 | 2.67 | 1.02 |
| D | IEX Purchase | 133.98 | 3.77 | 50.54 |
| E | Total Short Term Purchase | 637.27 | 3.78 | 240.78 |

Further the Hon'ble Commission in its Regulation 121(3) has stated that the distribution licensee has to follow the normative cost of banking transactions at the rate of average power purchase cost of the portfolio of the distribution licensee.

It is further mentioned that the Hon'ble Commission in its various Tariff Orders has mentioned that banking transaction are revenue neutral transactions, hence, all banking transaction should be done at one rate only.

However, previous the Petitioner in its accounts has followed the following methodology for accounting of banking transactions. The Petitioner while banking the units with the other utility record the transaction at normative cost say Rs 4/unit. At the time of return of the said banked units along with extra unit if any, recorded the transactions equal to the value recorded at the time on inception of transaction, thus, not considering the impact of additional units, which are reimbursed by the other utility towards cost of funding the time lag between the payment to

generator and sale of actual units. For example: If the utility has banked 100 Mus then for the purpose of recording the transaction in books of accounts, it has considered notional value of Rs. 40 Cr. (i.e. 100 Mus * Rs 4/unit). At the time of return of those banked units the other utility has returned 104 Mus. However in order to nullify the said transaction for accounting purpose the original utility has kept the value Rs 40 Cr. by reducing the notional rate of Rs 4/unit to Rs. 3.84/unit in its books of account. As the statutory auditor has certified the power purchase cost based on books of account, hence, has certified return of banked units of 449.02 Mus @ reducing cost of Rs 3.91/unit against the notional cost of Rs 4 /unit.

Therefore, for the purpose of truing up of banking transaction, the Petitioner is seeking return of banking transaction at notional rate of Rs. 4 per unit. Impact of the same is given in table below:

Table 3.27: Details of Short term Power Purchase

| Short Term Purchase | MOU | Units (MU) | Amount (Rs Cr) |
|---|----------|------------|-----------------------|
| Banking Purchase/refund | MUs | 449.02 | 175.76 |
| Rate Considered | Rs./unit | 3.91 | |
| Notional Rate to be considered | Rs./unit | 4.00 | |
| Additional Impact to be computed for the purpose of ARR | Rs Cr. | 3.85 | 449.02*(4.00-3.91)/10 |

Details for Short Term Surplus Power Sale

During the year the petitioner has sold 1648.03 Mus at the average rate of Rs 3.56 per unit. The source wise summary of sale of surplus power during the FY 2017-18 is shown below:

Table 3.28: Details of Short term Power Sales

| Sl. No. | Particulars | FY 17-18 | | |
|---------|--|------------|---------------|----------------|
| | | Units (MU) | Rate per Unit | Amount (Rs Cr) |
| A | Banking Sale | (904.17) | 4.00 | (361.67) |
| B | Bilateral sale | (18.48) | 4.41 | (8.15) |
| C | DSM Sale | (71.59) | 1.21 | (8.64) |
| D | IDT Sale | (44.03) | 3.64 | (16.03) |
| E | IEX Sale | (609.76) | 3.15 | (191.84) |
| F | Total Short Term Sale of surplus power | (1,648.03) | 3.56 | (586.31) |

Transmission Charges:

The Petitioner has incurred transmission charges of Rs. 905.29 Cr including an amount of Rs. 74.62 Crore paid directly to DTL towards Pension Trust. The party wise breakup of the transmission charges is given in the table below:

Table 3.29: Summary of Transmission charges for FY 17-18

| S. No. | Name of Station-Particulars / Party Name | Amount Rs Cr |
|----------|---|---------------|
| A | PGCIL TRANSMISSION CHARGES | |
| I | PGCIL POC BILL-Power Grid Corporation of India Ltd. | 394.56 |
| II | PGCIL POC BILL 3 | 57.11 |
| III | PGCIL Non PoC | 1.30 |
| B | DTL/ SLDC TRANSMISSION CHARGES | |
| I | DTL-Wheeling Charges | 324.31 |
| II | DTL-Pension Trust | 74.62 |
| III | DTL-Reactive Energy Charges | 2.26 |
| IV | DTL-SLDC Charges | 2.70 |
| V | DTL-NRLDC Charges | 0.79 |
| VI | DTL-PG Cell Charges | 0.30 |
| VII | DTL-Application Charges | 0.01 |
| VIII | DTL-Congestion Charges | 0.02 |
| IX | DTL-STOA | -22.03 |
| C | OTHER TRANSMISSION CHARGES | |
| I | Chandrapura Thermal Power Station - Unit 7 & 8 | -19.98 |
| II | Mejia Thermal Power Station - Unit 6 Tx Charges | -10.79 |
| III | NHPPL - SLDC-Nanti Hydro Power Pvt. Ltd. | 0.04 |
| IV | NHPPL- Transmission | 0.48 |
| V | NTPC TRANSMISSION Charges-NTPC TRANSMISSION Charges | 5.70 |
| VI | SECI- SLDC-Solar Energy Corporation of India | 0.20 |
| VII | SECI- Transmission | 1.77 |
| VIII | SHEPL- SLDC-Suryakanta Hydro Energies Pvt. Ltd. | 1.56 |
| IX | SHEPL- Transmission | 2.37 |
| X | CLP Jhajjhar Tx charges-Tata Power Trading Company Ltd. | 10.21 |
| XI | THEP (Koteshwar)- NRLDC Charges-THDC India Ltd. | 0.01 |
| XII | THEP (Tehri)-NRLDC Charges | 0.02 |
| XIII | BBMB Charges | 0.43 |
| XIV | NHPC and NPCIL | 0.03 |
| XV | Short Term Purchase | 26.97 |
| XVI | Short term Sale | 50.33 |
| | Total of Transmission charges | 905.29 |

Normative Rebate:

The Hon'ble Commission in its Tariff Determination Regulations, 2017 has specified that

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

The Hon'ble Commission in its Tariff Order FY 2017-18 has considered 2% normative rebate and approved power purchase cost net of rebate. Following the same principle of normative rebate of 2%, the Petitioner has computed net normative rebate of Rs. 98.63 Cr.

Table 3.30: Summary of Normative Rebate for FY 17-18**(Rs. Cr.)**

| S. No | Vendor | Maximum Normative Rebate (in %) | Rebate able Amt | Amount offered as normative rebate |
|----------|-------------------------------|---|-----------------|------------------------------------|
| A | Towards Power Purchase | | | |
| 1 | APCPL | 2.00% | 1071.04 | 21.42 |
| 2 | DTL (LT) | 2.00% | 324.31 | 6.49 |
| 3 | DVC | 2.00% | 265.78 | 5.32 |
| 4 | DMSWSL | 2.00% | 17.37 | 0.35 |
| 5 | IPGCL | 2.00% | 111.13 | 2.22 |
| 6 | NHPC | 2.00% | 212.49 | 4.25 |
| 7 | NHPPL | 2.00% | 2.56 | 0.05 |
| 8 | NPCIL | 2.00% | 83.96 | 1.68 |
| 9 | NTPC | 2.00% | 922.05 | 18.44 |
| 10 | PGCIL | 2.00% | 451.67 | 9.03 |
| 11 | PPCL | 2.00% | 599.83 | 12.00 |
| 12 | PTC | 0.01paise/KWh for energy from tala & Other's 2% | 5.63 | 0.03 |
| 13 | SASAN | 2.00% | 58.96 | 1.18 |
| 14 | SJVNL | 2.00% | 48.84 | 0.98 |
| 15 | SHEPL | 2.00% | 12.60 | 0.25 |
| 16 | THDC | 2.00% | 34.59 | 0.69 |
| 17 | TOWMCL | 2.00% | 33.02 | 0.66 |
| 18 | TPTCL | 2.00% | 687.92 | 13.76 |
| | Total (i) | | 4943.74 | 98.79 |
| B | Towards Sale of Power | | | |
| 1 | PTC | 2.00% | 3.81 | 0.08 |
| 2 | APPCPL | 2.00% | 4.34 | 0.09 |
| | Total (ii) | | 8.15 | 0.16 |
| | Grand Total (i)-(ii) | | 4935.59 | 98.63 |

Incentive on Sale of surplus Power

The Hon'ble Commission in its Business Plan Regulations, 2017 issued by Hon'ble DERC on the Incentive on Sale of surplus Power. The same has been reproduced below for ready reference:

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

(1) *The computation of incentive for Sale Rate of Surplus Power in terms of the Regulation 165 of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 from FY 2017-18 to FY 2019-20 of the Distribution Licensees shall be as follows:*

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

The petitioner has already shared the incentive calculations for FY 2017-18 with the Hon'ble Commission, accordingly the Hon'ble Commission is requested to consider the said submission and trued up the incentive as per MYT Regulations, 2017.

Impact of Adjustment of allowance of a net amount of Rs 2.86 Cr towards Anta, Auriya and Dadri in Tariff Order Mar, 2018

A) Impact of Rs 17.64 Cr allowed in Tariff Order Mar, 2018

The Hon'ble Commission in its Tariff Order FY 2018-19 has allowed Rs 17.64 Cr. for FY 2016-17 towards Anta, Auriya and Dadri Plants based on the N2 Rate of exchange. The Petitioner in its books of account has recorded an amount of Rs 4.63 Cr only in FY 2016-17 towards these three plants and balance amount of Rs 40.05 Cr was shown as contingent liability.

Based on the Tariff Order for FY 2018-19, the Petitioner had recorded additionally an amount of Rs. 13.01 Cr. (i.e. Rs 17.64 Cr minus 4.63 Cr) as a part of Power Purchase cost of FY 2017-18, as the said cost has already been trued up by the Hon'ble Commission in its Tariff Order dated 2018-19, hence, the Petitioner is now reducing the current year Power Purchase cost by Rs. 13.01 Cr.

