





**PETITION SEEKING (i)TRUE UP OF ARR for FY 2018-19, the SECOND YEAR of 3<sup>rd</sup> MYT CONTROL PERIOD 2018 to 2020, IN TERMS OF THE DELHI ELECTRICITY REGULATORY COMMISSION (TERMS AND CONDITIONS FOR DETERMINATION OF TARIFF) REGULATIONS, 2017, THE DELHI ELECTRICITY REGULATORY COMMISSION (BUSINESS PLAN) REGULATIONS, 2017, DELHI ELECTRICITY REGULATORY COMMISSION (TERMS AND CONDITIONS FOR DETERMINATION OF WHEELING TARIFF AND RETAIL SUPPLY TARIFF) REGULATIONS, 2011, extended for FY 2015-16 and 2016-17, AND IN TERMS OF THE DELHI ELECTRICITY REGULATORY COMMISSION (TERMS AND CONDITIONS FOR DETERMINATION OF WHEELING TARIFF AND RETAIL SUPPLY TARIFF) REGULATIONS, 2007, read with ELECTRICITY ACT, 2003 & THE DELHI ELECTRICITY REFORM ACT, 2000 and DERC (COMPREHENSIVE CONDUCT OF BUSINESS REGULATIONS), 2001 and directions issued by the Hon'ble Delhi Electricity Regulatory Commission from time to time.**

**THE PETITIONER RESPECTFULLY SHOWETH:**

1. The Petitioner Tata Power Delhi Distribution Limited (formerly known as North Delhi Power Limited) was incorporated under the provisions of the Companies Act, 1956 with its corporate office at NDPL House, Hudson Lines, Kingsway Camp, Delhi - 110 009. **During financial year 2011-12, the Company applied for change in its name from North Delhi Power Limited to Tata Power Delhi Distribution Limited. Subsequently, a fresh certificate of incorporation consequent to the change in name to Tata Power Delhi Distribution Limited ('the Company') was issued by the Registrar of Companies, N.C.T of Delhi & Haryana on 29 November, 2011 under section 23(1) of the Companies Act, 1956.**

'The Company' primarily engaged in the business of distribution of electricity in North and North-West Delhi was set up in terms of Delhi Electricity Reforms (Transfer Scheme) Rules 2001. The undertaking of the erstwhile Delhi Vidyut Board (DVB) engaged in distribution and retail supply of electricity in the North & North-West districts in the National Capital Territory of Delhi together with the personnel employed therein were transferred to the Company with effect from 1 July, 2002 which also marked the commencement of commercial operations for the Company.

The Company has been granted a License under section 20 of the Delhi Electricity Reform Act, 2000 (Act No. 2 of 2001) by the Delhi Electricity Regulatory Commission (DERC) on 11 March, 2004. The License is valid for a period of twenty five years.

2. In terms of License TPDDL w.e.f. July 1, 2002 has been carrying out electricity distribution and retail supply in its Area of Supply as defined in schedule H, Part-III of the Delhi Electricity Reform (Transfer Scheme Rules), 2001 and the Distribution and retail supply license issued by the Hon'ble Commission. The Petitioner has also undertaken generation of electricity (solar and gas based) through its generation wing. However due to curtailment of gas by Ministry of Petroleum and Gas, the gas based generation plant is not operational.
3. The Hon'ble Commission is a **statutory body** and is empowered to regulate the electricity distribution business and determine tariff under section 62 of the Electricity Act 2003.
4. **After completion of 2<sup>nd</sup> MYT Control Period, the Hon'ble Commission enacted the new MYT Regulations, 2017 vide its gazette notification dated 31.01.2017 specifying Terms and Conditions for Determination of Tariff after undertaking the public hearing and stakeholders consultation, to be effective from 01.04.2017 to 31.03.2020.**
5. For sake of convenience and brevity, the said regulations have been referred as the 3<sup>rd</sup> MYT Regulations 2017 and subsequently the Hon'ble Commission has issued operational norms for Distribution Utilities vide Business Plan Regulations, 2017 which was released on 31<sup>st</sup> August 2017 to be read along with 3<sup>rd</sup> MYT Regulations, 2017.
6. The Hon'ble Commission has also issued the tariff order for FY 2018-19 dated 28<sup>th</sup> March, 2018 in terms of the Delhi Electricity Regulatory Commission (Terms And Conditions For Determination Of Tariff Regulations) 2017 for determination of ARR for FY 2018-19 and True up of FY 2016-17 as per the Terms and Conditions for determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011.

7. In compliance with the directives, and without prejudice to the Petitioner's rights, remedies available to it under various laws, and pending provisional true up of various claims, review orders, implementation of various judgments before the Hon'ble Commission and pending adjudication of various matters before higher judicial forums, Tata Power Delhi Distribution Ltd. (the Petitioner) is filing this petition seeking for the True Up for FY 2018-19 on the basis of the 3<sup>rd</sup> MYT Regulations, 2017 and principles laid down in various judgments given by Appellate Tribunal of Electricity, judicial authorities, past practice etc.

**8. The following matters are pending adjudication before the Hon'ble Commission/ Hon'ble APTEL/ Hon'ble Delhi High Court and Hon'ble Supreme Court against various petitions/ clarifications letters/writ/ appeals/Tariff Orders for previous years (collectively referred to as Pending Matter).**

Forum	Number	Brief Description
DERC	RP 66/2019	Review Petition against the Tariff Order for FY 2019-20
APTEL	A 301/2015	Against the Tariff Order for FY 2015-16
APTEL	A 168/2018	Against the Tariff Order for FY 2017-18
APTEL	A 213/2018	Against the Tariff Order for FY 2018-19
APTEL		Against the Tariff Order for FY 2019-20
APTEL	Appeal 71/2016	Against the order of the DERC dt. 09.01.2016 against Petition 39/2015 challenging the methodology adopted by the Hon'ble Commission towards de-capitalization of TPDDL assets
APTEL	Appeal 198/2019	Against the Interim order of the DERC dt. 18.06.2018 against Petition 03/2010 challenging methodology / treatment for refund of the consumer contribution
Supreme Court	C.A. 7910/2011	Appeal Against the Judgment of the Hon'ble APTEL in Appeal No. 52/2008
Supreme Court	C.A. 4343/2014	Appeal Against the Judgment of the Hon'ble APTEL in Appeal No. 14/2012
Supreme Court	C.A. 6169/2015	Appeal Against the Judgment of the Hon'ble APTEL in

Forum	Number	Brief Description
		Appeal No. 171/2012
Supreme Court	SLP 35062/2016	Appeal against the judgment of Hon'ble Delhi High Court in W.P. 203/2012 which challenged the 2 <sup>nd</sup> MYT Regulations, 2011
Supreme Court	C.A. 7362/2016	Appeal against the judgment of the Hon'ble APTEL in Appeal 186 of 2015.
Supreme Court	C.A. 43022/2019	Appeal against the judgment of the Hon'ble APTEL in Appeal 246 of 2014

In the event that any of the above Pending Matter is decided before the issuance of next Tariff order, the Hon'ble Commission is requested to consider/implement the outcome of the said judgment in the next Tariff Order. In the event of order/(s) being declared after the issuance of the tariff order, it is submitted that the impact of the same be allowed forthwith along with the carrying cost. **This suggested approach as stated above shall be in the Petitioner's and in the Consumer's interest since it will avoid any delays caused in giving timely effect to Judgments of the Superior courts and reduction in grant of carrying costs to utilities.**

**It is further submitted that since some of the issues were provisionally/partially/not allowed in various previous Tariff Orders, and therefore in accordance with prevalent Regulations, the Petitioner is seeking true up of FY 2018-19 and further requesting to the Hon'ble Commission to allow the impact of any issue along with carrying cost which is related to previous years i.e. before FY 2018-19, so that determination of Retail Tariff for upcoming years not only becomes cost reflective for the year but is also able to liquidate past Revenue Gap in the benefit of consumers and the Petitioner.**

It is submitted that the Hon'ble Commission has provisionally trued up the Revenue Gap up to FY 17-18 and present petition is being filed for true up of FY 18-19.

The Hon'ble Commission has provisionally recognized Revenue Gap of Rs. 2,254.50 Cr upto FY 2017-18. The Petitioner in this current Petition is seeking true up of revenue gap on provisional basis of Rs. 3,655.84 Cr. upto FY 2018-19.

The Hon'ble Commission is aware that the aforesaid revenue gap has associated with carrying cost liability, therefore, to save the consumers from huge interest liability, it is requested to the Hon'ble Commission may give realistic plan for early amortization of the accumulated Revenue Gap

**9. In compliance with the direction of the Hon'ble Commission, the Petitioner is submitting in compliance with THE DELHI ELECTRICITY REGULATORY COMMISSION (TERMS AND CONDITIONS FOR DETERMINATION TARIFF) REGULATIONS 2017, The DERC (BUSINESS PLAN REGULATIONS), 2017 the present petition seeking:**

- (i) Allowance of Impact of Judgment pronounced by the Hon'ble APTEL in Appeal no 246 of 2014**
- (ii) Allowance of Impact of Rithala Tariff Order pronounced by the Hon'ble Commission for True up upto FY 2017-18**
- (iii) Allowance of Impact of Judgment pronounced by the Hon'ble Commission in Petition no 10/2014**
- (iv) Allowance of Impact of Judgment pronounced by the Hon'ble APTEL in Appeal no 82 of 2015, Appeal 136 of 2015, Appeal 274 of 2015, Appeal 285 of 2015 and Appeal 58 of 2015**
- (v) True up for Rithala for FY 18-19**
- (vi) True up of FY 2018-19**
- (vii) A realistic and time bound amortization plan to liquidate provisionally true up Revenue Gap upto FY 2018-19**

The present Petition is subject to the outcome of various review/ appeal/ writ petitions pending adjudication before various judicial Forums. The Petitioner in this present Petition seeks the following reliefs from the Hon'ble Commission:

- i. Undertake final true up of pending issues which have been provisionally/partially approved in various previous tariff orders; and

- ii. Ensuring timely recovery of accumulated provisional Revenue Gap up to FY 2018-19 along with carrying cost in a time bound manner; and
- iii. Continuance of deficit revenue recovery surcharge @ 8% presently or at such higher percentage as determined by the Hon'ble Commission for ensuring recovery of past Revenue Gaps in a time bound manner; and
- iv. Implementation of the issues decided in various Appeals, and any other judgment, if tendered by the Hon'ble APTEL/ Hon'ble High Court/ Hon'ble Supreme Court before issuance of Trued up Order for FY 2018-19, and
- v. Consider the new initiatives proposed and undertaken by the Petitioner and allow the same; and
- vi. Consider the actual and/or expected additional expenses including incremental expenses due to change in law/ statutory levies etc. undertaken by the Petitioner on account of O&M expenses and which are beyond the control of Petitioner licensee for the previous year & ensuing years respectively as per the clause 11(9) of 3<sup>rd</sup> MYT Tariff Regulations 2017; and
- vii. Allowance of the given below Incentives in the true spirit to be read with statement of reasons elaborated while issuance of 3<sup>rd</sup> MYT Regulations, 2017
  - Reduction in Distribution Loss Level
  - Higher Collection Efficiency
  - Higher Sale rate of short term surplus power
  - Lower debt cost for capex loans/working capital
  - Lower debt cost for revenue gap loans
- viii. Allowance of expenses, if incurred, on arms-length price for the related party transactions.

11. This Petition includes the following documents:

- a. Affidavit verifying the Petition and the Power of Attorney for filing the same.
- b. Computation of True up of FY 18-19
- c. Forms for FY 2018-19



- d. Demand Draft no. 512133 dated 20<sup>th</sup> Dec 2019 drawn on ICICI Bank for Rs. 1,00,000/- as Filing Fee in favour of Secretary, Delhi Electricity Regulatory Commission.
12. It is submitted that apart from the other issues mentioned in this petition, the present petition is being filed with specific mention and consideration of the Hon'ble Commission on following issues:

**1) Amortization of Accumulated Revenue Gap**

It is submitted that there was negligible Revenue Gap up to 31.03.2009 amounting to Rs. 161.43 Cr but due to delay in release of tariff order or non-availability of cost reflective tariff, there has been a huge amount of built up Revenue Gap up to FY 17-18 amounting to Rs. 2,254.50 Cr. as provisionally trued up by the Hon'ble Commission in its Tariff Order dated March, 2018.

The judgment of OP1 of 2011 has dealt with sensitive and crucial aspects governing the electricity distribution sector specifically. The Hon'ble APTEL issued various binding directions, while reminding that the Electricity Act 2003 has conferred necessary powers on the Hon'ble Tribunal/(APTEL) to ensure the statutory functions of the SERC's as contained under Electricity Act, 2003 are performed by them. The following **directions** have been issued by the Hon'ble APTEL in its aforesaid order, which is reproduced below for the guidance of the Hon'ble Commission:

- a) *Every State Commission has to ensure that Annual performance Review, **true up of past expenses and Annual Revenue Requirement and tariff determination is conducted year to year basis** as per time schedule specified in the regulations*
- b) *It should be the endeavor of every State Commission to ensure that **the tariff for the financial year is decided before 1st April of the tariff year. Consider making the tariff applicable only till the end of the financial year** so that the licensees remain vigilant to follow the time schedule for filing of the application for determination of ARR/tariff.*
- c) .....

- d) ***In determination of ARR / tariff, the Revenue Gaps ought not to be left and Regulatory Asset should not be created as a matter of course except where it is justifiable, in accordance with the Tariff Policy and the Regulations. The recovery of the Regulatory Asset should be time bound and within a period not exceeding three years at the most and preferably within Control Period. Carrying cost of the Regulatory Asset should be allowed to the utilities in the ARR of the year in which the Regulatory Assets are created to avoid problem of cash flow to the distribution licensee.***
- e) *Truing up should be carried out regularly.....*
- f) ***Fuel and Power Purchase cost is a major expense of the distribution Company which is uncontrollable. Every State Commission must have in place a mechanism for Fuel and Power Purchase cost in terms of Section 62(4) of the Act. The Fuel and Power Purchase cost adjustment should preferably be on monthly basis on the lines of the Central Commission's Regulations for the generating companies but in no case exceeding a quarter. Any State Commission which does not already have such formula / mechanism in place must within 6 months of the date of this order must put in place such formula / mechanism.***

**Para 66:** The said directions are to be strictly adhered to and periodical reports of the compliance to be sent to the Secretary, Forum of Regulators by 1st June of every Financial Year, who will send the status report to the Hon'ble APTEL and publish it on their respective websites.

It is submitted that the Hon'ble Commission has provisionally trued up the Revenue Gap of Rs. 2,254.50 Cr up to FY 17-18. The present petition is being filed for true up of FY 18-19 along with the impact of some prior period issues upto FY 2017-18. Thus, the Hon'ble Commission is requested to kindly consider the closing value of provisional revenue gap (i.e. Rs. 3,655.84 Cr) upto FY 2018-19 for the purpose of making liquidation plan.

**The concern on creation of regulatory assets in future and the need for timely liquidation of the Regulatory has also been emphasized in the National Tariff Policy issued vide Gazette Notification dated 28<sup>th</sup> January, 2016. The relevant extracts of the relevant clause 8.2.2 has been reproduced below:**

*"8.2.2 The facility of a regulatory asset has been adopted by some Regulatory Commissions in the past to limit tariff impact in a particular year. This should be done only as a very rare exception in case of natural calamity or force majeure conditions and subject to the following:*

*a. Under business as usual conditions, no creation of Regulatory Assets shall be allowed;*

*b. Recovery of outstanding Regulatory Assets along with carrying cost of Regulatory Assets should be time bound and within a period not exceeding seven years. The State Commission may specify the trajectory for the same."*

**It may be appreciated that the major part of the regulatory asset has been hovering on the petitioner for more than 7 years and recovery of the high accumulated gap continues to remain a concern for the financial health of the Petitioner, given that there is no clear roadmap stipulated for recovery of the same.**

The early amortization of such huge built up Revenue Gap would help in improving the credit rating of the company, ultimately resulting into lower cost of debt and save the burden of the carrying cost in the benefit of the consumers.

The Hon'ble Commission in its Tariff Order dated July, 2012 introduced 8% Deficit Revenue Recovery Surcharges for the recovery of past cumulative Revenue Gap and carrying cost and continued the same rate of 8% for FY 2018-19 also. The following reliefs are sought in respect to Deficit Recovery Surcharge determination:

- I. Considering that the Hon'ble Commission has already provisionally recognized a Revenue Gap of Rs. 2,254.50 Cr up to FY 2017-18 vide Table 5.3 of the Tariff Order July, 2019. Therefore, in light of the mandate of National Tariff Policy, 2016, whereby maximum 7 years' of time period has been defined for recovery

of outstanding Regulatory Assets, which is already lapsed in the case of the Petitioner, therefore, the Hon'ble Commission may take measures for immediate liquidation of the provisionally recognized revenue Gap till FY 17-18 and further true up of FY 2018-19.

- II. This 8% deficit recovery surcharge percentage ought to be reviewed in line with the Hon'ble APTEL Judgment in OP 1 of 2011 thereby ensuring that the Petitioner not only recovers the carrying cost on the Regulatory Asset during the year but also liquidation of the outstanding Regulatory Assets so as to avoid the problem of cash flow to the distribution licensees such as the Petitioner.
- III. An amortization schedule with annual recovery amounts of the provisionally recognized Revenue Gaps up to FY 17-18.

**2) Additional allowance of O&M expenses for new initiatives/ compliance of statutory levies/regulatory orders/ saving in cost to the benefit of consumers**

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 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."*

Therefore, in view of the above clauses, the Petitioner is seeking truing up of the following expenses over and above the normative O&M expenses due to its special nature

Interim Relief/Contribution to Leave Salary/Pension Trust paid/payable to FRSR Employees on account of Impact of 7<sup>th</sup> Pay Commission; and

- a) New initiative; and
- b) For compliance of regulatory orders issues from time to time; and
- c) For the benefit of consumers on cost benefit analysis concept; and
- d) Sudden increase in these O&M expenses due to change in regulatory requirement or compliance to statutory provisions.

Therefore, the Hon'ble Commission is requested to kindly consider allowance of statutory increases 7<sup>th</sup> Pay Commission Impact, minimum wage, service tax, GST etc. on actual basis over and above normative O&M expenses as the same are not in the Control of the Company and these expenses are incurred either for the benefit of consumers on cost benefits analysis and/or for compliance purpose.

**3) Demand Raised by NDMC for charging Way Leave usage charges**

NDMC has raised demand for recovery of usage charges for granting of Way Leave Facility to various service providers in the jurisdiction of NDMC vide Resolution No 185 dated 13.08.2015 as per Section 430 of the DMC Act 1956 @ Rs. 75162 per running meter up to 1 mtrs; Rs. 75162 x 2 per running meter up to 2 mtr width per annum on the entire length and width of land/ road/ street/ footpath on which wires have been laid.

TPDDL has contested the demand as above before the Hon'ble Delhi High Court through WP 5293/2016 on the ground that these demands are illegal and would unreasonably increase tariff. TPDDL has informed to the Hon'ble Commission about these demands through letter no TPDDL/CL/2015 dated 28.09.2015.

New writ (WP 1113/2017) has now been filed against this resolution and tagged with the old writ vide order dated 14.02.2017.

A series of various communicated exchanged among TPDDL, NDMC and the Hon'ble Commission in these matters have been given below.

<b>Way leave usage charges</b>	
28.08.2015	Communication vide letter no ADDI. CM (Revenue)/NDMC/2015/1052 from North DMC circular for recovery of usage charges for granting of way leave facility to various service providers in the jurisdiction of North DMC which was passed vide Resolution No. 185 dated 13.08.2015 for imposition of "Way Leave charges/ Usage charges" as per Section 430 of the DMC Act 1957
16.09.2015	Letter ADDI. CM (Revenue)/NDMC/2015/1179 from North DMC with a demand of Rs. 75162 per running meter upto 1 mtr; Rs. 75162 x 2 per running meter upto 2 mtr. width per annum on the entire length and width of land/ road/ street/ footpath on which wires have been laid
31.05.2016	WP 5293/2016 filed before the Hon'ble High Court against the imposition of license fee and way of leave charges.
08.08.2016	New Resolution no. 164 passed by NDMC slashing down the charges to Rs. 684 per running meter upto 2 mtr. width per annum.
04.10.2016	Demand raised by NDMC under this new resolution
14.12.2016	Secy. Power, Smt. Varsha Joshi's communication no. F/11/06/2017/Power/4801 discussed about the issue of way leave charges and recommended to NDMC to drop the same.
07.02.2017	New Writ (WP 1113/2017) filed by TPDDL against the new resolution issued by NDMC
14.02.2017	New Writ tagged with Old writ
01.03.2017	NDMC has issued a letter in reference to its meeting with Department of Power to drop way leave charges imposed on water, sewerage and electricity agencies. However, NDMC still has to give its submission to High Court for withdrawal of such charges.