B) PY Arrears pertaining to FY 2012-2017 of Rs 10.15 Cr billed in FY 2017-18

During the FY 2017-18, NTPC has raised bills of total of Rs 10.15 Cr towards these plants. Due to non-allowance of previous years full cost of these plants, the Petitioner has not recognized this bill as a part of its Power Purchase Cost for FY 2017-18, but considered as a contingent liability. Now in this tariff petitions as the Petitioner is seeking disallowed claim of these plants since FY 2012-13 onwards in line with the Order issued by the Hon'ble Commission, hence, it is requested to the Hon'ble Commission to consider this amount of Rs 10.15 Cr as a power purchase cost for FY 2017-18.

Thus, based on above submission in point no a and point no b above, the net impact comes to Rs 2.86 Cr. working of the same is given in table below:

| Particulars | FY 17-18 |
|--|----------|
| a) Total amount required to be reduced from FY 2017-18 PP cost in line with Tariff Order Mar, 2018 | 13.01 |
| Less- b) Amount required to allowed additionally | 10.15 |
| Net Amount to be reduced from PP cost for FY 2017-18 | 2.86 |

Differential amount of Truing up of Rithala Power Plant for FY 2017-18

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 7th 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 for FY 2017-18 also (i.e. Amount Sought in the Rithala True up Petition minus amount already sought as a part of power purchase cost for FY 2017-18). Computation of differential amount additionally sought is given below:

Table 3.31: Differential amount sought towards Rithala CCP for FY 2017-18

| (Rs Cr.) | |
|--|-----------------|
| Particulars | FY 17-18 |
| O&M expenses | 33.88 |
| Depreciation | 25.99 |
| Interest on Loans | 0 |
| Return on Equity | 8.33 |
| Interest on Working Capital | 7.95 |
| Income Tax | 2.26 |
| Sub- Total | 78.42 |
| Less- Already sought as a part of Audited Certificate for Power Purchase of FY 17-18 | 24.68 |
| Differential amount additionally sought | 53.74 |

Differential amount of ASDM/UI Penalties

Based on the disallowances carried out by the Hon'ble commission on account of ASDM in the previous years and the revisions carried out by Delhi SLDC subsequent to issuance of the True-up orders, the petitioner has compiled the details of the DSM and the Additional DSM charges available on the Delhi SLDC website from the UI reports from FY 2012-13 onwards, the summary of the same is as follows:

Table 3.31(A): Differential amount sought towards reversal of UI penalties (Rs Cr.)

| Financial Year | ADSM as per final revision bills (Rs. Cr.) | ADSM Deducted as per the tariff orders of DERC (Rs. Cr.) | Extra ADSM amount deducted now required to be pass through (Rs. Cr.) | DERC order |
|--------------------|--|--|--|--------------------------------------|
| 2012-13 | 1.92 | 1.92 | 0.00 | 23 rd July 2014 Page 144 |
| 2013-14 | 0.73 | 0.78 | 0.05 | 29 th Sep 2015 Page 231 |
| 2014-15 | 4.88 | 4.85 | (0.03) | 31 st Aug 2017 Page 260 |
| 2015-16 | 2.39 | 2.39 | 0.00 | 31 st Aug 2017 Page 261 |
| 2016-17 | 2.02 | 2.11 | 0.09 | 28 th March 2018 Page 125 |
| Grand Total | 11.95 | 12.05 | 0.10 | |

Accordingly, the Hon'ble commission is requested to kindly take cognizance of the same and reconsider the disallowance made on account of UI charges while truing-up exercise for FY 2017-18.

Operation and Maintenance (O&M Expenses)

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

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

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

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

- Employee Expenses,
- Administrative and General Expenses, and
- Repair and Maintenance Expense."

In the Business Plan Regulations, 2017 the Hon'ble Commission in its Regulations 23(1) has determined year wise normative O&M expenses for the Petitioner for the current control period. Relevant extract of the table of normative O&M expenses is given below:

O&M Expenses for TPDDL for the Control Period

| Particulars | Unit | 2017-18 | 2018-19 | 2019-20 |
|-------------------|-----------------|---------|---------|---------|
| 66 kV Line | Rs. Lakh/ckt.km | 3.297 | 3.482 | 3.678 |
| 33 kV Line | Rs. Lakh/ckt.km | 3.297 | 3.482 | 3.678 |
| 11 kV Line | Rs. Lakh/ckt.km | 0.862 | 0.910 | 0.961 |
| LT Line System | Rs. Lakh/ckt.km | 6.372 | 6.730 | 7.107 |
| 66/11 kV Grid S/s | Rs. Lakh/MVA | 0.927 | 0.979 | 1.034 |
| 33/11 kV Grid S/s | Rs. Lakh/MVA | 0.927 | 0.979 | 1.034 |
| 11/04.15 kV DT | Rs. Lakh/MVA | 1.326 | 1.400 | 1.479 |

Thus computation of Normative O&M expenses for FY 2017-18 based on the above table is computed as below:

Table 3.32: Normative O&M Expenses for FY 2017-18 (Rs Cr.)

| Particulars | Unit | 2017-18 | Capacity | Capacity as on 31.03.2018 | Amount |
|-------------------|-----------------|---------|----------|---------------------------|---------------|
| 66 kV Line | Rs. Lakh/ckt.km | 3.297 | Ckt.km | 960.43 | 31.67 |
| 33 kV Line | Rs. Lakh/ckt.km | 3.297 | Ckt.km | | |
| 11 kV Line | Rs. Lakh/ckt.km | 0.862 | Ckt.km | 6,197.42 | 53.42 |
| LT Line System | Rs. Lakh/ckt.km | 6.372 | Ckt.km | 6,894.85 | 439.34 |
| 66/11 kV Grid S/s | Rs. Lakh/MVA | 0.927 | MVA | 4,579.00 | 42.45 |
| 33/11 kV Grid S/s | Rs. Lakh/MVA | 0.927 | MVA | | |
| 11/04.15 kV DT | Rs. Lakh/MVA | 1.326 | MVA | 5,830.07 | 77.31 |
| Total | | | | | 644.18 |

Further, Regulation 26(4) of the Business Plan Regulation, 2017, specify that "Impact of any statutory Pay revision on employee's Cost as may be applicable on case to case basis shall be considered separately, based on actual payment made by the Distribution Licensees and shall be allowed by the Commission after prudence check at the time of true up of ARR for the relevant financial year."

Thus, the Petitioner is seeking truing up of the following expenses over and above the normative O&M expenses being uncontrollable in the hands of petitioner.

A) Expenses allowed on actual basis

1. License Fees

As per clause 12.1, of the Distribution and Retail Supply License, the Petitioner is required to pay annually 0.05% of amount billed of previous year as license fees to the Hon'ble Commission. Since the same is linked to sales which is uncontrollable and is trued up, the license fee too needs to be trued up.

Table 3.33: Computation of License fee to be allowed on actual basis (Rs Cr)

| Sl. No. | Particulars | Amount | Remark |
|---------|---|----------|--------|
| A | Billed Sale for Previous Year – as per P&L accounts | 6,637.89 | |
| B | License fee (0.05%) based on billed Sale of previous year | 3.32 | |
| C | Amount of License fee allowed as a part of normative O&M expenses | 2.92 | |
| D | Differential amount now sought | 0.40 | B-C |

It is worth to mention here that as per clause 12.4 of the Distribution & Retail Supply License, the licensee shall be entitled to recover actual license fees paid to the Hon'ble Commission. The relevant para of the same is reproduced below:

"The Licensee shall be entitled to take into account any fee paid by it under this Clause 12 as an expense in the determination of aggregate revenues made in accordance with Clause 24, but shall not take into account any interest paid pursuant to Clause 12.3." (Emphasis supplied)

Thus, the additional amount spent on this account of Rs. 0.40 Cr may be allowed as part of ARR for FY 2017-18.

2. Land Licensee fees towards Grid

The license fee is applicable as per the rates decided by GoNCTD for using Land. During FY 17-18 the Petitioner has booked an amount of Rs. 6.83 Cr towards land licensee fee which is uncontrollable in the hands of the Petitioner, thus, needs to be trued up on actual basis.

Table 3.34: Computation of Land License fee to be allowed on actual basis (Rs Cr)

| Sl. No. | Particulars | Amount | Remark |
|---------|--|--------|--------|
| A | Land License fees for FY 2017-18 | 6.83 | |
| B | Already allowed as a part of Normative ARR | 2.45 | |
| C | Differential amount now sought | 4.38 | A-B |

Accordingly, the Petitioner is requesting to the Hon'ble Commission to allow the differential amount of Rs 4.38 Cr towards Land licensee fee.

Other Statutory Levies/ Taxes (other than Corporate Income Tax)

Interim Relief for FRSR Employees

The Hon'ble Commission in its Business Plan Regulations has clearly specified that change in O&M expenses due to statutory requirement like 7th Pay Commission impact will be trued up on actual basis. In order to comply with the recommendations of Wage Revision Committee for disbursement of Interim Relief w.e.f. 01.01.2016 and for payment of other allowance w.e.f. 01-07-2017, which has been approved by the Govt. of NCT of Delhi, Department of Power vide their Order No. F.11 (62)/2015/Power/Pt-I/2116 dated 26-07-2017 (copy attached as Annexure

A-5 in Volume II of the Petition), the Petitioner in FY 2017-18 has paid an interim payment of Rs. 43.33 Cr towards to FRSR employees. In addition to above the petitioner has made a corresponding provision of Rs. 36.66 Cr for increase in FRSR employees towards their leave salary contribution and pension contribution. Consequently an amount of Rs 80 Cr has been booked/provided for as an impact of interim relief for 7th Pay Commission and further out of this an amount of Rs. 4.22 Cr has been transferred as a part of Capitalizations.

Based on above submission, the Petitioner has therefore seeking total of Rs 75.77 Cr for 2017-18 on account impact of Interim Relief of 7th pay.

Impact of GST

GST has been implemented since 1st July, 2017 and considering the increase of the same on distribution business O&M expenses, the Petitioner is seeking GST impact of approx. Rs 10.93 Cr for FY 2017-18 on provisional basis. The Petitioner is in the process of obtaining the audited certificate for claiming the incremental expenses on account of GST and would be able to provide the said certificate to the Hon'ble Commission during the exercise of prudence check

Table 3.35: Additional Impact of GST

| Particulars | Amount (Rs Cr) |
|--|----------------|
| Total Amount of GST | |
| - Towards Labour and A&G Expenses -"A" | 29.77 |
| - Towards Material -"B" | 1.00 |
| Less- Previous year Taxes -"C" | 19.84 |
| Incremental amount sought (A+B-C) | 10.93 |

** Figures subject to change based on audited certificate*

Thus, the Petitioner is requesting to the Hon'ble Commission to consider and allow the impact of incremental cost of GST based on auditor certificate.

Minimum Wages Impact

Govt. of Delhi has issued the Delhi Gazette notification No. 85 dated 03.03.2017 (Notification attached as Annexure A-6 in Volume II of the Petition) and has revised the minimum wages for various Employment Categories effective 03.03.2017. The increase in minimum wages is substantial to the tune of 37% approx. A meeting was also called at Delhi Secretariat by Power Minister, Mr. Gopal Rai and Labour Commissioner wherein representatives from BAs and other organizations like Tata Power- DDL were also called. In the meeting, it was stressed by the Govt. to comply with the revised minimum wages with immediate effect. This unprecedented increase in minimum wages has an impact on all the service contracts issued by the Petitioner and in force, because such increase was unprecedented and not factored in the contract prices. The impact is more severe on the manpower intensive contracts and puts the sustainability of such contracts at risk. Business Associates have also started to represent for incorporating suitable increase in the monthly charges payable in respective contracts.

The Petitioner is in the process of obtaining the audited certificate for claiming the additional expenses of Rs. 19.55 Cr towards Increase in Minimum Wages and would be able to provide the said certificate during the exercise of prudence check. Thus, the Petitioner is requesting to the Hon'ble Commission to consider and allow the impact of minimum wages based on auditor certificate.

Allowance of Financing Charges

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

With respect to above, the Petitioner wants to clarify that financing charges towards raising of loans for funding of working capital and Regulatory assets are never formed part of base year normative expenses, thus, the Petitioner now claims the financing charges of Rs 0.45 Cr on actual basis.

Table 3.36: Total amount of financing charges

| Particulars | Amount (Rs Cr) |
|-------------------------|----------------|
| Total Financing charges | 0.45 |

(Refer Note no 33 (e) of Audited Financial Statements attached as Annexure A-1 in Volume II of the Petition)

It is respectfully submitted to the Hon'ble Commission to allow an amount of Rs 0.45 Cr on account of financing charges.

Property Tax

TPDDL has been subjected to and held liable for payment of property tax in respect of properties which were transferred to it as licensee through Delhi Electricity Reforms Act-Transfer Scheme Rules 2001, after a protracted legal battle. The dispute involved determination of liability for bearing property tax in respect of properties which reflected in respective schedules of the Transfer Scheme Rules 2001.

A brief background of the said dispute is explained below for reference:

The Assessment & Collection department of the MCD vide its order dated 26.03.2003 determined the rateable value of a vacant land measuring 8080 sq. meter near sub-station, Civil Lines at Rs. 58,53,960/-. TPDDL challenged such order of the MCD under section 169 of the MCD Act, 1957 before the District Judge (House Tax Tribunal), Delhi.

The Hon'ble House Tax Tribunal vide its Judgment dated 03.01.2004 in HTA no. 164/2003 held that the land is owned by the Delhi Govt. and that TPDDL was a licensee to the land, hence quashed the aforesaid Assessment Order.

Aggrieved by the said Judgment of the Hon'ble House Tax Tribunal, MCD approached to the High Court by filing a Writ Petition No 3193/2004. The Single Judge of the Delhi High Court vide its order dated 25.07.2005 held that TPDDL is liable to pay the property tax as

- i) it is entitled to let out the properties
- ii) TPDDL is successor in respect to matters relating to all liabilities and assets, and
- iii) the transfer scheme do not rule out liability of TPDDL to pay Municipal Taxes.

The Single Bench Order of the Hon'ble Delhi High Court was then challenged by TPDDL in its LPA No.2630/2005 on the ground that the Distribution License issued by the Ld. State Commission to TPDDL under Section 20 of the DERA, 2000 is distinct from the License for land granted in its favour and therefore, TPDDL is not the owner of the land hence is not liable to pay the property tax. The Division Bench vide its Judgment dated 09.12.2013 held that Delhi Govt. was not the owner of the land, instead DPCL was the owner of the land under the Transfer Scheme and that it was the power companies that were liable to pay the property tax even though they held the land as licensees of the Govt. and passed certain directions remanding the matter back to North-MCD to decide whether it was TPDDL or DPCL which was liable to pay the property tax.

This Judgment of the Division Bench was then challenged by TPDDL, MCD and GoNCTD before the Apex Court through CA no. 5654/2014 wherein the Hon'ble Supreme Court vide its judgment dated 10.08.2016 inter alia reversed the findings of the Division Bench of the High Court with respect to the liability of payment of property tax and held that if the Distribution License empowers the distribution company to let out the land, then it will have to pay the property tax even if it is only a licensee to the land. The Court directed the incidence of property tax to be decided by the MCD and hence, the matter was again remanded back to MCD. It was directed that the assessing authority (North Delhi Municipal Corporation – NDMC) should consider the provisions of Delhi Municipal Corporation Act, Delhi Electricity Reforms Act, Transfer Scheme Rules and Distribution License issued under section 20 of the Delhi Electricity Reform Act for deciding the incidence of property tax in regard to the property i.e. Land Measure 8080 sq. meter near sub-station, civil lines.

In compliance of the above directions of the Hon'ble Supreme Court, proceedings were carried on before MCD wherein submissions were made by TPDDL and DPCL and a written opinion was submitted by GoNCTD. After examining the provisions of Delhi Electricity Reforms Act, Transfer Scheme Rules 2001, DMC Act and its bye-laws framed there under and Distribution License issued under section 20 of the Delhi Electricity Reforms Act, NDMC held that property tax is liable to be paid by the NDPL/TPDDL.

Therefore, MCD has raised an Assessment Order for 449 properties of Tata Power- DDL from the period FY 2004-05 to FY 2016-17 seeking property tax of Rs. 21.07 Cr, Interest of Rs. 15.02 Cr and also levied penalty of Rs. 6.32 Cr. In addition to the aforesaid total demand of Rs. 42.41

Cr, North MCD has also raised additional demand of Rs. 2.29 Cr for payment of property tax for FY 2017-18 also.

On 26.03.2018, North DMC has come up with "Amnesty Scheme 2017-18" vide its order numbered A&C (HQ) NDMC/2018/290. The Amnesty Scheme provided waiver of 100% Interest and penalty for all types of properties. Further As per the terms and conditions of the said scheme, in order to avail the 100% waiver of interest and penalty, the assessee has to withdraw all pending litigations if any.

Thus, in order to avail the benefit of said Amnesty Scheme, Tata Power- DDL has made the full payment of property tax as given in table below:

Table 3.37: Property Tax for FY 2017-18 (Rs Cr)

| Financial Year | Amount |
|--------------------------------|---------------|
| From FY 2002-03 to FY 2016-17 | 21.07 |
| For FY 2017-18 | 2.29 |
| Total Property Tax paid | 23.36* |

** Copy attached as Annexure A-7 in Volume II of the Petition*

Based on above submission, it is requested to the Hon'ble Commission to allow an amount of Rs 23.36 Cr. towards property tax based on actuals.

SMS Charges

The Hon'ble Commission vide its letter dated 13.01.2016 (Copy attached as Annexure A-8 in Volume II of the Petition) had issued directive to send the SMS to consumer on various occasions. In order to comply the said directive, Tata Power DDL has incurred an amount of Rs 0.49 Cr toward SMS charges in FY 2017-18. The said expenses are incurred on the direction of this Hon'ble Commission therefore it is requested to allow the same as a part of other expenses.

As these expenses are not factored while computing the normative O&M expenses for FY 2017-18, hence the Petitioner is requesting to the Hon'ble Commission to allow Rs. 0.49 Cr over and above the normative O&M Expenses.

DSM Expenses

The Petitioner has submitted that the Commission vide its letter dated 13th May, 2015 has given its approval for implementation of AC replacement scheme in the Petitioner region to be read with DERC other letter No. F. 17(23)/DERC/Engg./2014-15/4604/288.

The Petitioner has incurred an amount of Rs. 5.00 Cr. in FY 2017-18 towards implementation of AC rebate scheme.

Further, in order to implement the net metering in its area of operations, Tata Power- DDL has incurred Rs 0.03 Cr towards ESCO.

Thus, the Petitioner is requesting to the Hon'ble Commission to allow Rs 5.03 Cr on account of DSM initiatives taken during the FY 2017-18.