<b>Way leave usage charges</b>	
26.10.2017	NDMC, in the hearing of the Writ has submitted that there are talks amongst Chief Secretary, Government of NCT and Commissioner, NDMC to resolve the matter amicably and the matter is likely to be resolved shortly.

It is submitted that the Petitioner had been contesting these demand as illegal and had filed a writ. Subsequently, NDMC has also agreed to drop way leave charges imposed on water, sewerage and electricity agencies by way of letter but is yet to submit the same at High Court. Therefore, the Petitioner requests the Hon'ble Commission to take cognizance of the facts as above, and in case later on it is found/decided that these demands are payable, the Hon'ble commission is requested to allow in ARR as additional expense along with any interest or penalty if payable.

**4) A) Treatment of Retirement of Assets for FY 2002-03 to FY 2016-17**

The Hon'ble Commission vide its letter dated 26.11.2014 has issued adhoc methodology for Retirement of Assets without considering the merit of de-capitalisation of assets and its consequential impact on RoCE and other relevant factors. In response to the above said methodology, the Petitioner vide its letter dated 28.09.2016 has suggested correct accounting treatment of retired assets and consequential impact on RoCE and other parameters. It is also pertinent to mention that the Petitioner has challenged the said methodology vide Appeal No. 71 of 2016 before the Hon'ble APTEL in the year 2016. The said Petition is pending for adjudication. The Hon'ble Commission is requested to allow the impact of the same in the ensuing Tariff Order till the finalization of capitalization by the Hon'ble Commission.

**B) Allowance of Loss on retirement for FY 2018-19**

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. As per the aforesaid Regulations, the Petitioner has sought net loss of Rs 27.90 Cr (as per Audited Financial Statement) for FY 2018-19 in this True up of FY 2018-19. The Hon'ble



Commission is requested to allow the impact of the same on provisional basis in the ensuing Tariff Order till the finalization of capitalization by the Hon'ble Commission.

**5) Cost Reflective Tariff to ensure liquidation of Revenue Gap**

Without prejudice to the rights, objections, contentions of the Petitioner, it is submitted that due to pending provisional true up of various claims including capitalization, implementation of various judgments before the Hon'ble Commission and pending adjudication of various matters before higher judicial forums, the Petitioner has considered provisional approved opening Revenue Gap of Rs. 2,254.50 Cr for FY 2017-18 in the Tariff Order dated July 2019. The claims of the Petitioner with respect to Revenue gaps for the past periods are on record of the Hon'ble Commission and not being reiterated for the sake of brevity. Hence, the Petitioner's claim of revenue gap in this petition is only provisional and shall be subject to revision, change as and when the Hon'ble Commission undertakes final truing up or in the event any judgment/order is passed in any sub judice matters and its impact is to be given effect etc. Thus Petitioner reserves its right to accordingly modify and claim the revenue gap duly taking into account the legal or regulatory developments as the case may be.

The Petitioner has projected revenue deficit/gap of Rs. 3,655.84 Cr. which will further go up on finalization of past year pending issues like Capitalization and Issues pending for adjudication before judicial authorities. Therefore, to meet this opening revenue deficit, a suitable tariff hike may be approved so that there will be no more addition in the Revenue Gap. It is further requested that the Hon'ble Commission may increase the Deficit recovery surcharge for early liquidation of the accumulated Revenue Gap.

The Petitioner is filing the present Petition to ensure determination of cost reflective tariff. Though the Petitioner has made all efforts and has tried diligently to ensure a comprehensive Petition, it may be possible that some aspects/components/claims have not been dealt in detail and/or may have been inadvertently omitted. Such lack of detail/ omission, if any, is only inadvertent and ought not to be treated as a waiver of any entitlement. The Petitioner craves leave of this Hon'ble Commission and reserves its rights to supplement the present Petition with additional facts, additional affidavits, additional submissions and claims, if any. Nothing presented in the Petition should be



treated as restricting, estopping, waiving or limiting the rights of the Petitioner to claims and entitlements which it is permitted to recover under law.

The filing of the Petition shall not be treated as curtailment of any right or claim of the Petitioner, which it is permitted to recover in terms of its License and Orders of the Hon'ble Commission, the Hon'ble APTEL (including the principle of parity / equality in treatment of DISCOMs but excluding the matters where the Hon'ble Tribunal has exclusively granted relief to the Petitioner only) and or any other proceedings relevant to the entitlement of the Petitioner;

The filing of the present Petition is without prejudice to the rights, objections, contentions of the Petitioner with regard to Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017, The DERC (Business Plan Regulations) 2017. The filing , submission of the Petition shall not be treated as curtailment of any right or claim of the Petitioner, to challenge/ initiate appropriate legal action against any final order resulting from this Petition which has been filed on the basis of the 2nd MYT Regulations, 3rd MYT Regulations read with the DERC Business Plan regulation 2017 as well as any orders/judgments of the Hon'ble Appellate Tribunal of Electricity, the Hon'ble High Court of Delhi, the Hon'ble Supreme Court of India as well as any other forum.

**6) Final Truing up of Capitalization based on physical verification**

The Hon'ble Commission in its previous tariff orders has trued up ARR of the Petitioner based on provisional capitalization. The Hon'ble Commission in para no 3.24 of its Tariff Order for FY 2017-18 has stated that

*"3.24 Further, the Commission has appointed consultants for physical verification of the assets of the Petitioner. Therefore, the Commission is of the view that once the physical verification of the asset is finalized then the Commission will consider the impact of Return on Equity, Interest on Loans, Depreciation & De-capitalization at the time of final truing up of capitalization."*

It is worth to mention that the said activity of doing physical verification by consultant is completed for all those years (except of FY 2016-17) for which capitalization is considered on provisional basis by the Hon'ble Commission. Therefore, it is requested to the Hon'ble Commission to do the final true of capitalization and allow the impact

of Return on Equity, Interest on Loans, Depreciation & De-capitalization along with the carrying cost in the upcoming tariff order.

### **Prayer**

In view of the above, the Petitioner respectfully prays that the Hon'ble Commission may be pleased to:

- a) **Admit the Petition:** TPDDL requests the Hon'ble Commission to kindly admit the petition for true up of FY 18-19. Any clarifications, additional information, details sought by the Hon'ble Commission shall be provided as and when directed by the Hon'ble Commission; and/or
- b) **Undertake and approve the** true up of FY 2018-19
- c) **Approve the final true up of Capitalization**
- d) **Specify the expedited recovery trajectory/ amortization plan** of the Revenue Gap provisionally determined up to FY 2018-19 along with carrying costs to facilitate, enable the Petitioner to avail refinancing of existing loans and repayment etc. from its lenders to make business sustainable; and/or.
- e) In the event of any issues raised by the Petitioner in Appeal or Petitions referred above get adjudicated prior to issuance of the Tariff Order, by the Hon'ble APTEL/ Hon'ble High Court/ Hon'ble Supreme Court and the Hon'ble Commission, the impact of the same may be taken into consideration along with carrying cost while effecting Truing Up exercise; and/or
- f) Allow the Petitioner to continue recovery through existing Deficit Revenue Recovery Surcharge or give suitable increase in Deficit Revenue Recovery Surcharge as deemed fit by the Hon'ble Commission; and/or

- g)** Exercise its inherent powers or powers of relaxation if any sought by the Petitioner or in cases where so deemed fit suo-moto by the Hon'ble Commission in the interest of determination of Tariff; and/or
- h)** Allow the expenditure incurred and to be necessarily incurred as sought by the petitioner to comply with various directions issued by the Hon'ble Commission and vide coming into force of the DERC Supply Code & Performance Standards Regulations 2017; and/or
- i)** To give due consideration to the issues enumerated above which have been represented through various letters, communications from time to time; and/or
- j)** To allow any benefit of reduction from the Tariff determination/revision carried out by the Hon'ble Commission for Delhi Gencos, and Delhi Transco Limited; and/or

Any other order(s) it may deem fit.

**Tata Power Delhi Distribution Limited**

**Petitioner**

New Delhi

## **A1. Actual Performance Review vis-à-vis target as indicated in DERC Regulations/Orders**

### **A1. 1. Operational Review**

A snap shot of the Operation Review of the Petitioner is given below:

#### **i) Technical Improvements**

##### **A) Peak Demand**

**Table 1: Unrestricted Peak Demand (MW) for FY 14-15 to FY 18-19**

S. No.	Particular	FY 15	FY 16	FY 17	FY 18	FY 19
1	Unrestricted Peak Demand	1691	1615	1791	1852	1967

#### **ii) Transformer failure**

**Table 2: Transformer failure rate w.r.t to installed capacity for FY 14-15 to FY 18-19**

S. No.	Particular	FY 15	FY 16	FY 17	FY 18	FY 19
1	Transformer failure rate	0.76%	0.61%	0.84%	0.71%	1.09%

#### **iii) Augmentation / Maintenance of Network**

Comparative information in relation to Augmentation & Maintenance of Network is given below:

**Table 3: Augmentation & Maintenance details from FY 14-15 to FY 18-19**

S. No.	Particular	FY 15	FY 16	FY 17	FY 18	FY 19
1	No. of Power Transformer	168	177	188	201	203*
2	EHV Capacity (MVA)	3,680	3,838	4,178	4,545	4,729
3	Number of Distribution Transformer	28,693	29,096	29,526	29,906	30,502
4	DT(MVA)	4,891	5,050	5,203	5,369	5,507

\*Net of Addition and Removal of PTR

#### iv) Reliability Index

Month-wise reliability indices as per methodology approved by the Hon'ble Commission are tabulated as below:

#### A) SAIFI (Nos./annum) : System Average Interruption Frequency Index is given below:

Tata Power-DDL has been continuously improving the reliability of power supply by upgrading the network and deploying international best practices for maintenance. The effective network planning, construction & maintenance practices have resulted in drastic reduction of faults in the system thereby reducing the average interruptions experienced by a customer.

**Table 4: Month wise System Average Interruption frequency index (Nos./annum)**

S. No.	Particular	FY 15	FY 16	FY 17	FY 18	FY 19
1	April	0.232	0.190	0.164	0.197	0.164
2	May	0.406	0.279	0.359	0.263	0.149
3	June	0.426	0.310	0.282	0.289	0.176
4	July	0.311	0.281	0.308	0.220	0.193
5	August	0.315	0.262	0.338	0.241	0.189
6	September	0.231	0.205	0.190	0.188	0.168
7	October	0.169	0.138	0.137	0.131	0.087
8	November	0.152	0.136	0.134	0.121	0.084
9	December	0.191	0.111	0.143	0.155	0.084
10	January	0.171	0.189	0.164	0.140	0.127
11	February	0.124	0.280	0.136	0.122	0.101
12	March	0.207	0.190	0.187	0.157	0.104
	<b>For the year</b>	<b>2.935</b>	<b>2.515</b>	<b>2.541</b>	<b>2.22</b>	<b>1.626</b>

**B) SAIDI (Hours/annum): System Average Interruption Duration Index is given below:**

Tata Power-DDL has been continuously improving the reliability of power supply through state of the art operational technologies such as ADMS, GIS, DA, GSAS, process improvements and trainings.

The effective utilization of Operational Technologies has helped in reducing the time for restoration of power supply and thus improving the average duration of interruption experienced by a customer.

**Table 5: Month wise System Average Interruption Duration Index (Hours/annum)**

S. No.	Particular	FY 15	FY 16	FY 17	FY 18	FY 19
1	April	0.193	0.158	0.172	0.185	0.190
2	May	0.822	0.298	0.489	0.210	0.128
3	June	0.434	0.315	0.364	0.298	0.183
4	July	0.337	0.331	0.350	0.191	0.205
5	August	0.271	0.255	0.339	0.207	0.188
6	September	0.171	0.215	0.154	0.181	0.175
7	October	0.137	0.104	0.109	0.131	0.077
8	November	0.090	0.126	0.105	0.107	0.075
9	December	0.192	0.097	0.122	0.170	0.088
10	January	0.163	0.144	0.182	0.162	0.152
11	February	0.106	0.228	0.111	0.103	0.148
12	March	0.259	0.369	0.184	0.155	0.089
	<b>For the year</b>	<b>3.175</b>	<b>2.639</b>	<b>2.681</b>	<b>2.10</b>	<b>1.698</b>

**C) MAIFI : Month wise information in respect to Momentary Average Interruption Frequency Index is given below:**

**Table 6: Month wise information is given below:**

S. No.	Particular	FY 15	FY 16	FY 17	FY 18	FY 19
1	April	0.005	0.011	0.002	0.005	0.002
2	May	0.003	0.004	0.006	0.005	0.001
3	June	0.009	0.010	0.006	0.003	0.002
4	July	0.003	0.004	0.001	0.005	0.002
5	August	0.005	0.008	0.003	0.004	0.000
6	September	0.009	0.004	0.000	0.001	0.004
7	October	0.004	0.002	0.002	0.001	0.000
8	November	0.006	0.002	0.000	0.001	0.000
9	December	0.001	0.000	0.006	0.000	0.003
10	January	0.001	0.000	0.002	0.005	0.001
11	February	0.002	0.000	0.002	0.000	0.000
12	March	0.001	0.000	0.005	0.012	0.001
	<b>For the year</b>	<b>0.047</b>	<b>0.046</b>	<b>0.035</b>	<b>0.041</b>	<b>0.018</b>

**iv). Performance Parameters**

A snapshot of other performance parameters as per DERC Performance Standard Regulations, 2017

Performance Standard for FY 18-19						
S .No.	Service Area	Overall Standards of Performance	Total Cases Received/ Reported (A)	Complaints Attended (B)		Standard of Performance achieved (%) (C)
				Within Specified Time	Beyond specified time	
1	Power Supply Failure					
(i)	Continuous power failure affecting individual consumer and group of consumer upto 100 connected at Low voltage supply, excluding the failure where distribution transformer requires replacement.	At least 95% calls received should be rectified within prescribed time limits under Schedule-1	336383	335854	529	99.84
(ii)	Continuous power failure affecting more than 100 consumers connected at Low voltage supply excluding the failure where distribution transformer requires replacement.		137797	136507	1290	99.06
(iii)	Continuous power supply failure requiring replacement of distribution transformer.		1643	1636	7	99.57
(iv)	Continuous power failure affecting consumers connected through High Voltage Distribution System (HVDS) and not		104286	103889	397	99.62



Performance Standard for FY 18-19						
S .No.	Service Area	Overall Standards of Performance	Total Cases Received/ Reported (A)	Complaints Attended (B)		Standard of Performance achieved (%) (C)
				Within Specified Time	Beyond specified time	
	covered under (i) & (ii) above					
(v)	Continuous scheduled power outages		15107	14965	142	99.06
(vi)	Replacement of burnt meter or stolen meter		7595	7582	13	99.83
Period of scheduled outage						
2	Maximum duration in a single stretch	At least 95% of cases resolved within time limit	8205	8205	0	100
	Restoration of supply by 6:00 PM		8205	8178	27	99.67
3	Faults in street light maintained by the Licensee	At least 90% cases should be complied within prescribed time limits	167542	167413	129	99.92
Reliability Indices						
4	SAIFI	To be laid down by the Commission based on the targets proposed by the Licensees	1.626			
	SAIDI		1.698			
	CAIDI		1			
5	Frequency variation	To maintain supply frequency within range as per IEGC	0	0	0	—
6	Voltage imbalance	Maximum of 3% at point of commencement of supply	0	0	0	—
7	Percentage billing mistakes	Shall not exceeding 0.2%	8777	7855	0	0.04

## **CARE FOR OUR COMMUNITY/ COMMUNITY RELATIONS**

### **CORPORATE SOCIAL RESPONSIBILITY:**



The Tata Group is a value driven organization. One of the core values underpinning the way the business is carried, clearly demonstrate that “we must continue to be responsible and sensitive to the countries, communities and environments in which we work, always ensuring that what comes from the people goes back to the people many times over”. Community welfare is central to the core values of Tata Power-DDL and serves as one of the major purposes of our existence. The concern for bringing about a positive change in people’s lives drives us as a company.

Tata philosophy “to give back to the community manifold” and Tata power-DDL’s Mission Statement “Reach Out to communities we operate in” provides the necessary direction and the rationale to create an environment supporting these communities.

In this structure, the initiatives of Social Innovation Group have been clustered under the umbrella of the mother brand name SAATHI which is connected with four pillars that caters to various initiatives.

### **Tata Power-DDL SAATHI:**

CSR Mother Brand “SAATHI” a friend, a companion. The name has been taken by deriving inspiration from the brand promise “With you non-stop”. Tata Power-DDL Saathi will always be there to serve the community unconditionally, like a true friend and work vigorously for the betterment of society.

**Under this umbrella, all activities have been classified into 4 pillars:**

**UNNATI (Women and Youth Empowerment)**

UNNATI connotes understanding the need for women and youth empowerment, which requires persistent efforts to bring significant differences in socio-economic condition of women and youth residing in JJ clusters.

Initiatives under UNNATI includes Women Literacy Centers, developing Self-help Groups and Entrepreneurship development program, Vocational Training Centres and skill development training for adolescent girls in schools.



**SANJEEVANI (Better Health)**

SANJEEVANI seeks to promote and support good health in underserved communities through accessibility to health services at their doorstep.

Initiatives under SANJEEVANI includes Mobile dispensaries residents of JJ Clusters, Drug De-Addiction Camps, Safe drinking water through RO Water Plant, Blood donation Camps etc.



**UJJWAL (Encouragement Program)**

UJJWAL seeks to promote education and provide platform to encourage students and youth to come choose a better career.

Initiatives under UJJWAL includes Affirmative Action program for students of schools and colleges, career counselling program for school students and Entrepreneurship development programs for youth with a focus on SC & ST Communities.



**CLUB ENERJI (Jiyo Power Se)**

A platform / club for school children focused on energy, water and climate conservation and sustainability causes of environment protection, societal values, safety, etc.

Initiatives under CLUB ENERJI includes Sensitization sessions at school, Sapling plantation and URJA Mela.



Tata Power-DDL has won Tata Volunteering Week highest participation per capita, SPOC Hero for Tata Volunteering Week and Tata Power Arpan awards for employee volunteering and CMO Asia award for women empowerment in FY 18-19. Tata Power-DDL has been conferred the TAAP Jury Award 2019 for reaching the milestone Score band of 601 – 625 during the Tata Affirmative Action Program (TAAP) External Assessment. Around 5.25 lakhs people benefited under various CSR initiatives.

Tata Power-DDL as part of its CSR activities has been running women literacy programs, entrepreneurship development, vocational training programs, tutorial classes mobile dispensary, drug de-addiction camps, providing potable drinking water at JJ clusters & Govt. schools, education support program for SC/ST students and wards of WLC and VT beneficiaries etc.

In FY 18-19 around 21,000 women are benefitted and empowered by the initiative of imparting education through 350 women literacy centres. More than 8,400 youths have been trained at 19 vocational training centres. More than 3,00,000 beneficiaries get potable water every day from 64 RO water plants installed at Govt. schools, JJ cluster & Delhi Metro station. More than 1,10,000 JJ cluster residents have benefitted from health services provided by 4 mobile dispensary vans. Tata Power- DDL journey in the realm of Affirmative Action began with the signing of the code for Affirmative Action on 3rd February 2007. The “Policy on Affirmative Action for Scheduled Caste & Scheduled Tribe Communities” was approved by the board of directors on 18th July 2007. Company’s Affirmative Action’s aiming towards upliftment of Schedule castes and Schedule tribe communities are classified under 4Es, viz. Education, Employability, Employment and Entrepreneurship. 1200 students have been supported from 48 Govt. schools and 507 students from ITI, Polytechnic, Engg. & Graduation colleges of Delhi University have been supported during FY 18-19.

Further given below is the gist of area where Tata Power- DDL has contributed a lot to the benefit of society as a whole.

- Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh

set-up by the Central Government for the promotion of sanitation and making available safe drinking water.

- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
- Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.

During the FY 18-19 Tata Power DDL has spent Rs. 7.87 crore (approx.) in the various CSR activities as explained above in the overall interest of stakeholder.

Tata Power-DDL has developed a unique socio- economic business case for addressing needs and aspirations of key communities (weaker sections of society) which also are its consumers, thereby building a symbiotic relationship for the benefit of both, viz. members of such economically weaker sections as well as the Company. The Company proactively and responsibly conducts social activities and devises strategies to help build a self- sustainable developmental structure within the community, especially for those residing in JJ clusters and resettlement colonies. Tata Power-DDL's innovative processes of integrating Corporate Social responsibility with its business goal is one of its kind in the industry and also recognized at various national/international levels. Tata Power-DDL's CSR Policy, supporting Tata Power-DDL's Values and AA frameworks for CSR, sets the overall direction for community initiatives that covers the entire workforce.