PRI Lines

The Hon'ble Commission vide its letter dated 07.04.2017 (copy attached as Annexure A-9 in Volume II of the Petition) has directed to enhance PRI Lines and clearly specified that any additional expense if done it shall be allowed additionally over and above the normative O&M expenses. During the FY 2017-18, Tata- Power DDL has incurred an amount of Rs. 0.37 Cr towards PRI Lines. Therefore, it is requested to the Hon'ble Commission to allow Rs 0.37 Cr additionally over and above normative O&M Expenses.

Water Charges

The 3rd MYT Regulations, 2017 specified that water charges are required to be trued up based on actuals. Relevant extract of the same is given below:

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

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

Based on above, the Petitioner is seeking additionally an incremental amount of Rs 0.67 Cr for FY 2017-18.

Legal Expenses

While fixing the normative O&M expenses, the Hon'ble Commission has not considered Legal Expense of the DISCOMs. Further in SOR, the Hon'ble Commission has specified that it shall allow the legal expense on actual basis after making a prudence check on legal expenses.

During the FY 2017-18, TPDDL has incurred an amount of Rs. 17.08 Cr (net of BD Expenses) under the head Legal and Professional Expenses. Given below is the sub- head wise bifurcation of aforesaid Legal and Professional Expenses.

Table 3.38: Legal Expenses for FY 2017-18 (Rs Cr)

| S. No. | Nature | (Amount) | Remark |
|--------|----------------------------|--------------|---|
| A | Auditor Expenses | 0.71 | Note no 34 Of the Audited Financial Statement attached as annexure A-1 in Volume II of the Petition |
| B | Other Misc. Legal Expenses | 0.01 | |
| C | Consultancy Expenses | 1.05 | |
| D | Professional Fees/Charges | 2.85 | |
| E | Compensation Charges | 0.11 | |
| F | Advocate and Legal Fees | 12.35 | |
| | Total | 17.08 | |

Based on above submission, it is requested to the Hon'ble Commission to allow Rs 17.08 Cr towards Legal and Professional Fees.

Summary of the Additional O&M Expenses sought over and above the normative O&M expenses allowed for FY 2017-18

Based on the above submissions, the Petitioner is seeking Rs. 158.48 Cr additionally on account of O&M expenses for FY 2017-18 towards statutory levies/uncontrollable factors, change in law, minimum wages etc..

Table 3.39: Summary of Additional O&M Expenses on account of statutory levies & Taxes (Rs Cr)

| S. No. | Nature | (Amount) | Remark |
|-------------------------------------|--|---------------|-------------------------|
| Statutory Levies, Taxes etc. | | | |
| A | Licensee fees | 0.40 | Table 3.33 |
| B | Land Licensee fees | 4.38 | Table 3.34 |
| C | Interim Relief towards- 7th Pay Commission- FRSR | 75.77 | Explanation given above |
| D | Impact of GST | 10.93 | Table 3.35 |
| E | Impact of Minimum wages | 19.55 | Explanation given above |
| F | Financing Charges | 0.45 | Table 3.36 |
| G | Property Tax | 23.36 | Table 3.37 |
| H | SMS Charges | 0.49 | Explanation given above |
| I | DSM Expenses | 5.03 | Explanation given above |
| J | PRI Lines | 0.37 | Explanation given above |
| K | Water Charges | 0.67 | Explanation given above |
| M | Legal Expenses | 17.08 | Table 3.38 |
| | Total | 158.48 | Sum (A to M) |

A) Non-Tariff Income (NTI)

Regulation 152(a) of Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations 2017 provided that "Variation in revenue and sale of the distribution licensee based on projected revenue and sales vis-à-vis actual revenue and sales".

The Hon'ble Commission in its Tariff Order for FY 2017-18 had projected Non-Tariff Income of Rs. 133.25 Cr. (including Income from Other Business, Open Access Charges and Normative Interest on Consumer Security Deposit). Break up the same is given below:

Table 3.40: Approved Non-Tariff Income for FY 2017-18 (Rs Cr)

| Particulars | Amount Rs Cr. |
|---|---------------|
| Total Non-Tariff Income | 133.25 |
| Less- Income from other Business | 36.38 |
| Less- Open Access Charge | 0.75 |
| Less- Normative Interest on Consumer Security Deposit | 19.70 |
| Net Non-Tariff Income | 76.42 |

Against the projected net non-tariff income of Rs. 76.42 Cr, the actual Non-Tariff Income for the purposes of Truing Up for FY 2017-18 comes to Rs. 71.27 Cr. Break-up of the same is given below:

Table 3.41: Non-Tariff Income for FY 17-18

| S. No. | Particular | (Rs Cr) | Remarks |
|--|--|---------------|---|
| A | Other Operating Revenue | 119.60 | Note 29 of Audited Accounts attached as annexure A-1 in Volume II of the Petition |
| B | Other Income | 64.90 | Note 30 of Audited Accounts attached as annexure A-1 in Volume II of the Petition |
| | Total –(I) | 184.50 | |
| Less: Income included in above, not passed as Non-Tariff Income | | | |
| C | Transfer from capital grants | 0.74 | Note 29 of Audited Accounts attached as annexure A-1 in Volume II of the Petition |
| D | Transfer from consumer Contribution for Capital work | 42.78 | |
| E | Incentive towards Street Light | 1.35 | |

| S. No. | Particular | (Rs Cr) | Remarks |
|--|---|---------------|---|
| F | Interest Income /Short term capital gain | 5.00 | Note 30 of Audited Accounts attached as annexure A-1 in Volume II of the Petition |
| G | Financing Cost of LPSC | 8.79 | Table 3.42 |
| H | Income from other Business | 57.92 | (To be Offered separately) |
| | Total –(II) | 116.56 | (C+D+E+F+G+H) |
| Add: Income not included in above, but required to be passed as Non-Tariff Income | | | |
| I | Differential amount of Service Line Charges - III | 3.35 | Table 3.43 |
| | Sub- Total | 71.27 | (I)-(II)+(III) |

(Audited Accounts attached as Annexure A-1 in Volume II of the Petition)

For the purpose of tariff determination, the detailed explanation for reducing aforementioned Incomes from non-tariff income are given below:

i. Grant/Consumer Contribution

As the Hon'ble Commission is utilizing the Gross Capital Grant/Consumer Contribution for financing of the Capitalization, amortization of the same in accounts is only a book entry which cannot be treated as Non-tariff Income after once taking it as a capital receipt for financing of capex/capitalization. The above treatment is in accordance with the principles accepted and implemented by the Hon'ble Commission in its previous Tariff Orders also.

ii. Incentive towards Street Light

It is respectfully submitted that in order to evolve a performance driven system that the Hon'ble Commission vide its order dated 22.09.2009 has put up the incentive/disincentive mechanism for maintaining street lights.

Relevant extract of para no. 20 on page no 9 of the aforesaid order is given below:

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

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

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

| Performance level achieved | Disincentive | Example |
|----------------------------|--|---|
| Between 80-90% | 1% of the maintenance cost for each percentage in shortfall to achieve target of 90% | Actual Performance 83% Disincentive 90-83 = 7% |
| Between 70-80% | 1.5% of the maintenance cost for each percentage in shortfall to achieve target of 80% | Actual Performance 77% Disincentive = 10 + 4.5 = 14.5% |
| Below 70% | 2% of the maintenance cost for each percentage in shortfall to achieve target of 70% | Actual Performance 60% Disincentive = 25 + 20 = 45% |

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

As mentioned in the State Commission Order, the incentive earned by the Petitioner would not be a pass through in the ARR, hence, the Petitioner has retained Rs. 1.35 Cr as an incentive earned towards the maintenance of Street Light. It is further clarified that the total amount of maintenance charges of Rs. 16.68 Cr. under the head Other Operating Revenue as appearing in Note No 29(d) of Audited Balance Sheet is inclusive of aforesaid street light incentive of Rs. 1.35 Cr., therefore, Tata Power- DDL has deducted amount of Rs 1.35 Cr from the Non-Tariff Income.

iii. Interest on Surplus Funds out of Shareholder's money

The Hon'ble Commission in its previous Tariff orders had followed the methodology to exclude any income arising from surplus funds of shareholder's money from non-tariff income on the following principle:

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

During the FY 2017-18, Tata Power – DDL has earned an amount of Rs. 5 Cr as Interest Income/ Gain on investment in mutual funds by investing shareholder's funds at different point of time.

Therefore, in line with the APTEL Judgment and the methodology followed by the Hon'ble Commission, an amount of Rs 5.00 Crore is excluded from Non-Tariff Income.

iv. Financing Cost for LPSC

LPSC is levied on consumers who do not make payment within the credit period allowed for payment. This compensates the Utility for the additional interest cost that gets incurred on the additional working capital requirements due to non-payment for timely payments of such dues by the consumers by the respective due dates.

The Hon'ble APTEL in Appeal No. 153 of 2009 has held that the distribution licensee is entitled to the cost of financing the entire outstanding principal amount that attracts LPSC at prevalent market lending rates. The Hon'ble APTEL categorically held that "the financing cost relating to the late payment surcharge" must be derived from the "prevalent market lending rates." This is imperative because the Petitioner is required to finance working capital requirement arising out of delayed payment throughout the year.

The Hon'ble APTEL vide its judgment dated July 12, 2011 in Appeal No. 142 of 2009 had held that the Petitioner is entitled to the compensation for additional financing cost of outstanding dues limited to late payment surcharge amount at the prevalent market lending rate during that period keeping in view the prevailing Prime Lending Rate. The relevant portion of the judgment is reproduced below:

"19.5...

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

The Hon'ble Commission in its Tariff Regulations, 2017 has upheld the Judgment of the Hon'ble APTEL and clearly stated in Regulations 94(v) that Net Interest on delayed or deferred payment of bills shall be considered as Non-Tariff Income.