A brief snapshot of activity held in TPDDL areas in FY 18-19 is as below:

1. Women Literacy Program & ABHA
2. Soft skills development training to adolescent girls
3. Vocational training cum Tutorial program
4. Affirmative Action Program
5. Drug De - Addiction Camps
6. Mobile Dispensary Services
7. Blood Donation Camps
8. Safe drinking water provisions at Govt. schools & VT Centers
9. Entrepreneurship – Self Help Group Training Program
10. Support to disability center – Viklang Margdarshan Kendra
11. Energy Club – Energy conservation and sensitization session.
12. Tree Plantation
13. Promoting Consumer Awareness
14. PathShala – Special Training Centre
15. CSR initiatives at various BD Locations

TPDDL look forward for an enhanced and valuable contribution in the lives of communities by the company, create a win-win situation for all stakeholders and strives for achieving the milestones of sustainable development and inclusive growth.

**SA-8000-2014 Certification:** Tata Power-DDL is re-certified for SA-8000-2014 version, an international standard for social accountability. In order to address Social & Environmental challenges, Tata Power-DDL continues to strive to identify areas where it can make a difference.

**UN Global Compact:** Tata Power-DDL is a signatory to United Nations Global Compact and is now a part of a group of reputed organizations worldwide. Tata Power-DDL is committed to upholding the 10 principles in the areas of Human Rights, Labour and Environment & Anti-Corruption. Communication on progress of the activities carried out in this area is annually uploaded on UNGC website.

**Customer Services:** At Tata Power – DDL, our customers are at the core of our business and we work tirelessly to ensure complete satisfaction for our customers. We understand that electricity is an integral part of our customer lives and enable all of us to do more in life, and accordingly we are committed to provide our customers with non-stop, reliable supply of power as well as a responsive and best in class customer service and experience. Tata Power-DDL has consistently implemented new technologies and process to improve its customer's satisfaction. The excellence journey started with the establishment of Customer Care centres (spread across 12 Districts) and with the introduction of a 24 \* 7 Call Centre (19124). Over the years, Tata Power – DDL has introduced many such customer conveniences viz. Responsive website with customer login section, SMS PULL service, Hotline Facility at Customer Care centres (after office hour usage) and mobile application – 'Tata Power-DDL Connect'.

To enhance its reach, enable and empower its customers, Tata Power – DDL has also marked its presence on new age social media platforms viz. Facebook, Twitter, Slide share and You Tube. With the introduction of Online Document Submission Facility (For New Connections  $\geq 11$  KW customers), Live Web Chat service (on limited time period basis), Tata Power – DDL is continuously working to digitally empower its customers.

In order to develop a close bond with its customers, Tata Power – DDL organizes customer interaction programs like, monthly meetings with RWAs, quarterly meeting with IWAs, Annual Customer Meets like Udhyam and Milap. Further, all customers who have a sanctioned load  $\geq 11$  KW are attached to dedicated Client Managers, who provide personalized service to such customers. From the perspective of Corporate Social Responsibility, a separate group looks after the service delivery aspect, for the lowest strata of society i.e. People living in slums / JJ Clusters, also identified as Key Community. Similarly, a separate and dedicated group looks after the needs of the Government & Industrial customers who have multiple connections within our distribution area.

To provide accurate meter reading and billing to our customers, automatic meter reading facility is available to all customers  $\geq 11$  KW, while all other customers are billed on the basis of a mobile based reading recording system. Moving forward, Tata Power – DDL is also

working on SMART Meters that aim to provide real time and a two way communication between the utility and the customer.

To offer convenient payment services, Tata Power – DDL has made available multiple modes & avenues for making payment to its customer's viz. In person payment at company owned Cash Collection Centres & ATPMs, online payment facility (Credit-Debit card / Net banking), mobile wallet etc. Customers also have the option to make an advance payment and earn interest on the same (as per the defined regulations).

As part of the complaint management process, apart from being able to register their complaints at call centres, customers can also reach out to District customer care centres that are the primary touch points for any complaint registration and escalation. As part of the 3 Tier complaint escalation mechanism, the customer can meet our Customer Relation Executives, Customer Service Managers and the District Manager. If still dissatisfied, the matter can be escalated to Circle Head / Head of Customer Service. For any assistance during New Connection Process and for resolution of old billing disputes / arrears, separate hearing and counselling cells have also been established for the customers. Tata Power-DDL has an integrated complaint management process for logging and tracking customer request / complaints with an inbuilt auto escalation mechanism. Complaints are registered by providing a unique system generated request number and all the complaint processing information are updated against the corresponding number with which the customers can seek the status of their complaint/request from any touch point.



## **AWARDS AND RECOGNITIONS**

Various awards and recognitions have been bestowed on the company and its executives during the year FY 18-19. Some of the awards and recognitions received by the company are as under:

1. During India Smart Utility Week 2019
  - Diamond Category Winner Award for Smart Utility of the Year 2019
  - Gold Category Winner Award for Best Smart Grid Project by Utility in India 2019
  - Certificate of Merit for Smart Technology of the Year 2019.
2. "Management of Change & Excellence" in HRM category by CII during the national HR circle competition.
3. At the 12th India Energy Summit organized by the Indian Chamber of Commerce TPDDL conferred under 3 categories:
  - Innovation with Impact Award
  - Efficient Distribution Award
  - Quality of Service Award.
4. "Indian Power Distribution Utility of the Year" and also awarded for implementing "Innovative Technology of the Year" for Advanced Distribution Management System ( ADMS) at the Asian Power Awards 2018 at Jakarta, Indonesia on Sept. 19.
5. "Outstanding Green Campaigner – Organization" award at India Green Energy Awards 2018 by the Indian Federation for Green Energy in association with Care Ratings.
6. "Rooftop Solar Enabler of the Year – Utility" at the India Rooftop Solar Congress 2018 organized by the Solar Quarter.
7. Gold and Silver Awards Quality Circle Awards at the International Convention on Quality Control Circle (ICQCC 2018) organized by the Singapore Productivity Association (SPA) Singapore.
8. Indian Energy Exchange 10 Years Excellence Awards 2018 under the Highest Buy Volume in REC Segment.
9. TATA EDGE – Promising Practices (Overall Contribution Award) 2018.

10. Active Promotion of TATA Business Excellence Model for crossing the 650+ Milestone and becoming "Industry Leader" in TBEM Assessment 2017.
11. Highest Participation per capita in the category of Medium Segment Companies at TATA Volunteering Week 10. The theme for the week was 'Do the Heart Thing'.

# Compliance to Directives

## **Chapter on Compliance to DERC Directives**

**#6.1** - The Commission directs the Petitioner to make timely payment of bills to all the Generating Companies and Transmission Utilities. No Late Payment Surcharge shall be allowed as a pass through in the ARR on account of delayed payments.

### **Compliance:**

Tata Power-DDL has been complying with the said directive and making timely payment of bills /dues to central & state generating stations and transmission utilities to the extent that they have been allowed by the Hon'ble Commission in its tariff orders to Tata Power-DDL.

**#6.2** – The Petitioner shall directly deposit the amount of pension trust surcharge collected from the consumer as per the tariff schedule in the following bank account, of Pension trust:

<b>1</b>	<b>A/C No.</b>	<b>10021675545</b>
<b>2</b>	<b>MICR No.</b>	<b>110002103</b>
<b>3</b>	<b>Bank</b>	<b>State Bank of India</b>
<b>4</b>	<b>IFSC Code</b>	<b>SBIN0004281</b>
<b>5</b>	<b>Name</b>	<b>DVB-ETBF-2002</b>
<b>6</b>	<b>Branch</b>	<b>Rajghat Power House, New Delhi - 110002</b>

### **Compliance:**

Tata Power-DDL is complying with the guideline issued by the Hon'ble Commission.

**#6.3**-The Commission directs the Pension Trust to intimate the total amount collected through Pension Trust surcharge and adjust any surplus/gap in its claim for the subsequent year.

### **Compliance:**

Tata Power-DDL is complying with the guideline issued by the Hon'ble Commission.

**#6.4** - If the Petitioner purchases any expensive power to meet the demand during any time zone for which cheaper power has been regulated due to non-payment of dues, in such an eventuality, the cost of such expensive power purchases shall be restricted to the variable cost of regulated cheaper power to that extent at the time of true up.

**Compliance:**

Power supply to Tata Power-DDL has never been regulated by any central & state generating stations and transmission utilities.

**#6.5** - In case the power is regulated by DTL/Interstate Transmission Licensee due to non-payment of their dues, in such case the transmission charges borne by the Petitioner shall also not be allowed.

**Compliance:**

Power supply to Tata Power-DDL has never been regulated by any central & state generating stations and transmission utilities.

**#6.6**- The Commission directs the Petitioner to ensure availability of power supply for meeting the demand. The Petitioner shall ensure that the electricity which could not be served due to any reason what-so-ever, shall not exceed 1% of the total energy supplied in units (kWh) in any particular month except in the case of force-majeure events which are beyond the control of the Petitioner.

**Compliance:**

The same is being complied and the energy which could not be served in FY 2018-19 was around 0.306 % of the total demand.

**#6.7**- It is directed that the Petitioner shall not accept payment from its consumers at its own collection centres/mobile vans in cash towards electricity bill exceeding Rs 4,000/- except from blind consumers and for court settlement cases or any other cases specifically permitted by the Commission. The limit for accepting payment through cash by the consumers at designated scheduled commercial bank branches shall be Rs. 50,000/-. Violation of this

directive shall attract penalty to the level of 10% of total Cash collection exceeding these limits.

**Compliance:**

Tata Power-DDL is complying with the said directive and has tied up with Scheduled Commercial bank - Yes Bank for accepting cash amount up to Rs. 50,000/- .

**#6.8-** The Commission directs the Petitioner to restrict the adjustment in units billed on account of delay in meter reading, raising of long duration provisional bills etc. to a maximum of 1% of total units billed.

**Compliance:**

Tata Power-DDL is adhering to the said guideline issued by the Hon'ble Commission. The adjustment in units for FY 2018-19 was 0.15% of the total units billed.

**#6.9** - The Commission directs the Petitioner to survey the electricity connections of hoardings and display at malls and multiplexes and ensure the billing in the category of advertisements/hoarding category and to submit an annual compliance report by 30th April of the next year.

**Compliance:**

The Hon'ble commission vide letter dated 15th May 2018 has directed the DISCOMs not to survey the electricity connections of hoardings and display at malls and multiplexes.

**#6.10** - The Commission further directs the Petitioner:

**a.** To provide the information to the consumer through SMS on various items such as scheduled power outages, unscheduled power outages, Bill Amount, Due date and Maximum Demand during the month, etc. as directed by the Commission from time to time.

**Compliance:**

Tata Power-DDL is complying with the directive as well as directions issued vide letter dated 30th May 2018. Accordingly, Tata Power-DDL has submitted the said information for Q1 of FY 18-19 vide our letter dated 16th July 2018, Q2 of FY 18-19 vide our letter dated 1st Nov 2018, Q3 of FY 18-19 vide our letter dated 17th Jan 2019 and Q4 of FY 18-19 vide our letter dated 29th Apr 2019.

**b.** To maintain toll free number for registration of electricity grievances and to submit the quarterly report.

**Compliance:**

Tata Power-DDL is complying with the directive as well as directions issued vide letter dated 30th May 2018. Accordingly, Tata Power-DDL has submitted the said information for Q1 of FY 18-19 vide our letter dated 17th July 2018, Q2 of FY 18-19 vide our letter dated 20th Nov 2018, Q3 of FY 18-19 vide our letter dated 23rd Jan 2019 and Q4 of FY 18-19 vide our letter dated 23rd April 2019.

**c.** To conduct a safety audit and submit a compliance report within three months;

**Compliance:**

Tata Power-DDL has already complied with the guideline issued by the Hon'ble Commission. Tata Power-DDL has submitted the said report for FY 2018-19 on 19<sup>th</sup> Sep 2019.

**d.** To carry out preventive maintenance as per schedule;

**Compliance:**

The preventive and condition based maintenance is being carried out as per defined Annual Maintenance Plan & Monthly maintenance schedule.

e. To submit the information in respect of Form 2.1 (a) as per revised format issued by the Commission to the utilities on monthly basis latest by 21st day of the following month;

**Compliance:**

Tata Power-DDL has already submitted the Form 2.1 (a) as per the revised format upto the month of September 2019 vide letter dated 25<sup>th</sup> Oct 2019.

f. To submit the annual energy audit report in respect of their network at HT level and above.

**Compliance:**

Tata Power-DDL has complied with the guideline issued by the Hon'ble Commission. The report for FY 18-19 has been submitted on 25<sup>th</sup> July 2019.

g. To submit the Auditor's certificate in respect of Form 2.1(a) on quarterly basis within the next quarter;

**Compliance:**

Tata Power-DDL has complied with the guideline issued by the Hon'ble Commission.

h. To incorporate the following information in the annual audited financial statements:-

- i. Category-wise Revenue billed and collected,
- ii. Category-wise breakup of 8% and 3.70% Surcharge billed and collected,
- iii. Category-wise PPAC billed and collected,
- iv. Category- wise Electricity Duty billed and collected,
- v. Category-wise subsidy passed on to the consumers during the financial year, if any,
- vi. Category-wise details of the surcharge billed on account of ToD,
- vii. Category-wise details of the rebate given on account of ToD,
- viii. Street light incentive and material charges for street light maintenance,



- ix. Direct expenses of other business,
- x. Revenue billed on account of Own Consumption,
- xi. Revenue collected on account of enforcement/theft cases,

**Compliance:**

Tata Power-DDL is adhering to the guideline issued by the Hon'ble Commission.

- i. To submit annual auditor certificate in respect of power purchase details of the previous year by 30th July of the next financial year.

**Compliance:**

Tata Power-DDL is adhering to the guideline issued by the Hon'ble Commission and the same for FY 2018-19 vide our letter dated 30<sup>th</sup> July 2019.

- j. To submit the reconciliation statement in respect of power purchase cost/Transmission cost on a quarterly basis with respective Generation/ Transmission companies;

**Compliance:**

Tata Power-DDL is adhering to the guideline issued by the Hon'ble Commission and submitting the quarterly compliance reports. The said report for Q4 of FY 2018-19 has been submitted on 11th July 2019.

- k. To strictly adhere to the guidelines on short-term power purchase/sale of power issued by the Commission from time to time and to take necessary steps to restrict the cost of power procured through short term contracts, except trading through Power Exchange & IDT, at Rs.5/kWh. In case the cost of power proposed to be procured exceeds the above ceiling limit, this may be brought to the notice of the Commission within 24 hours detailing the reasons or exceptional circumstances under which this has been done. In the absence of proper justification towards short term power purchase at a rate higher than the above ceiling rate

(of Rs.5/kWh), the Commission reserves the right to restrict allowance of impact of such purchase on total short term power purchase not exceeding 10 Paisa/kWh during the financial year.

**Compliance:**

The same is being complied with. In case of the cost of power exceeding the ceiling limit, Hon'ble Commission is duly being informed of the same.

**l.** To raise the bills for their own consumption of all their installations including offices at zero tariff to the extent of the normative self-consumption approved by the Commission and exceeding the normative limit of self-consumption at Non-Domestic tariff for actual consumption recorded every month.

**Compliance:**

The same is being complied with as per the guideline issued by the Hon'ble Commission.

**m.** To submit the quarterly progress reports for the capital expenditure schemes being implemented within 15 days of the end of each quarter.

**Compliance:**

Tata Power-DDL is adhering to the guidelines and submitting the report within 30 days of end of each quarter in line with Hon'ble Commission's letter dated 05th Nov15.

**n.** To submit the actual details of capitalization for each quarter for the year within one month of the end of the quarter for consideration of the Commission. All information regarding capitalization of assets shall be furnished in the formats prescribed by the Commission, along with the requisite statutory clearances/certificates of the appropriate authority/ Electrical Inspector, etc. as applicable.

**Compliance:**

Tata Power-DDL is complying with the guidelines by submitting details of capitalization on quarterly basis, however, a request was made Hon'ble Commission to allow a time span of 60 days after the end of each quarter.

**#6.11** - Save and except the penalty as specifically provided in these directives, in all other cases, the punishment for non-compliance of directions of the Commission shall be dealt as per the Section 142 of the Electricity Act, 2003.

**Compliance:**

Tata Power-DDL shall be adhering to the guideline issued by the Hon'ble Commission.

## **Impact for prior period issues decided in favour of the Petitioner**

### **A) Impact of Appeal 246 of 2014**

The Hon'ble Commission while truing up the ARR for FY 2012-13 has disallowed some legitimate claims of Tata Power- DDL. Aggrieved by such disallowance, Tata Power- DDL has filed an Appeal no 246 of 2014 against the said Tariff Order before the Hon'ble APTEL.

The Hon'ble APTEL on 30<sup>th</sup> September, 2019 has pronounced its Judgment issue wise. Twelve issues are decided in favour of the Petitioner for which the Petitioner is seeking final true up of these issue.

Given below is the list of issue which are decided in favour of Tata Power DDL.

<b>Issue No</b>	<b>Particulars</b>	<b>Refer Page no of the Judgment</b>	<b>Remark</b>
ISSUE NO.1	Re-determination of AT&C loss trajectory.	Page no 64-65	Refer Note no 1
ISSUE NO.7	Double deduction of additional misuse units from the trued up sales of FY 2010-11.	Page no 38-39	Refer Note no 2
ISSUE NO.8	Wrongful re-opening of tariff orders relating to FY 2004 - 05 to FY 2009-10.	Page no 95-96	Refer Note no 3
ISSUE NO.9	Disallowance of other expenses.	Page no 109-110	Refer Note no 4
ISSUE NO.26	Non implementation of direction of this Hon'ble Tribunal in relation to notional loans.	Page no 29-30	Refer Note no 5
ISSUE NO.25	Wrongful Computation of Advance Against Depreciation.	Page no 22-23	Refer Note no 6.
ISSUE NO.28	Erroneous computation of equity capital.	Page no 52-53	
ISSUE NO.30	Disallowance of capital expenditure made during the year 2012-13.	Page no 159-160	
ISSUE NO.31	Erroneous computation of means of financing assets capitalized.	Page no 168	
ISSUE NO.32	Erroneous allowance of depreciation rate.	Page no 177-178	
ISSUE NO.37	Overestimation of sale rate for surplus power for FY 14-15.	Page no 206-207	
ISSUE NO.38	Allowance of carrying cost relating to issues raised in the present appeal.	Page no 208	

*Note No wise detailed information is provided below:*

**Note No 1. Re-determination of AT&C loss trajectory.**

While allowing the truing up of AT&C overachievement incentive for FY 2012-13 (1<sup>st</sup> year of the 2<sup>nd</sup> MYT control period) the Base year Target AT&C Loss Level was changed to 15.325% against the earlier AT&C target of 13%. However, the Hon'ble Commission did not change the loss level trajectory for 2<sup>nd</sup> MYT control period, which was approved based on base year AT&C Target Level of 13% for FY 2011-12.

Aggrieved by the above treatment of not-revising the AT&C Targets for 2<sup>nd</sup> MYT control period, Tata Power- DDL has raised this issue before the Hon'ble APTEL and thereafter this issue has been decided by the Hon'ble APTEL in favour of the Petitioner.

*Relevant extract of the Judgment is reproduced below:*

" .....

*12.4.2 In view of these facts, the AT&C loss trajectory beyond FY 2011-12 is required to be revised by considering the principle laid down by this Tribunal in Appeal No.14 of 2012 and, subsequently, followed by the Respondent Commission in its MYT order. Accordingly, we decide this issue in favour of the Appellant."*

Based on the above submission, the Petitioner is re-computing the AT&C overachievement incentive based on the revised AT&C Target.

**Table 2.1: Revised Computation of Billed Sales & AT&C overachievement incentive**

Particulars	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17
AT&C Target as considered by Hon'ble Commission in the true up orders	15.33%	12.50%	12.00%	11.50%	11.00%	11.00%
Revised AT&C Target – based on APTEL Judgment		14.83%	14.33%	13.83%	13.33%	13.33%
AT&C Loss Actual		10.73%	10.56%	10.42%	9.37%	9.09%

Particulars	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17
Trued up overachievement incentive – "A"		0.63%	2.89%	2.16%	3.26%	3.82%
Revised Overachievement Incentive – "B"		8.19%	7.54%	6.81%	7.91%	8.47%
Additional overachievement incentive (%) required to be considered for the purpose of computation of Incentive  C= (B-A)*30% Share towards Equity		2.27%	1.40%	1.40%	1.40%	1.40%
RRB (i) – D		2,231.48	2,282.00	2,378.57	2,558.01	2,638.41
Additional overachievement incentive = D*C		50.62	31.83	33.18	35.68	36.81

Therefore, in view of the above Submissions, the Hon'ble Commission is requested to kindly revise the AT&C loss level trajectory and allow the additional overachievement incentive to Tata power-DDL along with carrying costs.

**Note No 2. Double deduction of additional misuse units from the trued up sales of FY 2010-11.**

While allowing the truing up of AT&C overachievement incentive for FY 2010-11, additional units on account of Misuse was reduced twice, resulting into lower allowance of AT&C incentive. The Petitioner has raised this issue before APTEL and the Hon'ble APTEL agreed with our contentions and decided the issue in favour of us.

Relevant extract of the Judgment is reproduced below:

"10.4.1.....

*In the light of this factual matrix, the State Commission is directed to consider the additional misused units as 11.82 MUs only and re-compute the sales for FY 2010-11 and corresponding AT&C incentive also. Hence, we decide this issue in favour of the Appellant."*

Based on the above submission, the Petitioner is re-computing the Billed Sales, AT&C overachievement incentive for FY 2010-11 as follows.

**Table 2.2: Revised Computation of Billed Sales & AT&C overachievement incentive**

Particulars	Target	Trued up	Revised sought for trued up
Units Billed (MU)		6,342.09	6,342.09
Add- Adjustment for misuse units			11.82
Units Billed (MU) for AT&C purpose		6,342.09	6,353.91
Energy Input (MU)		7,305.68	7,305.68
Amount Billed (Rs. Cr.)		2,970.32	2,970.32
Average Billing Rate (Rs. Unit)		4.68	4.67
Amount Collected (Rs. Cr)		2,937.38	2,937.38
Units Realized (MU)		6,271.76	6,283.45
AT&C Actual	17%	14.15%	13.99%
Over achievement		2.85%	3.01%
Total benefit on account overachievement beyond Target level (Y - X)		97.44	102.72
Benefit on account of over achievement for min AT&C loss reduction level upto 2% to be shared in the ratio of 50:50 between the Petitioner and Consumers		68.43	68.31
Benefit on account of over achievement for min AT&C loss reduction level to be retained by the Petitioner		29.00	34.42
Benefits passed on in ARR to the Consumers		34.22	34.15
Total incentive to the Petitioner		63.22	68.57
Differential amount sought for revised trued up			5.35

Therefore, in view of the above Submissions, the Hon'ble Commission is requested to kindly allow the additional overachievement incentive of Rs 5.35 Cr to Tata power-DDL along with carrying costs.

**Note No 3. Wrongful re-opening of tariff orders relating to FY 2004 - 05 to FY 2009-10.**

The Hon'ble Commission in its true up order dated July 2014 had reduced AT&C overachievement incentive from FY 05 to FY 10 by reopening the tariff orders which have already attained finality in respect to allowance of AT&C overachievement incentive. Relevant extract of Tariff Order for FY 2014-15 is reproduced below:

**Table 3.36: Summary of Misuse units**

Particulars	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10
Over achievement	3.40%	6.33%	5.12%	3.47%	3.61%	3.52%
Misuse Units reported (MU)				25.07	12.98	15.18
Misuse Units (MU)	53.17	41.39	32.21	25.07	12.98	15.18
AT&C Loss reduction incentive	38.32	81.69	71.50	49.86	52.86	56.64
Reduction in AT&C due to Misuse (Rs. Crore)	(10.41)	(8.73)	(7.42)	(5.76)	(3.03)	(3.47)

Aggrieved by the above disallowance, the Petitioner has challenged the issue before the Hon'ble APTEL and the Hon'ble APTEL has decided the issue in favour of the Petitioner. Relevant extract of the Judgment is reproduced below:

"15.4.2. ....

*In view of these facts, we are of the opinion that when final true up for previous years have been completed and final orders passed by the Commission, which have attained finality, cannot be reopened for re-examination. We, therefore, decide this issue in favour of the Appellant that trued up matters/ orders cannot be reopened or reexamined /reconsidered."*



Based on above submission, the Petitioner is requesting to the Hon'ble Commission to reverse back the disallowance made in Tariff Order for 2014-15 and allow the said amounts along with carrying costs.

**Table 3.36: Summary of Misuse units**

Particulars	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10
Over achievement	3.40%	6.33%	5.12%	3.47%	3.61%	3.52%
Misuse Units reported (MU)				25.07	12.98	15.18
Misuse Units (MU)	53.17	41.39	32.21	25.07	12.98	15.18
AT&C Loss reduction incentive	38.32	81.69	71.50	49.86	52.86	56.64
Reduction in AT&C due to Misuse (Rs. Crore)	(10.41)	(8.73)	(7.42)	(5.76)	(3.03)	(3.47)

#### **Note No 4. Disallowance of Other Expenses**

While truing up for FY 2012-13, the Hon'ble Commission has not considered legitimate claims of the Petitioner and this unfair disallowance was challenged before the Hon'ble APTEL. It is worth to mention that these expenses are done in the interest of the consumer and uncontrollable in the hands of Petitioner. Hence, the Petitioner has sought these expenses over and above the normative expenses.

Considering the submission made by the Petitioner before the Hon'ble APTEL, the Hon'ble APTEL agreed with TPDDL contentions and decided the issue in favour of TPDDL. Relevant extract of the Judgment is given below:

*"16.4.1 We have carefully gone through the rival submissions of learned counsel for the Appellant and learned counsel for the Respondent Commission and also taken note of the findings of this Tribunal in its judgment dated 10.02.2015 in Appeal No. 171 of 2012. It is not in dispute that the Appellant has actually incurred various expenses as claimed by it in the petition which the State Commission has disallowed while truing up for FY 2012-13 giving reasoning that these expenses are controllable. It is, however, seen that many of the expenses*

*so claimed by the Appellant are in the category of uncontrollable in nature and need to be looked into by the Commission by adopting a judicious approach instead of disallowing all of them in totality.....*

*Accordingly, we decide this issue in favour of the Appellant."*

Thus, in line with the Hon'ble APTEL Judgment, the Petitioner seeks the following claims for entire 2<sup>nd</sup> MYT Control period along with carrying costs.

**Table 2.3: Additional O&M Expenses**

Particulars	FY 13	FY 14	FY 15	FY 16	FY 17
Change in Service Tax Rate	1.96	2.67	3.03	5.45	7.18
Service Tax under Reverse charge mechanism	0.31	1.50	0.67	3.44	4.44
Cost of Auditor Certificate	0.07	0.09			
Financing charges	0.40	1.04	0.70	0.48	0.21
Increase in LC charges	0.73	0.59			
Credit rating fees	0.13	0.22			
<b>Total – Rs Cr.</b>	<b>3.60</b>	<b>6.11</b>	<b>4.40</b>	<b>9.37</b>	<b>11.83</b>

#### **Note No 5. Non implementation of direction of this Hon'ble Tribunal in relation to notional loans**

To implement the Hon'ble APTEL Judgment in relation to consideration of interest rate for notional loans, the Petitioner had submitted claim of Rs 0.64 Cr for FY 2006-07 while sought true up of FY 2012-13. Relevant extract of the Tariff Order is given below:

Tata Power Delhi Distribution Limited

Tariff Order for FY 2014-15

**Interest rate for Notional loans of FY 2006-07**

**Petitioner's Submission**

3.95 As per the directions given by the Hon'ble ATE, the interest rate for Notional loans should be the market rate at the time of induction of the notional loan and interest be allowed for each year based on prevailing market rate of interest of that year. The relevant para of the order is reproduced below:

*"13. The above directions with observations do not mean that the Delhi Commission should adopt the weighted average of the SBI Prime Lending Rate during the year. What it actually mean to us is that interest rate of notional loan should be market rate at the time of the induction of the notional loan.*

*14. This direction given by this Tribunal in Appeal No. 52 of 2008 should apply and should be given full effect in each year by allowing interest amount of notional loan based on the market related interest rate prevailing in that year".*

3.96 It is submitted that as no loan is availed in FY 2006-07, the Petitioner has considered interest rate of 8.5% p.a. (as allowed by the Hon'ble Commission based on loans last availed in FY 2004-05) plus the change in SBI prime lending rates of FY 2004-05 and FY 2006-07.

Particulars	Interest rate
SBI PLR during FY 2004-05	10.25%
SBI PLR during FY 2006-07	11.09%
Change in SBI PLR	0.84%
Rate for Notional loan considered during FY 2004-05	8.50%
Rate for notional loan should be considered based on change in SBI PLR	9.34%

**Table 3.21: Impact of the change in interest rate of Notional Loan**

Particulars	UOM	FY 2006-07
Notional Loan Amount – A	Rs Cr	151.75
Interest rate for Notional Loan – B	%	9.34
Approved Rate of Notional Loan- C	%	8.50
Additional Interest cost sought for the year – (A/2*(B-C))	Rs Cr	0.64

The Hon'ble Commission has not considered the above submissions of TPDDL. Thus, TPDDL has again raised the issue before the Hon'ble APTEL in Appeal no 246. The Hon'ble APTEL decided the issue again in favour of TPDDL. Relevant extract of the Judgment is given below:

*"9.4.2 In view of these facts, we find force in the submissions of learned counsel for the Appellant that the Respondent Commission has not correctly applied the ratio laid down by this Tribunal in above two judgments. It is crystal clear that the Commission was required to allow interest rate on notional loan at market rate at the time of induction of notional loan and not weighted average of the SBI PLR during the year. The Respondent Commission is accordingly directed to adopt the findings and directions of this Tribunal in the aforesaid judgments in letter and spirit. Accordingly, this issue is decided in favour of the Appellant."*

**Based on above submission, the Petitioner is requesting to the Hon'ble Commission to allow amount of Rs 0.64 Cr as sought earlier.**

**Note No 6. Issues related to Capitalisation, Depreciation, Advance Against Depreciation:**

The Hon'ble APTEL also decides the following issues in favour of TPDDL. However, due to pending the physical verification of assets from FY 05-06 onwards the Hon'ble Commission is requested to implement the Judgment delivered by the Hon'ble APTEL in letter and spirit.

<b>Issue No</b>	<b>Particulars</b>	<b>Refer Page no of the Judgment</b>
ISSUE NO.25	Wrongful Computation of Advance Against Depreciation.	Page no 22-23
ISSUE NO.28	Erroneous computation of equity capital.	Page no 52-53
ISSUE NO.30	Disallowance of capital expenditure made during the year 2012-13.	Page no 159-160
ISSUE NO.31	Erroneous computation of means of financing assets capitalized.	Page no 168
ISSUE NO.32	Erroneous allowance of depreciation rate.	Page no 177-178

## **B) Impact of Rithala Tariff Order dated 11<sup>th</sup> Nov, 2019 issued by the Hon'ble Commission**

The Hon'ble Commission has issued trued up tariff order for Rithala on dated 11<sup>th</sup> Nov, 2019. In the said Tariff Order, the Hon'ble Commission has approved recovery of fixed charges & variable charges from FY 2010-11 to FY 2017-18 as given below:

**Table 2.4: Summary of the Y-O-Y approved Fixed Charges & Variable Charges**

Particulars	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Fixed Charges*	5.03	46.08	57.29	56.84	49.54	50.47	50.17	45.05
Fuel Cost^	14.52	89.77	51.97	0.08				
<b>Total</b>	<b>19.55</b>	<b>135.85</b>	<b>109.26</b>	<b>56.92</b>	<b>49.54</b>	<b>50.47</b>	<b>50.17</b>	<b>45.05</b>

\*Refer para no 4.10 on Page no 6 of 22 for FY 10-11 & FY 11-12 & Refer para no 5.5.4 on Page no 13 of 22 from FY 12-13 onwards

^ Refer para no 5.5.4 on Page no 13 of 22

Against the above approved amount, the Hon'ble Commission has provisionally allowed an amount of Rs 121 Cr. Break-up of the same is given in table below:

Particulars	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
<b>Total</b>	<b>10.82</b>	<b>70.63</b>	<b>40.50</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Based on above tables, it is requested to the Hon'ble Commission to allow the year on year differential amount as computed in table below.

**Table 2.5: Summary of the Y-O-Y Differential Amount**

**(Rs. Cr.)**

Particulars	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
Total as per Table	19.55	135.85	109.26	56.92	49.54	50.47	50.17	45.05
Provisionally approved as per table	10.82	70.63	40.5	0	0	0	0	0
<b>Differential amount</b>	<b>8.73</b>	<b>65.22</b>	<b>68.76</b>	<b>56.92</b>	<b>49.54</b>	<b>50.47</b>	<b>50.17</b>	<b>45.05</b>

\*Carrying cost on the same is computed in Table no. 2.8

### C) Inadvertently Non allowance of refinancing incentive on loans for FY 2017-18

The Hon'ble Commission has trued up ARR for FY 2017-18, based on the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017.

Relevant extract of the said Tariff Order is reproduced below:

*"Return on Capital Employed for FY 2017-18*

*5.4.14 Interest on Loan, Return on Equity and Interest on Working Capital for FY 2017-18 have been considered under Return on Capital Employed (RoCE) concept in line with the provisions of DERC Tariff Regulations, 2017."*

Tata Power- DDL would like to bring in the kind attention of the Hon'ble Commission that while approving the ROCE for FY 2017-18, the Hon'ble Commission has inadvertently not give the incentive for Refinancing of loans. It is worth to mention that the as Hon'ble Commission has considered lower cost of debt for FY 2017-18 (i.e. 8.84% for Capex & 8.14% for Working Capital) in comparison to cost of debt considered for FY 2016-17 (i.e. 10.55% for capex and 13.50% for working capital), thus, Tata Power- DDL is eligible for claiming incentive as per Regulation 71 of Tariff Regulations 2017 further to be read with Regulation 10 of DERC (Business Plan Regulations), 2017.

In line with BPR, computation of Incentive for lower financing cost for FY 2017-18 is given below:

**Table 2.6: Incentive for lower financing cost for FY 17-18 (Rs. Cr.)**

	Debt Amount – Rs Cr.	Cost of Debt	SBI MCLR+ 2%	Difference in margin available for Incentive*	Total Amount of Incentive – Rs Cr.	TPDDL share (50% of total incentive) Rs Cr.
Particulars	A	B	C	D= C-B	E = A*D	F= E/2
Avg Debt at 70% of net capitalization	*84.20	^8.84%	10%(8% +2%)	1.1600%	0.98	0.49
Debt at 100% of working capital	*14.39	^8.14%	10%(8% +2%)	1.8600%	0.26	0.13
Total amount of Incentive					1.24	0.62

\*Refer Row no "O" & "P" respectively on Page no 12 of 22 of Impugned Tariff Order

^Refer Row no "S" & "T" respectively on Page no 12 of 22 of Impugned Tariff Order

Based on above submissions, it is requested to the Hon'ble Commission to acknowledge the said computation and allow the impact of Rs 0.62 Cr in the ensuing Tariff Order of TPDDL-Distribution.

**D) Impact on account of Judgement pronounced by the Hon'ble Commission in Petition no 10/2014**

The Hon'ble Commission in its previous trued up tariff order has disallowed an amount of Rs 47.40 Cr. on account of non-complying with the merit order despatch principle by the Petitioner. Year wise breakup of the amount disallowed is given below:

**Table 2.7: Allowance of disallowed amount of Merit Order Scheduling (Rs Cr.)**

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

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

Aggrieved by the above disallowance the Petition has filed an Appeal 10/2014 before the Hon'ble Commission and seeking permission from the Hon'ble Commission to produce relevant evidence of SLDC, so that it can state that there is no default at the Petitioner side to comply with the merit order dispatch principle.

Based on the evidence provided the Hon'ble Commission on dated 06.12.2019 has passed its judgement in respect to disallowance of power purchase account for those plants whose energy has been forcefully schedule to TPDDL.

Relevant extract of the Judgement is reproduced below:

**"c) Payments towards the excess energy forcefully scheduled by SLDC to TPDDL in deviation to the scheduling requirements of TPDDL**

*The Petitioner had provided a list of instances of forced scheduling of power for financial year 2016 and 2017 to SLDC, which was analyzed by the SLDC and it was confirmed that the instances of such forced scheduling was done on account of technical/transmission constraints. Regarding the request of the Petitioner that it should not be subjected to adverse impact DSM penalty and merit order violation penalty due to forced scheduling of power by Delhi SLDC which is attributable to technical constraints, **the claim of the Petitioner***



**regarding disallowance/penalty on account of violation of merit order dispatch shall be considered during the next ARR exercise."**

Based on above, it is requested to the Hon'ble Commission to allow Rs 47.40 Cr as stated in the table above along with the carrying cost.

**d) Computation of Impact of Judgement in Petition no 04/2014 along with carrying cost upto FY 17-18**

The Hon'ble Commission in its Judgement in Petition no 04/2014 has agreed to allow impact of Rs 1.97 Cr. for FY 09-10 in the next tariff order. Relevant extract of the same is reproduce below:

**"ISSUE NO.3 :**

**Rs. 1.97 Cr. Additional street light material billing inadvertently offered for ARR without claiming corresponding expenses on material cost of street lighting.**

24. As much it is related to the claim of the petitioner that Rs.1.97 crore towards additional street light material inadvertently included for ARR without claiming corresponding expenses on material cost of street light, the same was not allowed as the audited account submitted by the Petitioner has entries grouping various expenses and as such Rs.1.97 crore towards additional street light material could not be verified. If the Petitioner has made an inadvertent error as claimed, it may be allowed to be rectified subject to prudence check. The Petitioner is directed to get the entry regarding Rs.1.97 Cr. reconciled and verified within one month from the issue of this Order. **The impact of the claim of the Petitioner on being admissible may be considered in the subsequent Tariff Order."**

Based on the above judgement, it is requested to the Hon'ble Commission to allow the impact of Rs 1.97 Cr along with carrying cost in the upcoming tariff order. The detailed information of the aforesaid claim shall be submitted separately to the Hon'ble Commission.



## **E) Implementation of Judgment pronounced by the Hon'ble APTEL towards Solar Plant of TPDDL**

TPDDL had filed Petitions before the Hon'ble Commission seeking determination of tariff for solar Rooftop plants installed by the Petitioner itself. The Hon'ble Commission by Orders passed in the respective Petitions had determined tariff in a piecemeal manner, i.e., Hon'ble Commission granted levelized tariff for the plants a period of only two years and thereafter for remaining 23 years of useful life of the project adopted an arbitrary approach of considering tariff for sale of power from the plants at Average Pooled Power Purchase Cost (APPC) of TPDDL's distribution business. Apart from the above, the Hon'ble Commission *interalia* made observations, regarding mandatory requirement of meeting the RPO obligation through REC Mechanism etc.

TPDDL, aggrieved by the aforesaid piecemeal approach towards tariff determination had filed Appeal Nos. 82 of 2015 and batch before the Hon'ble Appellate Tribunal for Electricity ("**Hon'ble Tribunal**") against each of the Orders passed by this Hon'ble Commission, i.e.:

S. No.	Plant Name	Appeal No.	Petition No.	Tariff Order
1.	Keshavpuram	Appeal No. 82 of 2015	06 of 2010	09.01.2015
2.	GTK	Appeal No. 58 of 2016	31 of 2011	07.01.2016
3.	Narela & DSIDC-II	Appeal No. 136 of 2015	30 of 2011	16.03.2015
4.	CENNET	Appeal No. 285 of 2015	08 of 2011	24.04.2015

The Hon'ble Tribunal on 16.04.2019 passed a judgment in the aforesaid Appeals and had partly allowed the said Appeals, holding as under:

*"11.3 We have analyzed the submissions of the learned counsel for the Appellant and the learned counsel for the Respondent Commission and it is manifest that the State Commission is in fact adopted an adhoc piece-meal approach for determination of tariff for solar projects of the Appellant, namely, calculating tariff for first two years based on the project's cost and other applicable norms and decided to grant tariff at APCC*

*for the balance period i.e. 23 years. We, thus opine that the decision of the State Commission to bifurcate the useful life of the project for determination of tariff in 2 and 23 years, does not appear appropriate. As per the settled norms as well as relevant regulations, the tariff is required to be determined for the entire period of useful life of the projects i.e. 25 years. Whatsoever may be the reason, we are unable to accept the stand of the State Commission in this regard, as brought out in the Impugned Order. In fact, the State Commission ought to have applied the judicious approach for arriving at the levelized tariff for the entire life of the solar projects based on the actual/audited cost of the projects with application of other associated norms for computation of project wise tariff. In view of these facts, we hold that the Impugned Order of the State Commission suffers from legal infirmity and perversity to the extent of the facts mentioned above.*

.....

*12.3 The State Commission vide its Order dated 23.02.2008, advised the Appellant to try to achieve 1% of the total power purchase from renewable sources and accordingly approved the execution of Solar PV Projects. During course of implementation of the projects, the Appellant could not avail the facility of incentive/subsidy from MNRE and as a result the reference projects could not qualify for generic tariff applicable as per CERC regulations. Merely by not allowing generic tariff to the Appellant's projects, does not amount to any violation of the Electricity Act and Policies of the Government to promote the generation from RE sources.*

*12.4 Thus, we hold that the approach of the State Commission to allow computed tariff for first two years and APCC tariff for balance 23 years is erroneous.*

#### **ORDER**

*For the foregoing reasons, as stated supra, we are of the considered opinion that issues raised in the instant appeals being Appeal No. 82, 136, 274, 285 of 2015 & 58 of 2016 have merit and accordingly, the appeals are partly allowed.*

*The Impugned orders passed by Delhi Electricity Regulatory Commission dated 09.01.2015, 16.03.2015, 07.01.2015, 24.04.2015 & 07.01.2016 in Appeal Nos. 82, 136, 274, 285 of 2015 & 58 of 2016 are hereby set aside so far it relates to our findings and directions as stated in Paragraph 12.1 to 12.4. **The Respondent State Commission is directed to pass the consequential orders in the light of the observations made in the above paragraphs from 12.1 to 12.4 as expeditiously as possible within a period of 4 months from the date of receipt of this copy of judgment and order.***

*No order as to costs.*

*Pronounced in the Open Court on this 16th April, 2019."*

As such in view of the aforesaid judgment, the Hon'ble Commission was to determine tariff for each of the Solar Roof top plants based on the actual/audited cost of the projects with application of other associated norms for computation of project-wise tariff, within a period of four months from the date of passing of the Order, i.e., 16.04.2019.