Thus in order to compute the financing cost of LPSC, Tata Power DDL has considered the actual interest rate of 8.84% on actual basis against the approved rate of 9.73% by the Hon'ble Commission in its Tariff Order for FY 2017-18.

Based on above submission, financing cost for LPSC is computed as follows:

Table 3.42: Computation of financing cost of LPSC

| | | | (Rs. Cr.) |
|---------|--|---------|-----------|
| Sl. No. | Particular | UoM | Amount |
| A | LPSC earned (Note 29(a) of Audited Financial Statement) | (Rs Cr) | 17.89 |
| B | Late payment surcharge rate as per Regulations | % | 18% p.a. |
| C | Principal Amount (i.e. energy & other applicable charges) on which the above LPSC was levied (A/B) | (Rs Cr) | 99.39 |
| D | Interest Rate | % | 8.84% |
| E | Financing Cost (C*D) | (Rs Cr) | 8.79 |

v. Service Line Charges

Tata Power- DDL would like to bring in the kind attention of the Hon'ble Commission that as per Indian GAAP, service line charges were treated as income upfront upon installation of connections, therefore entire income is treated as non-tariff income for the purpose of ARR. However under Ind-As since the consumers does not get any identified asset or service upon payment of upfront service line charges, service line charges should be recognized as a revenue over the useful life of asset provided to consumers. Hence any income on account of Service Line is shown as receipt and thereafter amortized over the useful life of Asset. Due to aforesaid change, in profit and loss statement the amortized balance of service line charges are shown under the head other operating income instead of receipt amount of service line charges. Therefore, for the purpose of Tariff determination receipt of service line charges has been

considered and offered as a part of non-tariff income instead of amortized amount as shown in profit and loss statement for FY 2017-18. Given below is the amount additionally considered as a part of Non-Tariff Income.

Table 3.43: Additional amount of Service Line Charges for FY 2017-18 (Rs Cr)

| Particulars | Rs. Cr | Remark/ Ref. |
|--|-------------|---|
| Receipt on account of Service Line charges | 32.18 | Note 21(b) of the Audited Financial Statement attached as Annexure A-1 in Volume II of the Petition |
| Amortized and transferred to Profit & Loss | 28.83 | Note 29(b) of the Audited Financial Statement attached as Annexure A-1 in Volume II of the Petition |
| Amount additionally offered as NTI | 3.35 | |

B) Income from Other Business Income

With the objective of creating additional avenues for growth, sharing of knowledge & best practices across utilities, and most importantly, in line with its strategy of providing power at competitive rates to consumers, Tata Power- DDL is exploring the possible avenues for revenue growth through various activities in addition to Distribution of power to consumers.

Tata Power-DDL during the course of its transformation journey in the National Capital Territory of Delhi has acquired & developed its knowledge base, built its core competencies in utility management and is using these competencies to expand its footprints in different geographies both nationally and internationally, providing distribution related services including operations management, commercial management integration of information and operations technologies for smarter and intelligent functioning of distribution networks, change management, process re-engineering, capacity building etc.

Tata Power-DDL's exclusivity is due to its unique positioning amongst the players in the power domain. Being a power distribution utility, Tata Power-DDL scores over all the service providers through its in depth knowledge of the business processes that go into the daily functioning of any distribution utility. Tata Power-DDL has been a forerunner in the adoption of state-of-art technologies and is a hub of all technological solutions. Moreover, Tata Power-DDL has amalgamated all the available solutions from different vendors in a seamless integrated architecture.

During the FY 2017-18, Tata Power- DDL has earned Rs. 57.92 Cr (Gross Receipts) from other than licensed business. Breakup of the same is given below;

- (a) Optimal utilization of Distribution Assets (Rs. 1.40 Cr); and
- (b) Consultancy Income/other (Rs. 52.81 Cr)
- (c) Income through Training (Rs. 3.31 Cr)
- (d) Income from DSM (Rs. 0.40 Cr.)

Further, it is submitted that the Hon'ble Commission in its Tariff Regulations, 2017, vide Regulations 96 has stated that the **net income after tax from other Business shall be shared as per DERC Treatment of Income From Other Business of Transmission Licensee and Distribution Licensee Regulations, 2005 as amended from time to time.**

To generate Revenue from other Business, Tata Power- DDL has incurred expenses of Rs. 44.97 Cr. during the FY 2017-18, which in line with the above Regulation has to be deducted while computing the net income available for sharing between consumers and DISCOMS. Computation of the net direct expenditure is given below:

Table 3.44: Computation of Net direct expenses to be deducted from Other Business Income

| Particulars | Revenue earned by not using Distribution Fixed Assets Rs. Cr. | Revenue earned by using Distribution Fixed Assets Rs. Cr. | Income from DSM by using Distribution Fixed Assets Rs. Cr. | Total Rs Cr. | Remark |
|--|--|--|---|-----------------|---|
| Total Revenue earned | 56.12 | 1.40 | 0.40 | 57.92 | Note 30(C) & 38(1) of the Audited Financial Statement attached as Annexure A-1 in Volume II of the Petition |
| - Consultancy | 52.69 | | | | |
| - Training | 3.31 | | | | |
| - Others | 0.12 | 1.40 | 0.40 | | |
| Less- Expenses incurred | 44.65 | 0.18 | 0.14 | 44.97 | Note 38(2) of the Audited Financial Statement attached as Annexure A-1 in Volume II of the Petition |
| Income net of Expenses before Tax | 11.47 | 1.22 | 0.26 | 12.95 | |
| Income Tax @ 34.608% | 3.97 | 0.42 | 0.09 | 4.48 | |
| Net Revenue available for sharing | 7.50 | 0.80 | 0.17 | 8.47 | |

It is further mentioned that the Hon'ble Commission vide its order reference No.F.3 (470)/Tariff-Engg./ DERC/ 2016-17/5435 has amended sub- Regulation (1)(a) of Regulation 4 and sub-Regulation (5) of Regulation 5. The relevant extract of sub- Regulation (5) of 5 is reproduced below:

"(5) In addition to the sharing of costs under sub-clause (3) above, the Licensee shall account for and ensure due payment to the Licensed Business a certain proportion of revenues from the other Business as follows:

(a) where the Licensee utilizes the assets and facilities of the licensed business for other business the Licensee shall retain 40% of the net revenue from such business and pass on the remaining 60% of the net revenue to the regulated business; and

(b) where the Licensee does not utilize the assets and facilities of the licensed business for other business, the Licensee shall retain 60% of the net revenue from such business and pass on the remaining 40% of the net revenue to the regulated business;

Provided that any deficit on account of such other business shall be to the account of the licensee."

Thus, based on the above amendment net revenue from the Other Business Income shall be shared as under:

Table 3.44(A): Computation of Net direct expenses to be deducted from Other Business Income

| Particulars | Revenue earned by not using Distribution Fixed Assets Rs. Cr. | Revenue earned by using Distribution Fixed Assets Rs. Cr. | Income from DSM by using Distribution Fixed Assets Rs. Cr. | Total Rs Cr. |
|---|--|--|---|-----------------|
| Net Revenue available for sharing (Table 3.44 above) | 7.50 | 0.80 | 0.17 | 8.47 |
| TPDDL Share % | 60% | 40% | 40% | |
| Consumer Share % | 40% | 60% | 60% | |
| Consumer Share in Rs Cr. | 3.00 | 0.48 | 0.10 | 3.58 |

Based on above submission, in addition to non-tariff income of Rs. 71.27 Cr., an amount of Rs. 3.58 Cr. from other Business Income is additionally offered as a pass through in ARR of FY 2017-18.

Interest on Consumer Security Deposit

Regulation 5.34 of MYT Regulations, 2011 specify that

"Interest paid on consumer security deposits shall be based on the rate specified by the Commission in the "Delhi Electricity Supply Code and Performance Standards Regulations, 2007", and shall be a pass through in the ARR."

Regulation 16(vi) of Delhi Electricity Supply Code and Performance Standards Regulations, 2007", specify that

"vi The amount of security deposit shall be as per the Regulation 29 or as approved by the Commission from time to time. The Licensee shall pay interest to the consumer at the rate of 6% per annum, or any other rate prescribed by the Commission payable annually on such deposit w.e.f. date of such deposit in cases of new connection energized after the date of this notification or in other cases, from the date of notification of these regulations. The interest accrued during the year shall be adjusted in the bill for the first billing cycle of the ensuing financial year."

Further the Delhi Electricity Supply Code and Performance Standard Regulations, 2017 provided that w.e.f 1st September 2017 onwards Rate of Interest for Consumer Security Deposit shall be considered the SBI MCLR rate on 1st April. Therefore, w.e.f 1st September, 2017 the Petitioner has paid consumer security deposit at the rate of 8% (i.e. SBI MCLR on 1st April, 2017).

In addition to the directly payment of interest on consumer security deposit, the Hon'ble Commission has adopted the methodology of reducing differential interest (i.e. Cost of funding working capital – minus Interest actually credited/paid to consumers) from the ARR. Hence in order to compute the differential net interest on consumer security deposit, interest rate equivalent to cost of debt @ 8.84% has been considered for FY 2017-18.

Table 3.45: Computation of Interest on Consumer Security Deposit

| S. No | Particulars | Amount (Rs Cr) | Remarks |
|-------|---|----------------|---|
| A | Opening balance of consumer security deposit as on 01.04.2017 | 502.34 | Note no 17 of the Audited Financial Statement attached as Annexure A-1 in Volume II of the Petition |
| B | Closing balance of consumer security deposit as on 31.03.2018 | 552.81 | |
| C | Average balance | 527.58 | (A+B)/2 |
| D | Interest Rate (%) | 8.84% | |
| E | Interest amount | 46.64 | (C*D) |
| F | Less- adjustment for Interest on Consumer security deposit already passed to the consumers in their bills | 40.65 | Note no 33 of Audited Balance Sheet |
| G | Differential amount of interest offered in ARR for FY 2017-18 | 5.98 | (E-F) |

Based on the above computation, the Petition is offering Rs. 5.98 Cr as interest on CSD while computing the Annual Revenue Requirement for FY 2017-18.