The Hon'ble Commission had preferred a Civil Appeal against the said Order passed by the Hon'ble Tribunal, being Civil Appeal -Diary No. 28198 of 2019 "*Delhi Electricity Regulatory Commission v Tata Power Delhi Distribution Ltd*", which was listed before the Hon'ble Supreme Court on 18.12.2019.

The Hon'ble Supreme Court on 18.12.2019 was pleased to admit the said Civil Appeal and did not entertain the interim application seeking stay of operation of the Impugned Judgment. On the contrary, the Hon'ble Supreme Court directed the counsel for Hon'ble Commission to implement the Order dated 16.04.2019. Copy of the Order dated 18.12.2019 is attached herewith for ease of reference.

In view of the above and considering the judicial propriety, the Hon'ble Commission is requested to implement the Directions contained in order dated 16.04.2019 and to allow the differential tariff along with carrying cost by redetermine the tariff for each of the Solar Roof top plants set up by TPDDL in line with the Hon'ble APTEL Judgment.

**F) Impact of Income Tax related to Policy Direction Period & 115 JB of Income Tax ACT**

The Petitioner in its submission in the prudence check of last year true up has mentioned that due to pending of final assessment of Income Tax for some of the year related to Policy Direction Period. Therefore, the Petitioner requested to the Hon'ble Commission to defer the allowance till the issuance of final assessment order by Income Tax authorities. Thus, in case if the pending final assessment order are issued during the preceding the true up for FY 2018-19, it is requested to the Hon'ble Commission to consider and allow the impact of the same along with carrying cost.

**Computation of Impact of Appeal 246, Rithala Tariff Order & Judgement in Petition no 10/2014 & Petition no 4/2014 along with carrying cost upto FY 17-18**

Based on all above submission, the issue wise and year wise impact along with carrying cost is computed as below:

**Table 2.8: Year wise impact along with Carrying cost**

Particulars	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18
<b>Appeal Impact 246 of 2012</b>														
Non implementation of direction of Hon'ble Tribunal in relation to notional loans	-	-	0.64	-	-	-	-	-	-	-	-	-	-	-
Double deduction of additional misuse units from trued up sales of FY 11	-	-	-	-	-	-	5.35	-	-	-	-	-	-	-
Re-determination of AT&C loss trajectory	-	-	-	-	-	-	-	-	50.62	31.83	33.18	35.68	36.81	-
Wrongful re-opening of tariff orders FY 04-05 to FY 2009-10	10.41	8.73	7.42	5.76	3.03	3.47	-	-	-	-	-	-	-	-
Disallowance of Other Expenses	-	-	-	-	-	-	-	-	3.60	6.11	4.40	9.37	11.83	0.00
<b>Rithala Tariff Order impact</b>														
Differential claim	-	-	-	-	-	-	8.73	65.22	68.76	56.92	49.54	50.47	50.17	45.05
Incentive refinancing loans	-	-	-	-	-	-	-	-	-	-	-	-	-	0.62
<b>Reversal of Merit order disallowance</b>	-	-	-	-	-	-	-	-	-	45.80	0.04	-	1.56	-
<b>Street Light Material</b>	-	-	-	-	-	1.97	-	-	-	-	-	-	-	-
<b>Total Addition</b>	<b>10.41</b>	<b>8.73</b>	<b>8.06</b>	<b>5.76</b>	<b>3.03</b>	<b>5.44</b>	<b>14.08</b>	<b>65.22</b>	<b>122.98</b>	<b>140.66</b>	<b>87.16</b>	<b>95.52</b>	<b>100.37</b>	<b>45.67</b>
Carrying cost rate (%)	9.00%	9.00%	9.00%	10.61%	11.32%	10.17%	10.41%	12.20%	11.78%	11.88%	11.98%	12.08%	12.08%	10.33%
Opening Balance		10.41	20.08	29.94	39.18	46.82	57.30	78.07	156.80	305.49	490.81	641.99	820.84	1,026.42
<b>Addition</b>	10.41	8.73	8.06	5.76	3.03	5.44	14.08	65.22	122.98	140.66	87.16	95.52	100.37	45.67
<b>Carrying Cost</b>	-	0.94	1.81	3.48	4.61	5.04	6.70	13.50	25.71	44.66	64.02	83.32	105.22	108.39
Closing Balance	10.41	20.08	29.94	39.18	46.82	57.30	78.07	156.80	305.49	490.81	641.99	820.84	1,026.42	1,180.48

### **3. Methodology for Truing up of FY 2018-19**

Tata Power- DDL seeks the True up of FY 2018-19 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 said Regulations 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 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

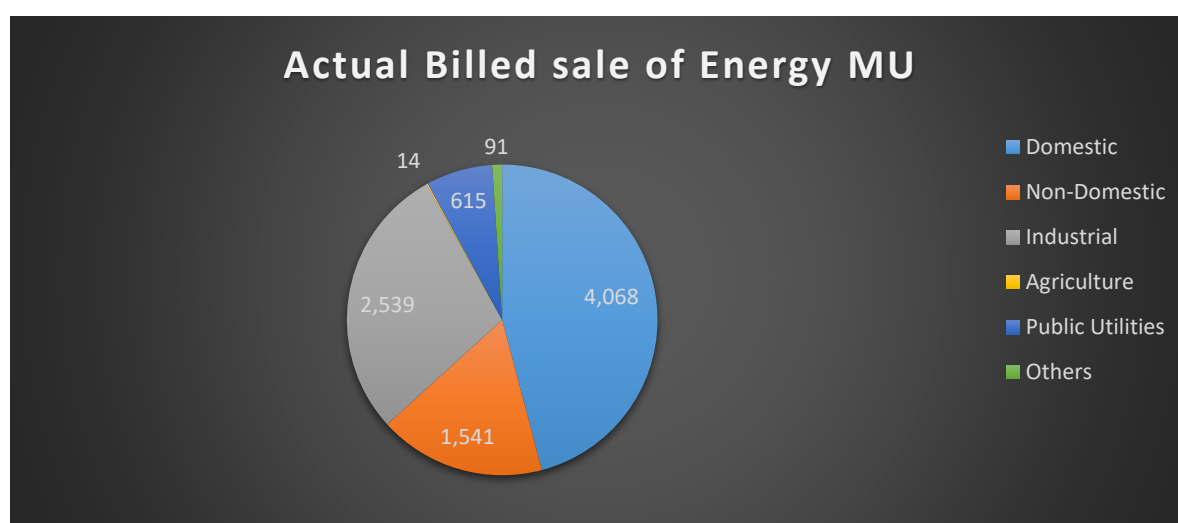
### Revenue Billed for FY 18-19

In its Tariff Order for FY 2018-19, the Hon'ble Commission had projected billed sale of energy of 8,870 MU for the FY 2018-19. Against the same, Tata Power- DDL has actually billed 8,867 MU as sale of energy including actual own consumption of 12.27 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 2018-19**

S. No.	Category	Approved Projected Billed sale of Energy (MU)	Actual Billed sale of Energy (MU)
1	Domestic	4,169	4,068
2	Non-Domestic	1,552	1,541
3	Industrial	2,437	2,539
4	Agriculture	12	14
5	Public Lighting	156	615
6	Delhi Jal Board	256	
7	Railway Traction	0	
8	DMRC	163	
9	Others	125	91
	<b>Grand Total</b>	<b>8,870</b>	<b>8,867</b>

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 @ 0.25% 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 12.27 MU towards own consumption. against the normative own consumption of 22.14 MU.

**Table 3.2: Category wise billed energy sale (MU) sought for truing up for FY 2018-19**

S. No.	Category	*** Total Number of consumers and sanctioned load		Net Units Sold
		MW	No.	
1	Domestic	3,007	14,05,149	4,068
2	Non-Domestic	1,291	2,27,936	1,541
3	Industrial	1,430	31,768	2,539
4	Agriculture	29	4,203	14
5	Public Utilities	179	5,529	615
6	Advertisement & Hoardings	1.00	262	0.42
7	E-Rickshaw	3	380	7
8	Own Consumption	17	361	12
9	Others	49	20,314	72
	<b>Total</b>	<b>6,006</b>	<b>16,95,902</b>	<b>8,867</b>

Further, the Hon'ble Commission in its Tariff Order for FY 2018-19 had projected total revenue of Rs. 7,222.82 Cr. out of which Rs. 6,836.63 Cr. Cr. had been projected towards fixed charges & Energy Charges and balance Rs. 546.93 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 2018-19.

**Table 3.3: Category wise Projected billed energy sale (MU) and Revenue (Rs. Cr.) for FY 2018-19**

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	4,169	548.25	1,721.99	2,270.24	5.45	181.62
2	Non-Domestic	1,552	444.35	1,279.15	1,723.50	11.11	137.88
3	Industrial	2,437	512.83	1,811.62	2,324.45	9.54	185.96
4	Agriculture	12	4.52	1.87	6.39	5.33	0.51
5	Public Lighting	156	34.27	89.85	124.12	7.96	9.93
6	Delhi Jal Board	256	24.24	148.78	173.02	6.76	13.84
7	Railway Traction	0	0.00	0.00	0.00	0.00	0.00
8	DMRC	163	11.37	90.11	101.48	6.23	8.12
9	Others	125	16.22	97.21	113.43	9.07	9.07
	<b>Grand Total</b>	<b>8,870</b>	<b>1,596.05</b>	<b>5,240.58</b>	<b>6,836.63</b>	<b>7.71</b>	<b>546.93</b>

**Table 3.4 Category wise Actual billed energy sale (MU) and Revenue (Rs. Cr.) for FY 2018-19**

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	3,007	14,05,149	4,068	497.81	1,692.61	45.50	2,235.92	5.50	175.26
2	Non-Domestic	1,291	2,27,936	1,541	400.13	1,285.37	39.32	1,724.82	11.19	134.89
3	Industrial	1,430	31,768	2,539	452.76	1,910.81	60.32	2,423.88	9.55	189.64
4	Agriculture	29	4,203	14	4.45	2.21	0.16	6.82	4.96	0.53
5	Public Utilities	179	5,529	615	54.21	376.92	10.72	441.85	7.19	34.04
6	Advertisement & Hoardings	1	262	0	0.18	0.37	0.01	0.56	13.12	0.04
7	E-Rickshaw	3	380	7	0.02	3.76	0.13	3.90	5.81	0.30
8	Own Consumption	17	361	12	0.00	0.00	0.00	0.00	0.00	-
9	Others	49	20,314	72	13.35	47.08	1.47	61.90	8.61	5.86
10	(-)Open Access Charges (to be treated separately)					(8.42)		(8.42)		(1.26)
	<b>Total</b>	<b>6,006</b>	<b>16,95,902</b>	<b>8,867</b>	<b>1,422.91</b>	<b>5,310.71</b>	<b>157.62</b>	<b>6,891.24</b>	<b>7.77</b>	<b>539.30</b>
<b>Reconciliation Statement with the Audited Form 2.1 a</b>										
	Billed amount of Fixed Charges									1,422.91
	Billed amount of Energy Charges									5,310.71
	Billed amount of PPAC Charges									157.62
	Billed Amount of 8% Deficit Recovery Surcharge									539.30
	Billed amount of E. Tax									287.15
	Billed amount of Pension Trust Surcharge of 3.80%									255.63
	<b>Total amount of Revenue Billed</b>									<b>7,973.31</b>
	<b>Average Billing Rate at gross level/ Rs. kWh</b>									<b>8.99</b>

Against the said projected billed revenue, Tata Power- DDL has actually billed energy revenue (net of E. tax and Pension Trust Surcharge) of Rs. 7,430.53 Cr. (net of Pension trust surcharge & E. Tax) at approved Retail Supply Tariffs.

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

*(Auditor Certificate for Billed Energy & Revenue billed is attached as Annexure "A-1" in Volume II of the Petition)*

### **Pension Trust Surcharge of 3.80%**

The Hon'ble Commission in its Tariff Order for FY 2018-19, has increased Pension Trust surcharge of 3.70% to 3.80% which was applicable w.e.f. 01<sup>st</sup> Apr, 2018 over the approved retail supply tariff to meet the Pension Trust liability of erstwhile DVB employees/ Pensioners as recommended by GoNCTD.

In order to comply with the above requirement, the Hon'ble Commission had issued directive no 6.2.

*" 6.2 The Petitioner shall directly deposit the amount of pension trust surcharge collected from the consumer as per the tariff schedule in the following bank account, of Pension trust:*

*....."*

During the FY 18-19, Tata Power DDL has billed an amount of Rs. 256.22 Cr as Pension Trust Surcharge and collected an amount of Rs 256.07 Cr. The recovery made in FY 18-19 includes outstanding recovery of billed amount at the end of FY 2017-18.

**Table 3.5: Pension Trust amount billed and collected for FY 2018-19 (Rs. Cr.)**

S. No.	Particulars	Other than Open Access	From Open Access	Total Amount
1	Amount billed on account of Pension Trust Surcharge	255.63	0.60	256.22
2	Amount Collected in FY 2018-19*	255.47	0.60	256.07

*\*Entire amount of collected PT surcharge was directly deposited in Pension Trust Account as specified by the Hon'ble Commission on monthly basis.*

It is worth to mention that in the last Tariff Order dated July 31, 2019, for the purpose of computation of Deficit amount as per the directive 6.2 of Tariff Order 31.08.2017, the Hon'ble

Commission had considered entire amount of billed PT surcharge of Rs 113.78 Cr. instead of considering collection of Rs. 109.90 Cr, therefore, resulting into lower allowance of deficit of Rs 3.38 Cr. The Petitioner aggrieved by this methodology has challenged the issue vide Review Petition filed against the Tariff order 31.07.2019 before this Hon'ble Commission and it is prayed to the Hon'ble Commission to consider the collection amount in place of billed amount and allow deficit of Rs 3.38 Cr for FY 2017-18 along with carrying cost. It is further submitted that if the Hon'ble Commission decides to keep the status quo, then it is requested to the Hon'ble Commission to adjust the aforesaid deficit of Rs 3.38 Cr along with carrying cost from the total collected amount of PT surcharge for FY 2018-19.

### **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**

<b>Sr. No</b>	<b>Distribution Licensee</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
1	BSES Rajdhani Power Limited	10.93%	10.19%	9.50%
2	BSES Yamuna Power Limited	13.00%	11.69%	10.50%
<b>3</b>	<b>Tata Power Delhi Distribution Limited</b>	<b>8.38%</b>	<b>8.19%</b>	<b>8.00%</b>
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 2018-19 has been fixed @ 8.19%. Against the said target, Tata Power DDL has achieved actual Distribution loss level of 7.93% for FY 2018-19. Computation of the actual distribution loss level is given below:

**Table 3.6: Computation of T&D loss and overachievement for FY 2018-19**

S. No.	Particulars	MU	Remark
A	Input	9,631.15	Table 3.27
B	Billed Units	8,867.37	Table 3.4
C	Actual Distribution Loss Level	7.93%	(1-B/A)
D	Target Distribution Loss Level	8.19%	Table 3.7
E	Overachievement/(Underachievement)	0.26%	(D – C)

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:

- 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;*
- 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."*

Based on above table, previous year loss target has been considered at 8.38% for the purpose of computation of sharing of incentive.

**Table 3.7: Actual Distribution loss level for FY 2018-19**

S. No.	Particulars	MU	Remark
A	Previous year target	8.38%	
B	Target Distribution Loss Level	8.19%	
C	Actual Distribution Loss Level	7.93%	Table 3.6

**Table 3.8 Overachievement Incentive on account of reduction in Distribution Loss Level**

S. No.	Particulars	MU	Remark
A	Billed Sales	8,867.37	Table 3.4
B	Actual Distribution Loss Level	7.93%	Table 3.6
C	Target Distribution Loss Level	8.19%	Table 3.7
D	Actual Input @ actual distribution loss level	9,631.15	Table 3.27
E	Desired Input @ Target distribution loss level	9656.16	$D + D \times (C - B)$
F	Saving in Input (MU) due to lower distribution loss level	25.01	$(E - D)$ or $D \times (C - B)$
G	Power Purchase Cost	5.98	Table 3.27

H	Total Overachievement Incentive	14.95	F*G/10
I	TPDDL Share	8.05	

## Revenue Realization

### Computation of Collection Efficiency and overachievement incentive for FY 18-19

*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 3.9: Revenue Billed for the purpose of computation of collection efficiency for FY 18-19**

S. No.	Particular	UoM	Amount	Remark
A	Total Revenue Billed as per Form2.1a	(Rs Cr)	<b>7,973.31</b>	Note 39.1 of the Audited Financial Statement
B	Less- Electricity Tax	(Rs Cr)	287.15	
C	Less- 8% Deficit Revenue Recovery Surcharge	(Rs Cr)	539.30	
D	Less- Pension Trust Surcharge	(Rs Cr)	255.63	
E	Net Revenue Billed	(Rs Cr)	6,891.24	(A-B-C-D)

During the FY 2018-19 Tata Power- DDL has realized an amount of Rs. 7,973.91 Cr against the total revenue billed of Rs. 7,973.31 Cr. Given below is the working of revenue collection to be considered for truing up of AT&C Loss Level:

**Table 3.10: Amount of revenue available for AT&C Computation for FY 2018-19 (Rs Cr)**

S. No.	Particular	Amount	Remarks
A	Total Revenue Realized	7973.91	Note 39.2 of the Audited Financial Statement
B	Less: Electricity Tax	281.10	
C	Less: 8% Deficit Revenue Recovery Surcharge	540.29	



D	Less: Pension Trust Surcharge	255.47	
E	Revenue Collected for Collection Efficiency	6,897.04	(A-B-C-D)

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

**Table 3.11: Computation of Collection Efficiency and Incentive for FY 18-19**

S. No.	Particular	UoM	Amount	Remarks
A	Amount Billed	(Rs Cr)	6,891.24	Table 3.4
B	Amount Collected	(Rs Cr)	6,897.04	Table 3.10
C	Collection Efficiency	%	100.08%	(B/A)
D	Target collection efficiency	%	99.50%	As per BPR,2017
E	Amount of Collection over and above 99.50% target		40.25	A*(C-D)
F	Sharing of Incentive			
	Discoms (50% upto 100% and 100% beyond 100% collection)		23.03	
	Consumers (50% upto 100% collection)		17.23	

### Computation of Revenue Available for FY 2018-19

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

**Table 3.12: Computation of Revenue available for FY 18-19** (Rs Cr.)

S No.	Particular	Collection Other than (DRS/PTS)	Remarks
A	Total Collection	6,897.04	Table 3.10
B	Less- Overachievement Incentive towards Lower Distribution Loss	8.05	Table 3.8
C	Less- Overachievement incentive towards Collection	23.03	Table 3.11
D	<b>Collection available towards ARR</b>	<b>6,865.96</b>	<b>(A-B-C)</b>

## **Power Purchase**

### **Power Purchase Quantum**

During FY 2018-19, the Petitioner has purchased 12,074.79 MUs out of which 2,086.36 MUs of surplus energy was sold as short term sale of surplus power.

Deducting the Inter-State transmission loss of 257.38 MUs and Intra-State transmission loss of 99.88 MUs, the Petitioner has submitted a net power purchase quantum of 9,631.15 MUs (excluding open access quantum consumed by open access consumers) delivered at TPDDL distribution periphery.

The summary of power purchase quantum for FY 2018-19 as per Auditor certificate as Annexure A-3 is given below:

**Table 3.13: Power Purchase Quantum (MUs) for FY 2018-19 as per Auditor's certificate**

S. No	Particulars	Actual Power Purchase	Remarks / Ref
<b>A</b>	<b>Power Purchase:</b>		
I	Power Purchase Quantum	10,980.05	
Ii	Short Term Power Purchase quantum	1,094.74	
iii	Short term sale of Power	(2,086.36)	
	<b>Sub-total Power Purchase</b>	9,988.42	<b>(i+ii+iii)</b>
<b>B</b>	<b>Transmission Loss:</b>		
I	Inter-State Transmission Loss	(257.38)	
ii	Intra-State Transmission Loss	(99.88)	
	<b>Sub-total Total Transmission Loss</b>	(357.26)	<b>(i+ii)</b>
<b>C</b>	<b>Net Power Available after Transmission Loss</b>	9,631.15	<b>(A+B)</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 2018-19, the UI bills were not issued for the period 25th February 2019 to 31st March 2019. 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 18-19 is as under:

**Table 3.14: Input (MUs) as per Auditor Certificate**

Particulars	For FY 2018-19
A. Actual demand of FY 18-19 as per Delhi SLDC UI bills	8,950.42
B. Less: Adjusted towards consumption by Open Access consumer	(19.41)
C. Add: TATA Power-DDL own Solar generation not included in A above	2.08
D. Add Provisional adjustment of UI bills	697.77
E. Add: Net metering units	0.29
<b>Total Input available for consumption by TPDDL consumers</b>	<b>9,631.15</b>

Hence, Input considered for FY 18-19 is 9,631.15 MU.