Income from Open Access

For the FY 2017-18, the Petitioner has computed Income of Rs 10.94 Cr. from Open Access consumers. Computation of the same is given below:

Table 3.46: Income from Open Access (Rs Cr.)

| S. No | Particulars | Amount | Remarks |
|-------|---|--------|---|
| A | Total Income from Open Access | 11.49 | Note 29(b) of the Audited Financial Statement attached as Annexure A-1 in Volume II of the Petition |
| B | Less- E. Tax for the year | 0.55 | |
| C | Income from open access available for ARR | 10.94 | (A-B) |

Capitalization

For the purpose of Tariff fixation for FY 2017-18, the Hon'ble Commission in its Tariff Order August, 2017 has projected capitalization of Rs. 439 Cr against which the Petitioner has done actual capitalization of 479.34 Cr.

Table 3.47: Approved Capitalization versus Actual Capitalization for FY 2017-18

| Particulars | Approved | Sought for Trued up | Remark/ Ref. |
|-----------------------------|------------|---------------------|---|
| Capitalization | 439 | 479.34 | Refer Note no 4 of the Audited Financial Statement attached as Annexure A – 1 Volume II of the Petition |
| Smart Meter | | | |
| Deposit Work | | | |
| Total Capitalization | 439 | 479.34 | |

Gross Fixed Assets

In Tariff Order FY 2018-19, the Hon'ble Commission had provisionally trued up an amount of Rs. 4,675.31 Cr. towards the closing value of gross fixed assets at the end of FY 2016-17. The Petitioner would like to mention that the above provisional trued up value of fixed assets are considered on lower side as the physical verification of the fixed assets of the Petitioner is pending since FY 2005-06 onwards. In the last Financial Year the Hon'ble Commission has initiated the process of doing physical verification of assets for some of the years by appointing third party auditors.

The Petitioner in its last Tariff Petition had requested to the Hon'ble Commission to consider the capitalization based on audited financial statements, but the Hon'ble Commission considered the opening balance of gross fixed assets as trued up in previous tariff orders.

Therefore, without prejudice its right, the Petitioner in this petition has considered closing value of provisional trued up fixed assets as per last tariff order and prayed to the Hon'ble Commission to consider the actual value of capitalization if the exercise of the physical verification is completed before issuance of Tariff Order against this tariff Petition.

Based on above submissions, value of Gross Fixed Assets for FY 2017-18 has been computed as below:

Table 3.48: Detail of Actual Capitalization

(Rs. Cr)

| Particulars | Amount | Remark |
|--|----------|---|
| Provisional Trued up opening balance of Gross Fixed Assets (net of Retirement) | 4,675.31 | Table 69 of Tariff Order Mar, 2018 |
| Add- Capitalization during the year | 479.34 | Table 3.47 |
| Less- Retirement/ De-capitalization for the year | 80.16 | Note 4 of the Audited Financial Statement attached as Annexure A-1 in Volume II of the Petition |
| Closing balance of Gross Fixed Assets (net of Retirement) | 5,074.49 | |
| Average Balance of Gross fixed Assets | 4,874.90 | |

Loss on Sale of Retirement of Assets/ De-capitalization of Assets

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

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

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

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

As per the aforesaid Regulations, the Petitioner has bifurcated the total retirement/de-capitalization of Rs. 80.16 Cr. in above three categories and computed the loss or gain as given below:

Table 3.49: Computation of Loss/Gain towards Retirement of Assets for FY 2017-18

(Rs. Cr)

| Particulars | Regulation 45. | Regulation 46. | Regulation 47. |
|--|----------------|----------------|----------------|
| Gross value of Retired Assets | 68.43 | 6.87 | 4.86 |
| Less- Allowance of Dep. | 27.34 | 1.18 | 4.13 |
| Less- Sales Consideration | | 0.90 | 0.01 |
| Amount sought in this true up towards allowance of Extra depreciation upto 90% - A | 7.61 | 3.25 | 0.25 |
| Loss/(gain) not claimable from DERC | 0.01 | 1.53 | 0.48 |
| Loss/gain on sale of FA - B | 33.47 | - | |
| Total Loss/gain including Depreciation (i.e. Rs 33.47+7.61+3.25+0.25) | | 44.59 | |
| Less- Amount of Sales Consideration | | 8.36 | |
| Balance Amount Sought in the ARR – Rs Cr. | | 36.23 | |

Consumer Contribution/Grant

Regulation 66 of the Tariff Regulations, 2017 stipulated that for the purpose of computation of Regulated Rate Base, consumer contribution corresponding to the amount of assets capitalized shall be deducted.

In Tariff Order FY 2018-19, the Hon'ble Commission had provisionally trued up an amount of Rs. 776.98 Cr. towards consumer contribution & capital grant. Therefore, the Petitioner in this petition has considered consumer contribution and grants as per last tariff order and prayed to the Hon'ble Commission to consider the value of consumer contribution and grants corresponding to the value of fixed assets, if the exercise of the physical verification is completed before issuance of Tariff Order against this tariff Petition.

Table 3.50: Consumer Contribution/grants

| | | | (Rs. Cr) |
|-------|--------------------------------|--------|---|
| S. No | Particulars | Amount | Remark |
| A | Opening Balance | 776.98 | Table 58 of Tariff Order Mar, 2018 |
| B | Total Addition during the year | 41.28 | Note 21(a) of Audited Financial Statement attached as Annexure A-1 in Volume II of the Petition |
| C | Closing Balance | 818.26 | (A+B) |
| D | Average Consumer Contribution | 797.62 | (A+C)/2 |

Depreciation (net of consumer contribution)

Regulation 40(4) of the Tariff Regulations, 2017 specified that "Provisions related to Depreciation, Return on Equity and Interest on Loan shall not be applicable on such capital assets to the extent of financial support utilized through consumer contribution, deposit work and grant."

Thus, the Petitioner is computing depreciation on average of net fixed assets (i.e. Average of Gross Fixed Assets for the year – Average of Consumer Contribution/capital subsidy/grant for the year).

It is further submitted that the Hon'ble Commission in its Tariff Regulations has changed the methodology by adopting the concept of useful life. The Hon'ble Commission also specified that assets having useful life for more than 12 years in that case in upto 12 years approx. 70% of the depreciable value should be realized for the purpose of payment of loan.

Thus, with respect to computation of assets class wise depreciation without finalization of pending capitalization due to physical verification, the Petitioner has first computed average depreciation rate based on audited financial statement and then applied the said rate on average net fixed assets to compute the depreciation for the year.

Based on above methodology, average depreciation rate is worked out as follow:

Table 3.51: Computation of Average rate of Depreciation on Gross Fixed Assets

| S. No | Particulars | Amount Rs Lacs | Remark |
|-------|-------------------------|----------------|--|
| A | Average of Fixed Assets | 548,485.43 | Refer Note 4 as per Audited Financial Statements attached as Annexure A-1 in Volume II of the Petition |
| B | Depreciation | 27,328.33 | |
| C | Rate of Depreciation | 4.98% | B/C |

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

Table 3.52: Depreciation on Net Fixed Assets

(Rs. Cr)

| S. No | Particulars | Amount | Remark |
|-------|---|----------|-----------------|
| A | Average Assets | 4,077.28 | Table (E) - (D) |
| B | Average Depreciation Rate | 4.98% | Table 3.51 |
| C | Depreciation (Net of Consumer Contribution) | 203.15 | (C*D) |

Further in Tariff Order FY 2018-19, the Hon'ble Commission had provisionally trued up an amount of Rs. 1,768.14 Cr. towards accumulated depreciation without reducing the impact of corresponding depreciation towards retired assets till FY 2016-17. It is worth to mention here that while computing the RRB the Hon'ble Commission had considered Gross Fixed assets net of Retirement, however, Depreciation had been considered at gross level. Thus the Petitioner is requesting to the Hon'ble Commission to rectify the said methodology and allowed the loss on retirement upto FY 2016-17 along with carrying cost.

It is further clarified that as the exercise of physical verification of capitalization is under process, the Petitioner in this petition has considered same value of accumulated depreciation as per last tariff order and prayed to the Hon'ble Commission to consider the revised value (net of retired assets) if the exercise of the physical verification is completed before issuance of Tariff Order against this tariff Petition.

Table 3.53: Accumulated Balance of Depreciation on Net Fixed Assets (Rs. Cr)

| S. No | Particulars | Amount | Remark |
|-------|--|----------|------------------------------------|
| A | Opening Balance of provisionally approved depreciation | 1,768.14 | Table 64 of Tariff Order Mar, 2018 |
| B | Addition during the year | 203.15 | Table 3.52 |
| C | Deletion due to De-capitalization | 32.65 | Table 3.49 |
| d | Closing Balance | 1,938.64 | A+B-C |

Working capital

Regulation 84 (4) of Tariff Regulations, 2017 specify that

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

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

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

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

(c) Less: Transmission charges for one month;

Based on above methodology, computation of working capital for FY 2017-18 is given in table below:

Table 3.54: Computation of working capital for FY 2017-18

| S. No | Particulars | Amount (Rs Cr) | Remark |
|-------|--|----------------|------------|
| A | ARR for Distribution business as a whole | 7,016.00 | Table 3.60 |
| B | ARR equivalent to 2 months | 1,169.33 | (A/12*2) |
| C | Power Purchase expenses | 5,211.04 | Table 3.15 |
| D | Less: 1/12th of power purchase expenses | 434.25 | (C/12*1) |
| E | Total working capital for the year | 735.08 | (B-D) |

Further in Tariff Order FY 2018-19, the Hon'ble Commission had provisionally trued up an amount of Rs. 582.14 Cr. towards working capital. Thus, the Petitioner in this petition has considered same value of working capital and compute the addition in working capital as per table given below.

Table 3.55: Computation of Change in working capital

| S. No | Particulars | Amount (Rs Cr) | Remark |
|-------|------------------------------------|----------------|-----------------------------------|
| A | Total working capital for the year | 735.08 | Table 3.54 |
| B | Less- Opening Working Capital | 582.14 | Table 67 of Tariff Order Mar,2018 |
| C | Working Capital for the year | 152.94 | (A-B) |

Cost of Debt

The Hon'ble Commission in its Tariff Order FY 2017-18 has approved the interest rate of 9.73% towards capex loans. Relevant extract of the said Tariff Order is given below:

"4.129 The Commission has approved Rate of Return on Equity computed at base rate of 14% on post-tax basis for Wheeling Business and base rate of 2% on post-tax basis for the retail business of the Petitioner in its Business Plan Regulations, 2017. Further, the Commission has approved the rate on interest on loan based on weighted average rate of interest (9.73%) of total loan portfolio of the Petitioner as on 1st April, 2017 subject to maximum of 14% as specified in Regulation 21 of Business Plan Regulations, 2017. Accordingly, Weighted Average Cost of Capital (WACC) has been computed by considering the equity and debt requirement for FY 2017-18 and Rate of Return on Equity and Interest on Loan with margin of 1.73% over one (1) year Marginal Cost of Fund based Lending Rate (MCLR) of SBI approved by the Commission As per para no 4.21(b)(ii) under True up of MYT Regulation 2011, the Hon'ble Commission shall not true up the interest rate, if variation in State Bank of India Base Rate as on April 1, 2012, is within +/- 1% during the Control Period. Any increase / decrease in State Bank of India Base Rate beyond +/- 1% only shall be trued up."

The Petitioner with its continual efforts is able to reduce the weighted average interest rate of capex loans to 8.84% for FY 2017-18 against the approved interest rate of 9.73%.

Truing up of RoCE (Return on Capital Employed)

Regulations 65 to 71 of the Tariff Regulations, 2017 deals with the methodology for determination of Regulated Rate Base (RRB), Weighted Average Cost of Capital (WACC) and computation of Return on Capital Employed (ROCE).

Truing up of Regulated Rate Base

Regulation 66 of the Tariff Regulations 2017 provided that "The Regulated Rate Base (RRB) shall be used to calculate the total capital employed which shall include the Original Cost of Fixed Assets (OCFA) and Working Capital. Capital work in progress (CWIP) shall not form part of the RRB. Accumulated Depreciation, Consumer Contribution, Capital Subsidies / Grants shall be deducted in arriving at the RRB."

Based on the actual capitalization and corresponding depreciation, consumer contribution and working capital requirement for FY 2017-18, the computation of Regulated Rate Base is given below:

Table 3.56: Computation of Regulated Rate Base for the period FY 17-18 (Rs. Cr)

| S. No | Particulars | Amount | Remarks |
|-------|--|-----------------|---|
| A | Opening Balance of OCFA | 4,675.31 | Provisionally trued up figures for FY 2016-17 as per Table 69 of Tariff Order Mar, 2018 |
| B | Opening Balance of Working Capital | 582.14 | |
| C | Opening Balance of Accumulated Depreciation | 1,768.14 | |
| D | Opening balance of Accumulated Consumer Contribution | 776.98 | |
| E | Provisionally trued up opening RRB | 2,712.33 | (A+B-C-D) |
| | RRB - for the year | | |
| F | Net Capitalization during the year | 399.18 | Table 3.48 |
| G | Net Depreciation for the year | 170.50 | Table 3.53 |
| H | Consumer Contribution, Grants, etc. for the year | 41.28 | Table 3.50 |
| I | Change in Working Capital | 152.94 | Table 3.54 |
| J | RRB – Closing for the year | 3,052.66 | (A+B-C-D+F-G-H+I) |
| K | ΔAB (Change in Regulated Base) | 246.64 | |
| L | Average RRB for the purpose of ROCE | 2,958.97 | E+K |

Means of Finance

The Petitioner has considered 70:30 Debt Equity ratio for the purpose of computation of Means of Finance for FY 2017-18.

Table 3.57: Means of Finance (Rs. Cr)

| S. No | Particulars | Amount (Cr.) | Remark/ Ref |
|-------|--------------------------------|--------------|-------------|
| A | Capitalization during the year | 479.34 | Table 3.48 |
| B | Less-Retirement | (80.16) | Table 3.48 |
| C | Net Capitalization | 399.18 | |

| S. No | Particulars | Amount (Cr.) | Remark/ Ref |
|-------|--|--------------|-------------|
| D | Less- Consumer Contribution, Grants, etc. for the year | 41.28 | Table 3.50 |
| E | Balance Capitalization required to be funding | 357.89 | C-D |
| F | Funding through – Debt @ 70% of E | 250.53 | |
| G | Funding through – Equity @ 30% of E | 107.37 | |

Computation of Equity Deployed in the Business

Based on 70: 30 Debt Equity Ratio, the Hon'ble Commission in its Previous Tariff Orders has approved the Equity Deployed in the Business by the Petitioner as given in table below:

Table 3.58: Computation of Approved Equity as per Previous Tariff Orders (Rs. Cr)

| Particular | Opening Equity | Addition | Addition during the year - Working Capital | Closing Equity | Average Equity |
|------------|----------------|----------|--|----------------|----------------|
| FY 07-08 | 610.15 | (51.69) | 59.69 | 618.15 | |
| FY 08-09 | 618.15 | 70.57 | 5.83 | 694.55 | |
| FY 09-10 | 694.55 | 36.86 | (1.79) | 729.62 | |
| FY 10-11 | 729.62 | 95.92 | (1.50) | 824.04 | |
| FY 11-12 | 824.04 | 56.94 | 7.25 | 888.23 | |
| FY 12-13 | 888.23 | 33.40 | (70.37) | 851.26 | |
| FY 13-14 | 851.26 | 24.79 | | 876.05 | |
| FY 14-15 | 876.05 | 63.57 | | 939.62 | |
| FY 15-16 | 939.62 | 65.01 | | 1,004.63 | |
| FY 16-17 | 1,004.63 | 88.34 | | 1,092.97 | |
| FY 17-18 | 1,092.97 | 107.37 | | 1,200.34 | 1,146.66 |

Determination of WACC

For the purpose of computation of WACC, the Petitioner has considered Grossed up Return on Equity and Actual weighted average rate of Interest for Capex loans. Computation of WACC for FY 2017-18 is given below.

Table 3.59: Computation of WACC (Rs. Cr)

| Sr. No. | Particulars | Amount (Rs Cr) | Remark/Ref |
|---------|---|----------------|------------------|
| A | RRB (i) | 2,958.97 | Table 3.56 |
| B | Average Equity deployed in the business | 1,146.66 | Table 3.58 |
| C | Average Debt including working capital | 1,812.31 | Balancing Figure |
| D | Rate of return on equity (re) | 16.00% | As per BPR,2017 |
| E | Normal Income Tax Rate | 34.61% | |
| F | Grossed up Return on Equity | 24.47% | |

| Sr. No. | Particulars | Amount (Rs Cr) | Remark/Ref |
|---------|-------------------------------|----------------|-------------------------------------|
| G | Rate of interest on debt (rd) | 8.84% | |
| H | WACC | 14.90% | $(B \cdot F + C \cdot G) / (B + C)$ |
| I | RoCE | 440.77 | A*H |

Truing up of Aggregate Revenue Requirement for FY 2017-18

Based on the submission made above for truing up of FY 2017-18, the total Aggregate Revenue Requirement for the FY 2017-18 comes to Rs. 7,016.00 Cr against the projected ARR of Rs. 6,449.51 Cr. Components wise ARR sought for trued up vis-à-vis Approved ARR is given in table below:

Table 3.60: Summary of Aggregate Revenue Requirement

| | | (Rs. Cr) | | |
|-------|--|-----------------|---------------------------|---------------|
| S. No | Particulars | Approved ARR | Amount sought for True up | Remark |
| A | Power Purchase cost (incl. Transmission charges) | 5196.81 | 5,211.04 | Table 3.15 |
| B | O&M Expenses | 648.92 | 644.16 | Table 3.32 |
| C | Other expenses/Statutory levies | | 158.48 | Table 3.39 |
| D | Depreciation | 160.90 | 203.15 | Table 3.52 |
| E | Loss on Retirement | | 36.23 | Table 3.49 |
| F | Return on Capital Employed (RoCE) | 379.59 | 440.72 | Table 3.59 |
| G | Carrying Cost | 196.54 | 410.39 | Table 3.67 |
| H | Less: Non-tariff income | 133.25 | (71.27) | Table 3.41 |
| I | Less- Interest on Consumer Security Deposit | | (5.98) | Table 3.45 |
| J | Less- Income from Non Energy Business | | (3.58) | Table 3.44(A) |
| K | Less- Income from Open Access | | (10.94) | Table 3.46 |
| L | Aggregate Revenue Requirement | 6,449.51 | 7,012.38 | |

Turning up of Incentive for Refinancing of Loan

Regulation 31 of Business Plan Regulations, 2017 deals with Incentive Sharing Mechanism for Re-financing of Loan and provided that "(1) The incentive due to lower rate of interest on account of re-financing of loan in terms of Regulation 71 of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 from FY 2017-18 to FY 2019-20 of the Distribution Licensee shall be computed as the product of total quantum of loan availed and difference of weighted average rate of interest on actual loans versus margin of 2.00% plus (+) SBI MCLR.