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

The Hon'ble Commission has projected energy purchase of 10558.24 MU for FY 2018-19. During the year, the Petitioner has purchased 10980.05 MU from long term sources.

**Table 3.15: Energy Purchased (MU) from Central Generating Stations during FY 2018-19**

S. No.	Particulars	Energy (MU) Projected	Energy (MU) Actual	Difference
<b>A</b>	<b>NTPC</b>			
	Anta Gas Power Station	54.50	5.70	(48.80)
	Auraiya Gas Power Station	40.20	4.17	(36.03)
	Dadri Gas Power Station	86.38	25.98	(60.40)
	FARAKKA	31.00	41.12	10.12
	KAHALGAON_I	106.00	98.67	(7.33)
	NCPP_DADRI	33.48	47.96	14.48
	RIHAND_I	211.00	213.57	2.57
	RIHAND_II	271.00	286.48	15.48
	SINGRAULI	319.00	319.90	0.90
	UNCHAHAH_I	32.00	42.96	10.96
	UNCHAHAH_II	63.00	82.51	19.51
	UNCHAHAH_III	39.00	48.31	9.31
	KAHALGAON_II	339.00	325.10	(13.90)
	DADRI EXTENSION	37.68	48.90	11.22
	ARAVALI	2,932.00	2,752.92	(179.08)
	<b>Sub-Total NTPC</b>	<b>4,595.24</b>	<b>4,344.24</b>	<b>(251.00)</b>
<b>B</b>	<b>NHPC</b>			
	BAIRA SIUL	26.00	11.52	(14.48)
	CHAMERA_I	40.00	58.78	18.78
	CHAMERA_II	61.00	59.80	(1.20)
	CHAMERA_III	42.00	39.23	(2.77)
	DHAULIGANGA	46.00	43.11	(2.89)
	DULHASTI	75.00	86.78	11.78
	Parbati_III	37.00	23.55	(13.45)
	SEWA_II	22.00	19.86	(2.14)
	TANAKPUR	18.00	13.27	(4.73)
	URI	88.00	98.74	10.74
	Uri_II	46.00	63.48	17.48
	<b>Sub-Total NHPC</b>	<b>501.00</b>	<b>518.12</b>	<b>17.12</b>
<b>C</b>	<b>NCPP</b>			

S. No.	Particulars	Energy (MU) Projected	Energy (MU) Actual	Difference
	RAPS_5 & 6	75.00	92.94	17.94
	NPCIL_NAPS	97.00	129.05	32.05
	<b>Sub-Total Nuclear</b>	<b>172.00</b>	<b>222.00</b>	<b>50.00</b>
<b>D</b>	<b>Other Stations</b>			
	MPL	2,089.00	1,934.66	(154.34)
	Haryana CLP Jhajjar (LT-5)	570.00	574.65	4.65
	DVC Chandrapur (Ext. 7 & 8)	651.00	601.74	(49.26)
	Mejia unit_6	217.00	119.11	(97.89)
	Sasan UMPP	400.00	433.68	33.68
	KOTESHWAR	35.00	36.42	1.42
	TEHRI HEP	51.00	60.58	9.58
	SJVNL	175.00	185.77	10.77
	Tala HEP	30.00	19.59	(10.41)
	<b>Others Total</b>	<b>4,218.00</b>	<b>3,966.20</b>	<b>(251.80)</b>
<b>E</b>	<b>State Generating Stations</b>			
	BTPS	197.00	305.86	108.86
	GTPS	53.00	186.49	133.49
	Pragati_I	159.00	286.11	127.11
	Pragati_III	368.00	941.24	573.24
	Rajghat Power House	-	-1.69	(1.69)
	<b>SGS Total</b>	<b>777.00</b>	<b>1,718.01</b>	<b>941.01</b>
<b>F</b>	<b>RENEWABLE ENERGY</b>			
	Net metering		0.29	0.29
	SOLAR (SECI)	40.00	41.50	1.50
	Own Solar	2.00	2.08	0.08
	DMSWSL	43.00	32.32	(10.68)
	EDWPCL		3.70	
	TOWMCL	50.00	50.23	0.23
	<b>Renewable Total</b>	<b>135.00</b>	<b>130.12</b>	<b>(4.88)</b>
<b>G</b>	<b>Other Generating Stations</b>			
	NHPPL	160.00	37.78	(122.22)
	SHEPL	-	41.05	41.05
	Singrauli and Small Hydro	-	2.53	2.53
	Sub total	160.00	81.35	(78.65)
	<b>Grand Total</b>	<b>10,558.24</b>	<b>10,980.05</b>	<b>421.81</b>

\* MU scheduled to the petitioner in FY 18-19 as per invoices. Figures fetched from Audited Power Purchase Certificate Annexure A-3

## Short Term Power Purchase

During this financial year the Petitioner has purchased 1094.74 MU through bilateral/exchange/UI/Intrastate/Banking as short-term power purchase. Out of 1094.74 MU the Petitioner has received back 852.65 MUs of banking and purchased 68.36 MU through UI, 34.75 MU through intra state purchase and balance 138.98 MU through Exchange mode. A comparative summary of sources wise short term power purchase from various sources from FY 2018-179 onwards are shown below:

**Table 3.16: Details of Short term Power Purchase**

S. No.	Particulars	FY 16-17		FY 17-18		FY 18-19*	
		Energy (MU)	(%)	Energy (MU)	(%)	Energy (MU)	(%)
A	Bilateral	-	-	-	-	-	-
B	Banking	1387.53	94%	449.02	70%	852.65	78%
C	Exchange	44.16	3%	133.98	21%	138.98	13%
D	Intra state	6.41	0%	3.85	1%	34.75	3%
E	UI	35.39	2%	50.43	8%	68.36	6%
<b>F</b>	<b>Total</b>	<b>1,473.49</b>	<b>100%</b>	<b>637.28</b>	<b>100%</b>	<b>1,094.74</b>	<b>100%</b>

*\*Figures fetched from Audited Power Purchase Certificate Annexure A-3*

## Short Term Power Sale

The Hon'ble Commission had projected 645.28 MU sale of surplus power for FY 2018-19 in its Tariff Order for FY 2018-19. However, during the year the Petitioner has sold 2,086.36 MU of surplus energy out of which 57.34 MU (3%) was sold through UI, 701.39 MU (34%) was banked, 1081.87 MU (52%) was sold through exchange, 201.97 MU (10%) was sold through bilateral arrangement and 43.80 MU (2%) through intra-state arrangements.

A comparative summary of source wise short term power sales through various sources from FY 2018-19 onwards are shown below:

**Table 3.17: Details of Short term Power Sales**

S. No.	Particulars	FY 16-17		FY 17-18		FY 18-19*	
		Energy (MU)	(%)	Energy (MU)	(%)	Energy (MU)	(%)
A	Bilateral	15.93	1%	18.48	1%	201.97	10%
B	Banking	440.58	24%	904.17	55%	701.39	34%

S. No.	Particulars	FY 16-17		FY 17-18		FY 18-19*	
		Energy (MU)	(%)	Energy (MU)	(%)	Energy (MU)	(%)
C	Exchange	888.23	49%	609.76	37%	1081.87	52%
D	Intra state	336.89	18%	44.03	3%	43.80	2%
E	UI	148.14	8%	71.59	4%	57.34	3%
<b>F</b>	<b>Total</b>	<b>1,829.77</b>	<b>100%</b>	<b>1,648.03</b>	<b>100%</b>	<b>2,086.36</b>	<b>100%</b>

\*Figures fetched from Audited Power Purchase Certificate Annexure A-3

## Power Purchase Cost

The Petitioner has incurred gross power purchase cost of Rs. 5708.26 Cr (including cost of RE Certificates) for the gross power purchase quantum of 12,074.79 MUs in FY 2018-19 from all sources including intra-state, bilateral, UI and exchange. The revenue of Rs. 773.61 Cr on account of sale of 2086.36 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. 975.50 Cr. Thus, arrived at total audited power purchase cost of Rs. 5,910.15 Cr for FY 2018-19. Given below is the plant wise energy procured and its corresponding cost for the year is given below.

**Table 3.18: Details of Power Purchase Cost Station wise for FY 2018-19**

S. No.	Particulars	Energy (MU)	Total Charges (Rs. Cr.)	Avg. Rate (Rs./ kWh)	Energy (MU)	Fixed Charges (Rs. Cr.)	Varriable Charges (Rs. Cr.)	Other Charges (Rs. Cr.)	Total Charges (Rs. Cr.)	Avg. Rate
										(Rs. /kWh)
		Approved In ARR			Sought for Trued up					
A	NTPC									
	ANTA	54.5	21	3.85	5.70	6.48	2.15	12.51	21.13	37.10
	AURIYA	40.2	22.96	5.71	4.17	9.00	1.91	20.27	31.19	74.87
	DADRI	86.38	37.98	4.40	25.98	10.90	10.84	11.57	33.31	12.82
	FARAKKA	31	11.71	3.78	41.12	3.81	9.68	-0.16	13.33	3.24
	UNCHAHAH_I	32	13.75	4.30	42.96	5.51	12.35	0.05	17.91	4.17
	UNCHAHAH_II	63	26.18	4.16	82.51	9.77	23.74	0.33	33.84	4.10
	UNCHAHAH_III	39	18.28	4.69	48.31	8.01	13.98	0.09	22.08	4.57
	FEROZE GANDHI TPS 4				-	-0.32	0.00	0.00	-0.31	
	KAHALGAON_I	106	36.3	3.42	98.67	10.74	22.26	0.16	33.15	3.36
	KAHALGAON_II	339	114.15	3.37	325.10	35.94	70.13	0.18	106.25	3.27

S. No.	Particulars	Energy (MU)	Total Charges (Rs. Cr.)	Avg. Rate (Rs./ kWh)	Energy (MU)	Fixed Charges (Rs. Cr.)	Variable Charges (Rs. Cr.)	Other Charges (Rs. Cr.)	Total Charges (Rs. Cr.)	Avg. Rate (Rs./ kWh)
Approved In ARR					Sought for Trued up					
	KOLDAM HYDRO				-	1.97	2.09	1.49	5.54	
	NCPP_DADRI	33.48	17.01	5.08	47.96	3.48	18.21	2.19	23.89	4.98
	DADRI EXTENSION	37.68	20.66	5.48	48.90	4.58	17.35	-0.22	21.71	4.44
	RIHAND_I	211	45.08	2.14	213.57	18.21	28.09	0.03	46.33	2.17
	RIHAND_II	271	54.05	1.99	286.48	20.11	37.38	0.32	57.81	2.02
	RIHAND_III					0.76	-0.24	0.24	0.76	
	SINGRAULI	319	63.99	2.01	319.90	20.08	44.38	0.05	64.51	2.02
	ARAVALI	2,932.00	1,573.21	5.37	2,752.92	604.00	935.96	26.72	1,566.68	5.69
	<b>Sub-Total NTPC</b>	<b>4,595.24</b>	<b>2,076.31</b>	<b>4.52</b>	<b>4,344.24</b>	<b>773.02</b>	<b>1,250.26</b>	<b>75.81</b>	<b>2,099.09</b>	<b>4.83</b>
<b>B</b>	<b>NHPC</b>									
	BAIRA SIUL	26	6.3	2.42	11.52	1.20	1.18	0.14	2.52	2.19
	CHAMERR_I	40	12.24	3.06	58.78	5.04	6.28	0.66	11.98	2.04
	CHAMERA_II	61	16.76	2.75	59.80	6.41	6.05	1.04	13.50	2.26
	CHAMERA_III	42	18.35	4.37	39.23	9.72	8.33	0.01	18.05	4.60
	DHAULIGANGA	46	16.66	3.62	43.11	5.64	5.26	2.80	13.70	3.18
	DULHASTI	75	55.17	7.36	86.78	20.41	21.67	5.68	47.77	5.50
	PARBHATI_III	37	18.04	4.88	23.55	5.64	6.45	0.01	12.10	5.14
	SALAL					0.01	0.02	0.22	0.25	
	SEWA_II	22	11.32	5.15	19.86	5.68	4.30	0.19	10.17	5.12
	TANAKPUR	18	7.93	4.41	13.27	3.32	2.19	0.20	5.71	4.30
	URI	88	19.64	2.23	98.74	9.13	8.17	4.27	21.58	2.19
	Uri_II	46	30.03	6.53	63.48	17.90	12.52	3.23	33.65	5.30
	WATER CESS				-	-	-	10.00	10.00	
	<b>Sub-Total NHPC</b>	<b>501</b>	<b>212.43</b>	<b>4.24</b>	<b>518.12</b>	<b>90.12</b>	<b>82.40</b>	<b>28.46</b>	<b>200.97</b>	<b>3.88</b>
<b>C</b>	<b>NCPP</b>									
	RAPS_5 & 6	75	25.56	3.41	92.94	-	27.57	2.61	30.19	3.25
	NPCIL_NAPS	97	22.98	2.37	129.05	-	50.55	2.59	53.14	4.12
	<b>Sub-Total Nuclear</b>	<b>172</b>	<b>48.54</b>	<b>2.82</b>	<b>222.00</b>	<b>-</b>	<b>78.12</b>	<b>5.20</b>	<b>83.32</b>	<b>3.75</b>
<b>D</b>	<b>Other Stations</b>									
	MAITHON POWER	2,089.00	740.92	3.55	1,934.66	307.27	499.96	8.07	815.29	4.21
	Haryana CLP JHAJJAR	570	257.14	4.51	574.65	89.84	198.19	5.76	293.79	5.11
	DVC CHANDRAPUR (Ext. 7 & 8)	651	158.56	2.44	601.74	95.85	111.26	0.29	207.40	3.45
	MEJIA UNIT_6	217	68.1	3.14	119.11	20.18	34.21	1.33	55.72	4.68
	SASAN UMPP	400	51.61	1.29	433.68	6.39	49.86	3.99	60.24	1.39



S. No.	Particulars	Energy (MU)	Total Charges (Rs. Cr.)	Avg. Rate (Rs./ kWh)	Energy (MU)	Fixed Charges (Rs. Cr.)	Variable Charges (Rs. Cr.)	Other Charges (Rs. Cr.)	Total Charges (Rs. Cr.)	Avg. Rate (Rs./ kWh)
		Approved In ARR			Sought for Trued up					
	KOTESHWAR	35	13.22	3.78	36.42	7.49	7.42	32.33	47.24	12.97
	TEHRI HEP	51	38.69	7.59	60.58	15.57	14.83	0.36	30.77	5.08
	SJVNL	175	39.81	2.27	185.77	26.34	22.70	0.70	49.74	2.68
	TALA HEP	30	6.48	2.16	19.59	-	4.95	-	4.95	2.53
	<b>Sub-Total Others</b>	<b>4,218.00</b>	<b>1,374.53</b>	<b>3.26</b>	<b>3,966.20</b>	<b>568.93</b>	<b>943.39</b>	<b>52.82</b>	<b>1,565.14</b>	<b>3.95</b>
	<b>Grand Total(A to D)</b>	<b>9,486.24</b>	<b>3,711.81</b>	<b>3.91</b>	<b>9,050.56</b>	<b>1,432.08</b>	<b>2,354.17</b>	<b>162.29</b>	<b>3,948.53</b>	<b>4.36</b>

### Energy availability from State Gencos

The energy scheduled along with total cost to the Petitioner during FY 18-19 from the generating stations based in Delhi is summarized in the table below:

**Table 3.19: Details of Power Purchase Cost Station wise for FY 2018-19**

S. No.	Particulars	Energy (MU)	Total Charges (Rs. Cr.)	Avg. Rate (Rs./ kWh)	Energy (MU)	Fixed Charges	Variable Charges	Other Charges	Total cost including PY arrears	Avg. Rate (Rs./ kWh)
<b>A</b>	<b>State Generating Stations</b>									
	BTPS	197	93.97	4.77	305.86	44.91	121.56	2.53	169.00	5.53
	GTPS	53	57.99	10.94	186.49	36.75	91.70	-	128.45	6.89
	IP Station				-	14.97	-0.01	-	14.96	
	PRAGATI_I	159	101.14	6.36	286.11	33.71	141.26	-	174.97	6.12
	PRAGATI_III	368	237.74	6.46	941.24	199.50	360.27	-	559.78	5.95
	RAJGHAT POWER HOUSE				-1.69	-	-0.72	-	-0.72	4.29
	RITHALA CCPP				-	-49.33	-	-	-49.33	
	<b>Total SGS</b>	<b>777.00</b>	<b>490.84</b>	<b>6.32</b>	<b>1,718.01</b>	<b>280.51</b>	<b>714.07</b>	<b>2.53</b>	<b>997.11</b>	<b>5.80</b>

### Renewable Purchase Obligation

The Petitioner would like to submit that the Hon'ble Commission vide notification dated 01<sup>st</sup> 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 3.20: 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:*

....."

**Table 3.21: Meeting of pending RPO obligations at the end of FY 2018-19**

Particulars	RPO requirement for FY 18-19*		
	Solar	Non Solar	Total
Total Billed Sales			8,867.37
Less- units from Hydro			820.48
Balance Billed sales to be met through RPO obligation			8,046.89
RPO obligation (%)	4.75%	9.50%	14.25%
A. Total RPO to be met - Mu	382	764	1146
B. RPO to be met through Tied up Quantum- Mu	79	163	242
C. Non Solar RPO met through tied up quantum (HPSEB) – Mu		179	179
D. Shortfall of RPO obligation – Mu	303	422	725
E. REC purchased – Mu	53	422	475
F. Balance Solar REC yet to be purchased – Mu	250	-	250
<b>G. REC purchased – Rs Cr.</b>	<b>14.49</b>	<b>73.54</b>	<b>88.03</b>
<b>H. Provision created in FY 18-19 for purchase of RE certificates – Rs Cr.</b>			<b>134.00</b>
<b>I. Differential amount to be adjusted in ARR of FY 2018-19, and to be allowed on actual basis</b>			<b>45.97</b>

*\*information already shared with the Hon'ble Commission*

Tata Power- DDL has been endeavouring to meet the RPO through economical physical power & in the absence of same through REC. However From the above table, it can be seen that despite of best efforts Tata Power- DDL is not able to comply RPO obligations for FY 2018-19. The main reasons/factor are

- Inadequate inventory of RECs
- High Clearing price

Tata Power- DDL has written following letters and informed the Hon'ble Commission about all the difficulties faced by it time to time. List of various communications done with the Hon'ble Commission are given below.

1. TPDDL letter no TPDDL/ Regulatory/ 2019-20/ PMG/273 dated 7<sup>th</sup> November, 2019
2. Meeting held at DERC on 29<sup>th</sup> October, 2019
3. TPDDL letter no TPDDL/ Regulatory/ 2019-20/ PMG dated 3<sup>rd</sup> October 2019
4. DERC letter number F.9.(168)/DERC/DS/2018-19/Vol. III/6176/1263 dated 12<sup>th</sup> September 2019
5. TPDDL letter no TPDDL/ Regulatory/ 2019-20/PMG/203 dated 3<sup>rd</sup> September 2019
6. TPDDL letter no TPDDL/ Regulatory/ 2019-20/PMG/136 dated 15<sup>th</sup> July 2019
7. Meeting held at DERC on 25<sup>th</sup> June, 2019
8. TPDDL letter no TPDDL/ Regulatory/ 2019-20/PMG/101 dated 10<sup>th</sup> June 2019
9. Meeting held at DERC on 28<sup>th</sup> May, 2019
10. TPDDL letter no TPDDL/ Regulatory/ 2019-20/PMG/52 dated 2<sup>nd</sup> May 2019

It is worth to mention that the Hon'ble Commission has also envisaged such a situation of difficulty in complying with Renewable Power Purchase Obligations, and accordingly allowed carry forwards of such requirement while notifying DERC (Renewable Purchase Obligations and Renewable Energy Certificate Framework Implementation) Regulation 2012. Relevant extract of the Regulations 11.2 (Proviso) of the aforesaid Regulations are reproduced below:

"Provided that in case of genuine difficulties in complying with the renewable purchase obligation because of non-availability of Certificate(s), the obligated entity may approach the Commission for carry forward of requirement to the next....."

Thus, considering the uncertainty on account of diminishing inventory and the fact that procurement of RECs without the underlying power can put additional tariff pressure on the Retail consumers and the status of currently contracted Renewable Capacities through LT PPAs, it is requested to the Hon'ble Commission to consider the following submission:

1. Allow the compliance of Non-Solar RPO through procurement of Solar REC/ Power and also vice versa depending on cost of power and availability of inventory.
2. The balance RPO requirement for FY 2018-19 may be allowed to be complied in next years.
3. Allow consumption of Open access consumers through renewable as fulfillment of utilities RPO, since embedded consumers are getting waiver of transmissions, wheeling and additional surcharges upon taking power through renewable energy sources under open access consumers.

### Details of Short Term Power Purchase

During this financial year the petitioner has procured 1094.74 MU through bilateral/exchange/UI/Intrastate/Banking under short-term power purchase.

**Table 3.22: Details of Short term Power Purchase**

S. No.	Short Term Purchase	Units (MU)	Rate per Unit	Amount (Rs Cr)
A	Banking Purchase	852.65	3.94	336.06
B	DSM Purchase	68.36	3.46	23.66
C	IDT Purchase	34.75	4.45	15.46
D	IEX Purchase	138.98	3.90	54.25
<b>E</b>	<b>Total Short Term Purchase</b>	<b>1094.74</b>	<b>3.92</b>	<b>429.44</b>

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 3.23: Details of Short term Power Purchase**

Short Term Purchase	MOU	Units (MU)	Amount (Rs Cr)
Banking Purchase/refund	MUs	852.65	336.06
Rate Considered	Rs./unit		3.94
Notional Rate to be considered	Rs./unit		4.00
Additional Impact to be computed for the purpose of ARR	Rs Cr.		4.99

### Details for Short Term Surplus Power Sale

During the year the petitioner has sold 2086.36 Mus at the average rate of Rs 3.71 per unit. The source wise summary of sale of surplus power during the FY 2018-19 is shown below:

**Table 3.24: Details of Short term Power Sales**

S. No.	Particulars	FY 18-19		
		Units (MU)	Rate per Unit	Amount (Rs Cr)
A	Banking Sale	701.39	2.89	202.85
B	Bilateral sale	201.97	4.19	84.63
C	DSM Sale	57.34	1.32	7.59
D	IDT Sale	43.80	4.39	19.23

E	IEX Sale	1081.87	4.25	459.31
F	<b>Total Short Term Sale of surplus power</b>	<b>2,086.36</b>	<b>3.71</b>	<b>773.61</b>

### Transmission Charges

The Petitioner has incurred transmission charges of Rs. 975.50 Cr. The party wise breakup of the transmission charges is given in the table below:

**Table 3.25: Summary of Transmission charges for FY 18-19**

S. No.	Name of Station-Particulars / Party Name	Amount Rs Cr
<b>A</b>	<b>PGCIL TRANSMISSION CHARGES</b>	
	PGCIL POC BILL-Power Grid Corporation of India Ltd.	374.90
	PGCIL POC BILL 3	68.75
	PGCIL Non PoC	-0.01
<b>B</b>	<b>DTL/ SLDC TRANSMISSION CHARGES</b>	
	DTL-Wheeling Charges	383.38
	DTL-NRLDC Charges	0.93
	DTL-Congestion Charges	-0.11
	DTL-Reactive Energy Charges	5.33
	DTL-SLDC Charges	2.74
<b>C</b>	<b>OTHER TRANSMISSION CHARGES</b>	
	BBMB Charges	0.43
	Chandrapura Thermal Power Station Tx Charges-DVC- Transmission Charges	1.52
	CLP Jhajjhar Tx charges-Tata Power Trading Company Ltd.	10.49
	Maithon Power Tx Charges	0.28
	Mejia Thermal Power Station - Unit 6 Tx Charges	0.13
	NHPPL - SLDC-Nanti Hydro Power Pvt. Ltd.	0.18
	NHPPL- Transmission	4.73
	NTPC TRANSMISSION Charges-NTPC TRANSMISSION Charges	0.24
	SECI- SLDC-Solar Energy Corporation of India	0.03
	SECI- Transmission	1.88
	SHEPL- SLDC-Suryakanta Hydro Energies Pvt. Ltd.	0.11
	SHEPL- Transmission	6.43
	THEP (Koteshwar)- NRLDC Charges-THDC India Ltd.	0.01
	THEP (Tehri)-NRLDC Charges	0.01

S. No.	Name of Station-Particulars / Party Name	Amount Rs Cr
	STOA Charges	113.12
	NAPS Unit 1 & 2 NRLDC	0.00
	<b>Total of Transmission charges (A+B+C)</b>	<b>975.50</b>

## 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 2018-19 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. 115.11 Cr.

**Table 3.26: Summary of Normative Rebate for FY 18-19** (Rs. Cr.)

S. No.	Vendor	Maximum Normative Rebate (in %)	Rebate able Amt	Amount offered as normative rebate
<b>A</b>	<b>Towards Power Purchase</b>			
1	APCPL	2.00%	1598.57	31.97
2	DTL (LT)	2.00%	339.27	6.79
3	DVC	2.00%	264.37	5.29
4	DMSWSL	2.00%	22.72	0.45
5	EDWPCL	2.00%	1.92	0.04
6	IPGCL	2.00%	134.78	2.70
7	NHPC	2.00%	181.89	3.64
8	NHPPL	2.00%	16.21	0.32
9	NPCIL	2.50%	82.36	2.06
10	NTPC	2.00%	647.72	12.95
11	PGCIL	2.00%	463.37	9.27
12	PPCL	2.00%	734.75	14.69



S. No.	Vendor	Maximum Normative Rebate (in %)	Rebate able Amt	Amount offered as normative rebate
13	PTC	0.01paise/KWh for energy from tala & Other's 2%	4.95	0.02
14	SASAN	2.00%	56.61	1.13
15	SJVNL	2.00%	49.74	0.99
16	SHEPL	2.00%	15.60	0.31
17	THDC	2.00%	78.19	1.56
18	TOWMCL	2.00%	32.33	0.65
19	TPTCL	2.00%	1098.18	21.96
	<b>Total (i)</b>		<b>5823.54</b>	<b>116.81</b>
	<b>Towards Sale of Power</b>			
1	PTC	2.00%	5.66	0.11
2	APPCPL	2.00%	40.96	0.82
3	TPTCL	2.00%	15.32	0.31
4	GMR	2.00%	4.97	0.10
5	NVVNL	2.00%	17.72	0.35
	<b>Total (ii)</b>		<b>46.61</b>	<b>1.69</b>
	<b>Grand Total (i)-(ii)</b>		<b>5776.93</b>	<b>115.11</b>

### 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."*

Accordingly the Hon'ble Commission is requested for doing true up of the incentive of Rs. 63.50 Cr as per MYT Regulations, 2017. Due to very voluminous data, information for slot wise computation of incentive amount would be shared with third party auditors/ the Hon'ble Commission during the course of prudence check.

#### **Impact of Other Adjustments required to be done**

**A) Impact of RE Certificate clubbed as a part of auditor certificate for FY 2018-19, but pertains to FY 17-18 Rs 81.18 Cr.**

In FY 2018-19, the Petitioner had recorded an amount of Rs. 81.18 Cr. towards purchase of RE certificates pertaining to FY 2017-18. Therefore, in order to comply the RPO obligation of FY 2017-18, the Hon'ble Commission had considered the said amount as a trued up cost for FY 2017-18 in its previous tariff order dated 31<sup>st</sup> July, 2019, Consequently, the Petitioner is now reducing the current year Power Purchase cost by Rs. 81.18 Cr.

**B) Negative Power Purchase cost of Rithala Power Plant for FY 2018-19 of Rs 49.33 Cr.**

The Petitioner would like to mention that in FY 2018-19, an adjustment entry related to previous years for Rs. (49.33) Cr. has been passed in its books of accounts. The said amount is reflected in Table 3.19, which already forms part of Audited Power Purchase Cost for FY 2018-19.

The Hon'ble Commission had already issued separate True up Tariff Order for Rithala on 11<sup>th</sup> Nov, 2019, hence, for the purpose of Truing up of FY 2018-19, the said amount is excluded from the total power purchase cost of FY 2018-19.

**C) Power Purchase cost of Anta, Auriya and Dadri booked in FY 2018-19 of Rs 27.04 Cr.**

The Hon'ble Commission in its previous Tariff Order dated 31<sup>st</sup> July, 2019 had approved arrears of Rs. 27.04 Cr (related to FY 2016-17). The said power purchase cost was accounted for in books of accounts in FY 2018-19. As this amount has already been allowed by the Hon'ble Commission in its previous tariff order, therefore, the same amount is reduced from the power purchase cost of FY 2018-19.

Based on all above submissions, the net energy balance for FY 2018-19 comes as below:

**Table 3.27: Power Purchase Cost for FY 2018-19**

Particulars	Approved in ARR			Sought for Trued up		
	MU	(Rs Cr)	Rs/kWh	MU	(Rs Cr)	Rs/kWh
Power Purchase from CSGS	9,486.24	3,711.81	3.91	9,050.56	3,948.53	4.36
Short Term Power Purchase				1,094.74	429.44	3.92
Power Purchase – Delhi Gencos (including BTPS)	777.00	490.84	6.32	1718.01	997.11	5.80
RPO Obligations	295.00	134.27	4.55	211.47	115.75	5.47
Provision for purchase of REC certificate – towards RPO		179.47			217.44	

Gross Power Purchase Cost	10,558.24	4,516.39	4.28	12,074.79	5,708.26	4.73
Add: Transmission Charges						
PGCIL charges	156.52	467.76		357.26	443.65	
DTL charges	95.61	327.85			392.27	
Other transmission charges					139.59	
Less: Sale of Surplus Power	645.28	193.59	3.00	2086.36	773.61	3.71
Power Purchase Cost (Audited)	9,660.83	5,118.41	5.30	9,631.15	5,910.15	6.14
Adjusted for below						
Net Normative Rebate on power purchase		86.74			(99.06)	
Normative Rebate on account of Transmission charges		15.85			(16.05)	
Rithala Impact					49.33	
REC purchased during CY but pertains to PY					(81.18)	
Impact of Anta, Auriya & Dadri allowed in PY but account for in books in CY					(27.04)	
Provisions created for RECs but RCEs not yet purchased;					(45.97)	
Incentive on Sale of Surplus Power					63.50	
Normative additional units of power Banking @ 4/unit					4.99	
<b>Net Power Purchase Cost</b>	<b>9,660.83</b>	<b>5,015.82</b>	<b>5.19</b>	<b>9,631.15</b>	<b>5,758.68</b>	<b>5.98</b>

## 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

- a) Employee Expenses,
- b) Administrative and General Expenses, and
- c) 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	<b>3.482</b>	3.678
33 kV Line	Rs. Lakh/ckt.km	3.297	<b>3.482</b>	3.678
11 kV Line	Rs. Lakh/ckt.km	0.862	<b>0.910</b>	0.961
LT Line System	Rs. Lakh/ckt.km	6.372	<b>6.730</b>	7.107
66/11 kV Grid S/s	Rs. Lakh/MVA	0.927	<b>0.979</b>	1.034
33/11 kV Gris S/s	Rs. Lakh/MVA	0.927	<b>0.979</b>	1.034
11/04.15 kV DT	Rs. Lakh/MVA	1.326	<b>1.400</b>	1.479

Thus computation of Normative O&M expenses for FY 2018-19 based on the above table is computed as below:

**Table 3.28: Normative O&M Expenses for FY 2018-19 (Rs Cr.)**

Particulars	Unit	2018-19	Capacity	Capacity as on 31.03.2019	Amount
66 kV Line	Rs. Lakh/ckt.km	3.482	Ckt.km	1053.47	36.68
33 kV Line	Rs. Lakh/ckt.km	3.482	Ckt.km		
11 kV Line	Rs. Lakh/ckt.km	0.910	Ckt.km	6609.57	60.15
LT Line System	Rs. Lakh/ckt.km	6.730	Ckt.km	7020.25	472.46
66/11 kV Grid S/s	Rs. Lakh/MVA	0.979	MVA	4682	45.84
33/11 kV Gris S/s	Rs. Lakh/MVA	0.979	MVA		

11/04.15 kV DT	Rs. Lakh/MVA	1.400	MVA	5944.18	83.22
<b>Total</b>					<b>698.35</b>

*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 3.29: Computation of License fee to be allowed on actual basis (Rs Cr)**

S. No.	Licensee fees Computation	Amount	Remark
A	Billed Sale for Previous Year - as per P&L accounts	6,967.66	
B	License fee @ 0.05% based on billed sale of previous year	3.48	Refer note no 34.3 of the Audited financial statement
C	Allowed on Normative basis (considered growth + escalation)	3.31	
D	Differential amount now sought	0.17	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. 0.17 Cr may be allowed as part of ARR for FY 2018-19.

## **2. Land Licensee fees towards Grid**

The license fee is applicable as per the rates decided by GoNCTD for using Land to construct new grids/ substations for the purpose of serving the need/growth of consumers. Every year the Petitioner has to pay licensee fee to GoNCTD for all its grids/sub-stations. During FY 18-19 the Petitioner has incurred an amount of Rs. 10.31 Cr towards land licensee fee on yearly basis. This land license fee is payable based on area of grids/sub-stations multiply with the specified rates, thus, it is in the nature of statutory levies and uncontrollable in the hands of the Petitioner.

Further, Proviso of Regulation 87 of the Tariff Regulations, 2017, clearly states that "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."

**Table 3.30: Computation of Land License fee to be allowed on actual basis (Rs Cr)**

S. No.	Particulars	Amount	Remark
A	Amount as per Audited Financial Statement	13.79	Refer note no 34.3 of the Audited financial statement
B	Allowed on Normative basis (considered growth + escalation)	2.78	
C	Balance amount to be realized	11.01	A-B

Based on the above submission and facts, the Petitioner requests to the Hon'ble Commission to allow differential amount of Rs. 11.01 Cr towards Land licensee fee, as the same is uncontrollable and statutory in nature.

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

#### A) 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 7<sup>th</sup> 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, the Petitioner in FY 2018-19 had paid an interim payment of Rs. 29.67 Cr towards FRSR employees (net of 10% capitalization).

In addition to above the petitioner has made a corresponding incremental provision of Rs. 14.24 Cr (net of 10% capitalization) for increase in FRSR employees towards their leave salary contribution and pension contribution.

Based on above submission, the Petitioner has therefore seeking provisional impact of 7<sup>th</sup> Pay Commission as under:

Particulars	Amount Rs Cr	Remark
Interim Relief towards- 7th Pay Commission- FRSR	29.67	Refer note no 34.3 (c) of Audited Financial Statement
Provisional impact of LSC/PSC- 7th Pay Commission- FRSR	14.24	
Total	43.91	

#### B) Incremental Impact of GST

Regulation 87 of Tariff Regulations' 2017 for 3<sup>rd</sup> MYT Control Period provides that:

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

In reference to above Regulation, Tata Power-DDL submits that the Goods & Services Tax, that came into effect from 01.07.2017 by subsuming the Service Tax and Other Acts, thus



falls under the definition of Change in Law and any financial impact if any has to be allowed to DISCOM on actual basis.

Definition of Change in law as per Regulation 2(18) of the DERC Tariff Regulations, 2017 as under:

*(18) "**Change In Law**" means occurrence of any of the following events:*

- (a) Enactment, bringing into effect or promulgation of any new Indian law; or*
- (b) adoption, amendment, modification, repeal or re-enactment of any existing Indian law; or*
- (c) change in interpretation or application of any Indian law by a Competent Court, Tribunal or Indian Governmental Instrumentality which is the final authority under law for such interpretation or application; or*
- (d) change by any competent authority in any condition or covenant of any consent or clearances or approval or license available or obtained for the project; or*
- (e) coming into force or change in any bilateral or multilateral agreement/treaty between the Government of India and any other Sovereign Government/s or international convention or protocol having implication for the generating station or the transmission system regulated under these Regulations;*

GST is to be considered as a new enactment because it is altogether a different Law having its different rules, regulations and guidance. Due to this change in law, Rate of Indirect Tax for most of the services availed by Utilities has been increased to 18% from the earlier rate of 15%. Due to this increase in rate there has been an additional impact on the Landed cost of various services availed by DISOCMS to run its business efficiently & effectively, therefore, any financial impact of the same has to be considered by this Hon'ble Commission.

It is further clarified that GST is a Statutory Tax/levy, therefore, applicability of which cannot be avoided by any utility. CERC has already recognized this fact and allowed Genco's/ Transco's to claim additional financial impact from the beneficiaries.

Based on above submission and considering its statutory nature, the Hon'ble Commission is requested to consider **the incremental impact** of the GST for Rs 14.36 cr. for FY 2018-19 on account of change in law event as computed below.

Nature of tax	Taxes
<b>A For Financial Year 2018-19</b>	
GST/ ST Amount in Rs Cr – A (As per Audited Certificate to be provided during Prudence Check)	Rs 38.12 Cr.
<b>B For Financial Year 2016-17</b>	
Service tax	Rs. 19.84 Cr.
Further , adjusted for the following impact	
(i) Impact of escalation for two years	5.61%
(ii) Impact of network growth for two years	7.40%
<b>Normative amount of Taxes allowed – B</b>	<b>Rs. 23.77 Cr</b>
<b>Incremental Impact (A-B)</b>	<b>Rs. 14.36 Cr.</b>

#### **D) Impact of Increase in Minimum Wages**

The Hon'ble Commission in its Tariff Order for FY 2018-19 has approved an amount of Rs 14 Cr towards impact of Minimum Wages over and above the normative O&M Expenses. These expenses are subject to true up based on actuals. Relevant extract of the O&M Table is reproduced below:

**Table 118: Commission Approved - O&M Expenses for FY 2018-19**

Particulars	Capacity as on 31.03.2018	O&M Expenses Per Unit		O&M Expense (Rs. Crore)
66 kV Line (kms.)	981	Rs. Lakh/Ckt. Km	3.482	34.16
33 kV Line (kms.)		Rs. Lakh/Ckt. Km	3.482	
11 kV Line (kms.)	6119.40	Rs. Lakh/Ckt. Km	0.91	55.69
LT Lines system (kms.)	7029.90	Rs. Lakh/Ckt. Km	6.73	473.11
66/11 kV Grid sub-station (MVA)	5113.50	Rs. Lakh/MVA	0.979	50.06
33/11 kV Grid sub-station (MVA)		Rs. Lakh/MVA	0.979	
11/0.4 kV DT (MVA)	5912.80	Rs. Lakh/MVA	1.4	82.78
<b>Total</b>				<b>695.80</b>
<b>7 th Pay Commission</b>				44.26
<b>Minimum Wages</b>				14.00
<b>Total</b>				<b>754.06</b>

During the FY 2018-19, Tata Power- DDL has incurred an amount of Rs 20.33 Cr. (duly certified copy of auditor certificate will be provided in due course of prudence check) towards the impact of increase in the Minimum Wages as announced by the Delhi Government vide Delhi Gazette Notification No. 85 dated 03.03.2017. Copies of the Gazette Notification regarding Minimum Wages along with the previous year Gazette Notification are annexed hereto and marked as **Annexure A-4** As the said Gazette Notification was issued only on 03.03.2017, thus, it could not have been factored into account by the Hon'ble Commission while notifying the DERC Tariff Regulations, 2017 as the normative O&M expenses were premised on the data provided by the Petitioner till FY 2015-16 and there has been an unprecedented increase of 37%% in the Minimum Wages as opposed to the ~5.61% escalation being allowed by the Hon'ble Commission resulting into practical difficulties to honour service contract by the Vendors.

It is further clarified that it is a statutory levy. Govt of NCT has increased the minimum wages by approx. 37% in addition to the normative increase allowed in usual course and thus, resulting into increase in O&M expenses for DISCOMS. Hence, the incremental impact has to be allowed additionally over and above the normative O&M Expenses being it is statutory in nature and cannot be controlled.

It is note worth to mention that proviso of Regulation 87 of Tariff Regulations, 2017 states that

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

Based on above submissions, the impact of unprecedented increase in minimum wages of Rs. 20.33 Cr (Audited certificate to be provided in the course of prudence check) is to be allowed on actual basis.

## **E) 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 0.16 Cr on actual basis.

**Table 3.31: Total amount of financing charges**

Particulars	Amount (Rs Cr)
Total Financing charges	0.16

*(Refer Note no 33 (e) of Audited Financial Statements attached as Annexure A-2 in Volume II of the Petition)*

It is respectfully submitted to the Hon'ble Commission to allow an amount of Rs 0.16 Cr on account of financing charges.

## **F) 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 Hon'ble Commission in its Tariff Order dated 31.07.2019 had agreed on the submission made by the Petitioner to allow the Property tax, as this expense is not a part of base year expenses, therefore, to be allowed over and above the normative O&M expenses.

North MCD has issued assessment order of property tax for FY 2018-19 which was paid by Tata Power-DDL. The amount of property tax paid is given in table below:

**Table 3.32: Property Tax for FY 2018-19 (Rs Cr)**

Financial Year	Amount
For FY 2018-19	1.99
<b>Total Property Tax paid</b>	<b>1.99</b>

Based on above submission, it is requested to the Hon'ble Commission to allow an amount of Rs 1.99 Cr. towards property tax based on actuals as the same is not a part of normative O&M Expenses.