(2) The incentive on account of re-financing of loan computed as per sub clause (1) above shall be shared equally between the Consumers and the Distribution Licensee. "

During the FY 2017-18, the Petitioner with its continual efforts is able to bring down the cost of financing i.e. Rate of interest for Capex Loan as well as Revenue Gap Loans against the approved Cost of Debt for Capex and Revenue Gap Loans.

Table 3.61: Approved vis-à-vis Actual Cost of Debt

| | | (Rs. Cr) | |
|-------|--|---------------------------|--------------------------|
| S. No | Particular | Approved in TO FY 2017-18 | Actual as per Petitioner |
| A | Cost of Debt- Capex Loan/working capital | 9.73% | 8.84% |
| B | Cost of Debt- Revenue Gap Loans | 9.68% | 8.82% |

From the above table, it can be seen that as the petitioner has reduced the cost of borrowing hence, as per the Tariff Regulations to be read with Business Plan Regulations, 2017, the Petitioner is eligible for sharing of Incentive.

Computation of total Incentive and sharing of the petitioner is given below:

A) Incentive Computation with respect to reduction in capex loans

The Petitioner has first computed the WACC based on approved cost of funding and then compared the computed ROCE with the ROCE sought for the Truing up. The differential amount if any is considered as total saving and then 50% of the said savings has been kept by the Petitioner as incentive.

Table 3.62: Computation of Incentive to be kept by the Petitioner is given below:

| S. No | Particulars | Amount (Rs Cr) (Table 3.59) | Amount based on Approved cost of Debt (Rs Cr) | Refer |
|-------|---|--------------------------------|--|------------|
| A | RRB (i) | 2,958.97 | 2,958.97 | Table 3.59 |
| B | Average Equity deployed in the business | 1,146.66 | 1,146.66 | Table 3.59 |
| C | Average Debt including working capital | 1,812.31 | 1,812.31 | Table 3.59 |
| D | Rate of return on equity (re) | 16% | 16% | Table 3.59 |
| E | Normal Income Tax Rate | 34.61% | 34.61% | Table 3.59 |
| F | Grossed up Return on Equity | 24.47% | 24.47% | Table 3.59 |
| G | Rate of interest on debt (rd) | 8.84% | 9.73% | |

| S. No | Particulars | Amount (Rs Cr) (Table 3.59) | Amount based on Approved cost of Debt(Rs Cr) | Refer |
|-------|---------------------------|--------------------------------|---|-------------------|
| H | WACC | 14.90% | 15.44% | $(C*G+B*F)/(B+C)$ |
| I | RoCE | 440.77 | 456.90 | A*H |
| J | Saving in ROCE | | 16.13 | |
| K | Petitioner Share 50% of J | | 8.06 | |

The Petitioner has then reduced its share of incentive of Rs. 8.06 Cr. from the Revenue available towards ARR.

B) Incentive Computation with respect to reduction in Revenue Gap loans

The Petitioner has first computed the Carrying Cost rate based on approved cost of funding and then compared the computed carrying cost as sought for the Truing up. The differential amount if any is considered as total saving and then 50% of the said savings has been kept by the Petitioner as incentive.

Table 3.63 Computation of Incentive to be kept by the Petitioner is given below:

| S. No | Particulars | Amount based on approved cost of Debt | Amount Sought for truing up based on actual cost | Remark |
|-------|----------------------------------|---|--|------------------------------|
| A | ROE | 14% | 14% | As per BPR 2017 |
| B | Cost of Debt | 9.68% | 8.82% | |
| C | Carrying Cost Rate | 10.98% | 10.37% | (70% of B + 30% of A) |
| D | Average Revenue Gap for the year | 3,990.08 | 3,990.08 | Table 3.67 |
| E | Carrying Cost | 437.95 | 413.93 | D*C |
| F | Saving in Carrying Cost | | 24.02 | Rs 437.95 Cr – Rs. 413.93 Cr |
| G | Petitioner Share @ 50% of F | | 12.01 | |

The Petitioner has then reduced its share of incentive of Rs 12.01 Cr. from the Revenue available towards ARR.

Computation of Net Revenue available towards ARR

In the given below table, the Petitioner has computed Revenue available towards ARR (net of Incentive towards refinancing of capex loans and revenue gap loans).

Table 3.64: Computation of Net Revenue available with the Petitioner is given below:

| S. No | Particular | Actual as per Petitioner | Remarks |
|-------|--|--------------------------|------------|
| A | Revenue Available | 6,425.70 | Table 3.14 |
| B | Less- Incentive towards Capex Loan | 8.06 | Table 3.62 |
| C | Less- Incentive towards Revenue Gap Loan | 12.01 | Table 3.63 |
| D | Revenue Surplus/(Gap) | 6,405.63 | (A-B) |

Revenue Surplus / (Gap) for FY 2017-18

Based on above submission the Petitioner has computed actual Revenue Gap for FY 2017-18 as given in the table below;

Table 3.65: Computation of Revenue surplus/ (Gap) for FY 17-18 (Rs. Cr)

| S. No | Particular | Actual as per Petitioner | Remarks |
|-------|---|--------------------------|------------|
| A | Revenue Available towards ARR net of Incentives | 6,405.63 | Table 3.64 |
| B | Aggregate Revenue Requirement without carrying cost | 6,602.07 | Table 3.60 |
| C | Revenue Surplus/(Gap) | (196.44) | (A-B) |

Payment to Pension Trust for FY 2017-18

The Hon'ble Commission in its Tariff Order has issued a directive to pay an amount of Rs 235 Cr to Pension Trust. Relevant extract of the same is given below:

*"6.2. A total amount of Rs. 235 Cr. has to be paid to the Pension Trust in FY 2017-18 by the Petitioner. The Petitioner shall submit reconciliation of payment which has already been made to Pension Trust during FY 2017-18 and the balance amount to be paid within one month of the issuance of this Tariff Order. Based on the reconciliation statement the Petitioner is directed to pay the balance amount out of (Rs. 235 Cr. – already paid during FY 2017-18) in 7 (seven) equal monthly instalments to pension trust. **Any under / over recovery on account of payment to the Pension Trust shall be trued up by the Commission at the time of True Up of ARR of FY 2017-18.**"*

During the FY 2017-18 in order to comply with the said directive 6.2 the Petitioner has paid Rs 235 Cr to Pension Trust out of which Rs. Rs 74.62 Cr has been claimed as a part of Power Purchase Cost and balance Rs 160.38 Cr directly paid to Pension Trust against the recovery through 3.70% Pension Trust Surcharge. As mentioned earlier the Petitioner is recovered an

amount of Rs 109.90 Cr as a Pension Trust Surcharge thus leaving deficit of Rs. 50.48 Cr, which the Petitioner is seeking as a part of Revenue Gap for the year.

Table 3.66: Computation of Revenue surplus/ (Gap) for FY 17-18 (Rs. Cr)

| S. No | Particular | Actual as per Petitioner | Remarks |
|-------|--|--------------------------|---------|
| A | Total amount payable to Pension Trust for the year | 235.00 | |
| B | Less- Amount already paid to pension trust through DTL | 74.62 | |
| C | Net amount paid directly to Pension Trust | 160.38 | (A-B) |
| D | Amount collected through 3.70% pension trust | 109.90 | |
| E | Deficit to be allowed for the year | 50.48 | (C-D) |

Based on above submission, the Petitioner is requesting to the Hon'ble Commission to allow Rs 50.48 Cr as deficit.

Computation of Carrying Cost and Closing Revenue Gap

The Petitioner has considered the provisionally approved opening revenue gap of Rs. (2,394.61) Cr upto FY 2016-17 (which is subject to final true up) as per previous Tariff Order dated March, 2018 and further adjusted the said revenue gap with the additional Impact of Rs. (1,446.77) Cr related to prior period issues to compute the revised opening revenue gap for FY 2017-18. The Petitioner has computed carrying cost @ 10.37% considering actual cost of debt, on the average balance of revenue gap for the year. During the FY 2017-18 the Petitioner has collected Rs 514.51 Cr towards 8% Deficit recovery surcharge and adjusted the said amount against the total of closing revenue gap of Rs. (4,502.23) Cr. in line with the Hon'ble Commission directions for adjusting the 8% DRS against the liquidation of Revenue Gap.

Table 3.67: Computation of closing Revenue Gap for FY 2017-18 (Rs. Cr)

| S. No | Particulars | Amount | Remarks |
|-------|--|------------|-------------------------------------|
| A | Opening Provisional trued up Revenue Gap | (2,394.61) | Table 146 of Tariff Order, Mar 2018 |
| B | Additional Impact of prior period issues | (1,446.77) | Table 2.1 |
| C | Revised Opening Revenue Gap | (3,841.38) | (A+B) |
| D | Add: Revenue Gap sought for the year | (196.44) | Table 3.65 |
| E | Add: Pension Trust Amount | (50.48) | Table 3.66 |

| S. No | Particulars | Amount | Remarks |
|-------|--|------------|-----------------|
| F | Carrying Cost Rate | 10.37% | Table 3.63 |
| G | Add: Carrying Cost | (413.93) | $(C+(D+E)/2)*F$ |
| H | Total of Revenue Gap | (4,502.23) | $(A+B+D+E+G)$ |
| I | Less- Realization from 8% Deficit recovery surcharge | 514.51 | Table 3.14 |
| J | Closing Revenue Gap | (3,987.72) | $(H+I)$ |