### **G) SMS Charges**

The Hon'ble Commission vide its letter dated 13.01.2016 (Copy attached as Annexure A-5 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 1.32 Cr toward SMS charges in FY 2018-19. The said expenses are incurred on the direction of the 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 2018-19, hence the Petitioner is requesting to the Hon'ble Commission to allow Rs. 1.12 Cr (without GST) over and above the normative O&M Expenses.

### **H) DSM Expenses**

The Petitioner has submitted that the Commission vide its letter dated 13<sup>th</sup> 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. 0.79 Cr. in FY 2018-19 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. 0.01 Cr towards ESCO.

The Hon'ble Commission while computing the normative O&M expenses has considered average DSM expense of Rs. 0.28 Cr. The expenses are further escalated with inflation of 5.61% along with the cumulative network growth of 7.40% for two years to compute the normative amount of DSM expenses.

Thus, the Petitioner is requesting to the Hon'ble Commission to allow Rs. 0.41 Cr (net of normative BD expenses (i.e. Rs. 0.80 cr. – Rs. 0.39 Cr) on account of DSM initiatives taken during the FY 2018-19.

### **I) PRI Lines**

The Hon'ble Commission vide its letter dated 07.04.2017 (copy attached as Annexure A-6 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 2018-19, Tata- Power DDL has incurred an amount of Rs. 1.73 Cr (including GST) towards PRI Lines. Therefore, it is requested to the Hon'ble Commission to allow Rs. 1.47 Cr additionally (without GST) over and above normative O&M Expenses.

### **J) Water Charges**

The 3<sup>rd</sup> 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 submissions, the Petitioner is seeking amount of Rs. 2.53 Cr for FY 2018-19 on account of water charges. (Refer Note no 34.3 of the Audited Financial Statement for FY 2018-19)

### **K) 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 2018-19, TPDDL has incurred an amount of Rs. 17.75 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 3.33: Legal Expenses for FY 2018-19**

**(Rs Cr)**

S. No.	Particulars	Amount
A	Auditor Expenses	0.71
B	Other Misc. Legal Exp.	0.23
C	Consultancy Services -Domestic	0.15
D	Professional Charges	2.40
E	Advocate Fee	13.94
F	Litigation Expenses - Compensation charges	0.08
G	Foreign Consultancy expenses	0.25
	<b>Total</b>	<b>17.75</b>

Based on above submission, it is requested to the Hon'ble Commission to allow Rs 17.75 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 2018-19**

Based on the above submissions, the Petitioner is seeking Rs. 115.22 Cr additionally on account of O&M expenses for FY 2018-19 towards statutory levies/uncontrollable factors, change in law, minimum wages etc..

**Table 3.34: Summary of Additional O&M Expenses on account of statutory levies & Taxes (Rs Cr)**

S. No.	Nature	(Amount)	Remark
<b>Statutory Levis, Taxes etc.</b>			
1	Licensee fees	0.17	Table 3.29
2	Land Licensee fees	11.01	Table 3.30
A	Interim Relief 7th Pay Commission- FRSR	43.92	Explanation given above
B	Impact of GST	14.36	Explanation given above
C	Impact of Minimum wages	20.33	Explanation given above
D	Financing Charges	0.16	Table 3.31
E	Property Tax	1.99	Table 3.32
F	SMS Charges	1.12	Explanation given above
G	DSM Expenses	0.41	Explanation given above
H	PRI Lines	1.47	Explanation given above
I	Water Charges	2.53	Explanation given above
J	Legal Expenses	17.75	Table 3.33
	<b>Total</b>	<b>115.22</b>	<b>Sum (A to K)</b>

### 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 2018-19 had projected Non-Tariff Income of Rs. 123.12 Cr. (including Income from Other Business, Open Access Charges and Normative Interest on Consumer Security Deposit). Break up the same is given below:

**Table 3.35: Approved Non-Tariff Income for FY 2018-19**

Particulars	(Rs Cr) Amount
Non-Tariff Income/ Interest on Security Deposit	111.12
Additional Open Access Charges	12.00
<b>Net Non-Tariff Income</b>	<b>123.12</b>

Against the projected net non-tariff income of Rs. 123.12 Cr, the actual Non-Tariff Income for the purposes of Truing Up for FY 2018-19 comes to Rs. 66.65 Cr. Break-up of the same is given below:

**Table 3.36: Non-Tariff Income for FY 18-19**

S. No.	Particular	Amount (Rs Cr)	Remarks
A	Other Operating Revenue	118.77	Note 30.4.2 of Audited Accounts
B	Other Income	108.02	Note 30.5 of Audited Accounts
	<b>Total –(I)</b>	<b>226.79</b>	
<b>Less: Income included in above, not passed as Non-Tariff Income as per 3<sup>rd</sup> MYT Regulations, 2017</b>			
C	Transfer from capital grants	0.74	Note 30.4.2 of Audited Accounts
D	Transfer from consumer Contribution for Capital work	45.69	Note 30.4.2 of Audited Accounts
E	Incentive towards Street Light	0.82	Note 30.4.2 of Audited Accounts
E	Interest Income /Short term capital gain	12.75	Note 30.5 of Audited Accounts
F	Financing Cost of LPSC	8.41	Explanation given below
G	Income from other Business	92.80	(To be Offered separately)
	<b>Total –(II)</b>	<b>161.20</b>	(C+D+E+F+G)
<b>Add: Income not included in above, but required to be passed as Non-Tariff Income</b>			

S. No.	Particular	Amount (Rs Cr)		Remarks
H	Differential amount of Service Line Charges - <b>III</b>		<b>1.06</b>	Explanation given below
	<b>Sub- Total</b>		<b>66.65</b>	(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:*

<b>Performance level achieved</b>	<b>Incentive</b>	<b>Example</b>
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 = $8 + 4 = 12\%$
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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 15<sup>th</sup> 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. 0.82 Cr as an incentive earned towards the maintenance of Street Light. It is further clarified that the total amount of maintenance charges of Rs. 12.03 Cr. under the head Other Operating Revenue as appearing in Note No 30.4.2 (d) of Audited Balance Sheet is inclusive of aforesaid street light incentive of Rs. 0.82 Cr.(refer note no 30.4.2.1 of the audited financial statement),therefore, Tata Power- DDL has deducted amount of Rs. 0.82 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 2018-19, Tata Power – DDL has earned an amount of Rs. 12.75 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. 12.75 Cr 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 considers the actual working capital interest rate of 8.09%.

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

**Table 3.37: Computation of financing cost of LPSC** **(Rs. Cr.)**

S. No.	Particular	UoM	Amount
A	LPSC earned (Note 30 of Audited Financial Statement)	(Rs Cr)	18.69
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)	103.84
D	Normative Interest Rate	%	8.09%
E	Financing Cost (C*D)	(Rs Cr)	8.41

#### **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 2018-19. Given below is the amount additionally considered as a part of Non-Tariff income;

**Table 3.38: Additional amount of Service Line Charges for FY 2018-19 (Rs Cr)**

Particulars	Rs. Cr	Remarks
Receipt on account of Service Line charges	30.48	Note 22(b) of the Audited Financial Statement
Amortized and transferred to Profit & Loss	29.42	Note 22(b) of the Audited Financial Statement
<b>Amount additionally offered as NTI</b>	<b>1.06</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 2018-19, Tata Power- DDL has earned Rs. 92.80 Cr (Gross Receipts) from other than licensed business. Breakup of the same is given below;

- (a) Optimal utilization of Distribution Assets (Rs. 2.56 Cr); and
- (b) Consultancy Income/other (Rs. 87.58 Cr)
- (c) Income through Training (Rs. 2.29 Cr)
- (d) Income from DSM (Rs. 0.25 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.***

It is well known fact that to generate any revenue corresponding expenses have to be incurred. Tata Power- DDL has incurred expenses of Rs. 59.83 Cr. during the FY 2018-19, out of which Rs 43.06 Cr expenses are directly linked with the service offered and balance Rs. 16.77 Cr pertaining to other common expenses.

It is further submitted that while fixing the normative O&M Expenses for 3rd MYT control period, the Hon'ble Commission had considered an amount of Rs. 8.96 Cr as base year expenses related to other business. Computation of the same is given below:

Particulars	FY 12	FY 13	FY 14	FY 15	FY 16
Expenses* - Other Business	0.78	0.99	1.90	10.90	25.60
Average of 5 year	8.03				

Particulars	FY 12	FY 13	FY 14	FY 15	FY 16
Normative Amount considered for FY 2015-16			8.03	8.48 = (8.03)* (1+5.61%)	8.96 = (8.48)* (1+5.61%)

*\*Figures are extracted from Audited Financial Statements of that respective year. Auditor certificate for all these years has also been submitted to the Hon'ble Commission in the past.*

Thus, to compute the normative allowance of other business related expense as a part of normative O&M Expenses for FY 18-19, Tata Power – DDL has first compute the base year expenses and thereafter increased with the inflation factor of 5.61% for each year along with the increase in network capacity.

**Computation of normative O&M expenses related to other business income for FY 18-19**

Particulars	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Normative Expenses for Other Business	8.034	8.48	8.96	9.46	9.99	11.34^
escalation		5.61%	5.61%	5.61%	5.61%	5.61%
Network growth for 2 years						7.40%

*^ include escalation and network growth impact on previous year normative expense*

Further, in order to justify the claim of expense incurred towards other business income, the Petitioner is enclosing segment wise bifurcation of profit & loss statement for FY 2018-19 to remove any ambiguity of claiming double expenses in distribution business segment. However, duly audited certificate by our Statutory Auditor will be provided to the Hon'ble Commission during the course of prudence check.

Based on the above submission, computation of the net income for the purpose of sharing between consumers and Discom is given in table below:

**Table 3.39: Computation of Net direct expenses to be deducted from Other Business Income**

Particulars	Revenue earned by not using Distribution Fixed Assets	Revenue earned by using	Income from DSM by using	Total	Remark
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		Distribution Fixed Assets	Distribution Fixed Assets		
	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs Cr.	
<b>A. Total Revenue earned*</b>	<b>89.99</b>	<b>2.56</b>	<b>0.25</b>	<b>92.80</b>	Note 38 of the Audited Financial Statement
- Consultancy	87.58				
- Training	2.29				
- Others	0.12	2.56	0.25		
<b>B. Expenses incurred net of normative expense</b>	<b>48.41</b>	<b>-</b>	<b>0.09</b>	<b>48.49</b>	
- Direct Exp	42.98		0.09		Note 38 of the Audited Financial Statement
- Indirect Allocation of Exp.	16.77				
- Normative expenses allowed	(11.34)				Computed as above
<b>C. Income net of Expenses before Tax</b>	<b>41.58</b>	<b>2.56</b>	<b>0.16</b>	<b>44.31</b>	<b>A-B</b>
Income Tax @ 23.038%	9.58	0.59	0.04	10.21	
<b>Net Revenue available for sharing</b>	<b>32.00</b>	<b>1.97</b>	<b>0.12</b>	<b>34.09</b>	

**Table 3.40: Sharing of net Revenue from Other Business Income**

Particulars	Revenue earned by not using Distribution Fixed Assets	Revenue earned by using Distribution Fixed Assets	Income from DSM by using Distribution Fixed Assets	Total
	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs Cr.
<b>Net Revenue available for sharing –A</b>	<b>32.00</b>	<b>1.97</b>	<b>0.12</b>	<b>34.09</b>
TPDDL Share %	60%	40%	40%	
Consumer Share % -B	40%	60%	60%	
<b>Consumer Share = A*B</b>	<b>12.80</b>	<b>1.18</b>	<b>0.07</b>	<b>14.06</b>

### 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 1<sup>st</sup> September 2017 onwards Rate of Interest for Consumer Security Deposit shall be considered the SBI MCLR rate on 1<sup>st</sup> April.*

Therefore, w.e.f 1<sup>st</sup> September, 2017 the Petitioner has paid consumer security deposit at SBI MCLR on 1<sup>st</sup> April, of the respective financial year.

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 for working capital @ 8.09% has been considered for FY 2018-19.

**Table 3.41: Computation of Interest on Consumer Security Deposit**

S. No.	Particulars	Amount (Rs Cr)	Remarks
A	Opening balance of consumer security deposit as on 01.04.2018	552.81	Note no 19 of the Audited Financial Statement
B	Closing balance of consumer security deposit as on 31.03.2019	625.38	
C	Average balance	589.09	(A+B)/2
D	Working Capital Interest Rate (%)	8.09%	As per the methodology followed by Hon'ble Commission
E	Interest amount	47.68	(C*D)
F	Less- adjustment for Interest on Consumer security deposit already passed to the consumers in their bills	52.45	Note no 33.2 of Audited Balance Sheet
G	Differential amount of interest offered in ARR for FY 2018-19	(4.76)	(E-F)

Based on the above computation, the Petitioner is claiming Rs. 4.76 Cr as interest on CSD.

## Income from Open Access

For the FY 2018-19, the Petitioner has earned Income of Rs 10.10 Cr. from Open Access consumers including E. Tax. As E. tax is payable to MCD, hence, opne access income net of E. Tax is considered as part of Non-Tariff Income. Computation of the same is given below:

**Table 3.42: Income from Open Access** (Rs Cr.)

S. No	Particulars	Amount	Remarks
A	Total Income from Open Access	10.10	Note 30.4 of the Audited Financial Statement attached as Annexure A-1 in Volume II of the Petition
B	Less- E. Tax for the year	0.20	
C	Income from open access available for ARR	9.90	A-B

Based on above Submissions, Non-Tariff Income including Other Business Income for the purpose of ARR for FY 2018-19 is computed as below:

**Table 3.43: Non Tariff Income for FY 18-19** (Rs Cr.)

S. No	Particulars	Amount	Remarks
A	Non-Tariff Income	66.65	Table 3.36
B	Income from other Business	14.06	Table 3.40
C	Interest on Security Deposit	(4.76)	Table 3.41
D	Income from Open Access	9.90	Table 3.42
E	Total	85.85	(A+B+C+D)

## Capitalization

For the purpose of Tariff fixation for FY 2018-19, the Hon'ble Commission in its Tariff Order March, 2018 has approved capitalization of Rs. 480 Cr (including Rs 50 Cr for Deposit work) against which the Petitioner has done actual capitalization of 569.53 Cr.

**Table 3.44 (i): Approved Capitalization versus Actual Capitalization for FY 2018-19**

Particulars	Approved	Sought for Trued up	Remark/ Ref.
Capitalization	480	569.53	Refer Note no 4.4 of the Audited Financial Statement attached as Volume II of the Petition
Smart Meter			
<b>Capitalization with Deposit work</b>	<b>480</b>	<b>569.53</b>	

## Gross Fixed Assets

The Hon'ble Commission in its previous Tariff Order July 2019, had provisionally trued up an amount of Rs. 4954.40 Cr. towards the closing value of gross fixed assets at the end of FY 2017-18. The Hon'ble Commission in its draft report on capitalization for FY 2017-18 has proposed disallowance of Capitalization by Rs. 120.08 Cr without considering the submission made by the Petitioner. Tata Power – DDL vide letter dated 2<sup>nd</sup> August, 2019 had submitted detailed reply and denied all proposed disallowance.

Therefore, without prejudice its right, Tata Power- DDL in this tariff petition has added back all the proposed disallowance in the closing balance of approved fixed assets for FY 2017-18.

**Table 3.44 (ii): Opening balance of Fixed Assets for FY 18-19**

Particulars	Rs. Cr	Rs. Cr	Remark/ Ref.
Provisional Trued up opening balance of Gross Fixed Assets (net of Retirement)	<b>5114.30</b>	<b>4954.40<sup>^</sup></b>	Table 3.76 of Tariff Order 2019
Add- Reversal of proposed disallowances		120.08	Table 3.66 of Tariff Order 2019
Revised Value of Fixed Assets		<b>5074.48</b>	

<sup>^</sup> the aforesaid provisional trued up value of fixed assets are considered on lower side as the physical verification of the fixed assets of Tata Power- DDL is pending since FY 2005-06 onwards.

For the purposed of truing up of capitalization for FY 2018-19, the Hon'ble Commission has started exercise for physical verification of assets. It is expected that report for the said activities would be released is December. Hence, for the purpose of truing up submissions, Tata Power- DDL considers capitalization based on audited financial statements.

Based on above submissions, value of Gross Fixed Assets for FY 2018-19 has been computed as below:

**Table 3.45: Detail of Actual Capitalization**

			(Rs. Cr)
S No.	Particulars	Amount	Amount
A	Revised Provisional opening balance of Gross Fixed Assets (net of Retirement)	5074.48	Table 3.44(ii)
B	Add- Capitalization during the year	569.53	Table 3.44(i)
C	Less- Retirement/ De-capitalization for the year	78.99	Note 4.4 of the Audited Financial Statement
D	Closing balance of Gross Fixed Assets (net of Retirement)	5,565.02	(A+B-C)
E	Average Balance of Gross fixed Assets	5,319.75	(A+D)/2

### **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."*

It is worth to mention that as the capitalization is not trued up from FY 05-06 onwards, hence, exact computation of loss for retirement of assets is not possible. Therefore, the petitioner is requested to allow loss towards retired assets for an amount of Rs 27.90 Cr on provisional basis for FY 2018-19 based on the audited financial statement.

### **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 2019-20, the Hon'ble Commission had provisionally trued up an amount of Rs. 818.26 Cr. towards consumer contribution & capital grant at the end of FY 2017-18. During the FY 2018-19, Tata Power- DDL has capitalized an amount of Rs 50.25 Cr. towards capitalization of Deposit work schemes.

**Table 3.46: Consumer Contribution/grants**

**(Rs. Cr)**

S. No.	Particulars	Amount	Remark
A	Opening Balance ^	818.26	Table 3.74 of Tariff Order 2019-20
B	Total Addition during the year	50.25	Note 22(a)(b) of Audited Financial Statement
C	Closing Balance	868.51	(A+B)
D	Average Consumer Contribution	843.38	(A+C)/2

*^ value of consumer contribution and grants are as per tariff order FY 2019-20 and subject to change correspondingly to the value of fixed assets, if the exercise of the physical verification for previous years are completed before issuance of Tariff Order against this tariff Petition.*

### **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 3.47: Computation of Average rate of Depreciation on Gross Fixed Assets**

S. No.	Particulars	Amount Rs Lacs	Remark
A	Average of Fixed Assets	592,972.48	As per Audited Financial Statements Refer Note 4.4
B	Depreciation	29511.06	
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 3.48: Depreciation on Net Fixed Assets**

(Rs. Cr)

S. No.	Particulars	Amount	Remark
A	Average Assets	4,476.37	Table 3.45(E) – 3.46(D)
B	Average Depreciation Rate	4.98%	Table 3.47
C	Depreciation (Net of Consumer Contribution)	222.78	(A*B)



Further in Tariff Order FY 2019-20, the Hon'ble Commission had provisionally trued up an amount of Rs. 1,651.65 Cr. towards accumulated depreciation at the end of FY 2017-18. 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 along with the additional impact of Rs 120.08 Cr (provisionally disallowed capitalization) and prayed to the Hon'ble Commission to consider the revised value (net of retired assets).

**Table 3.49: Accumulated Balance of Depreciation on Net Fixed Assets (Rs. Cr)**

S. No.	Particulars	Amount	Remark
A	Opening Balance of provisionally approved depreciation	1,651.65	Table 3.81 Tariff Order July, 2019
B	Add: Depreciation towards disallowance of capitalization	2.99	Depreciation @ 4.98% for half year on disallowed capitalization of Rs 120.08 Cr
C	Opening balance after adjustment	1654.64	(A+B)
D	Addition during the year	222.78	Table 3.48
E	Deletion due to De-capitalization	41.66	As per Audited Financial Statements Refer Note 4.4
F	Closing Balance	1,835.76	C+D-E

### **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 2018-19 is given in table below:

**Table 3.50: Computation of working capital for FY 2018-19**

S. No.	Particulars	Amount (Rs Cr)	Remark
A	ARR for Distribution business as a whole	7,556.11	Table 3.56
B	ARR equivalent to 2 months	1,259.35	(A/12*2)
C	Power Purchase expenses	5,758.68	Table 3.27
D	Less: 1/12th of power purchase expenses	479.89	(C/12*1)
E	Total working capital for the year	779.46	(B-D)

In Tariff Order FY 2019-20, the Hon'ble Commission had provisionally trued up an amount of Rs. 629.40 Cr. towards working capital at the end of FY 2017-18. 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 3.51: Computation of Change in working capital**

S. No.	Particulars	Amount (Rs Cr)	Remark
A	Total working capital for the year	779.46	Table 3.50
B	Less- Opening Working Capital	629.40	Table 3.84 of Tariff Order FY 19-20
C	Working Capital for the year	150.06	(A-B)

## Cost of Debt

For the purpose of truing up, the Petitioner submits the following cost of debt on actual basis.

S. No.	Particulars	Cost of Debt%
1	Cost of Debt for capex loan	8.48%
2	Cost of Debt for working capital	8.09%

## Truing up of RoCE (Return on Capital Employed)

Regulations 65 to 71 of the Tariff Regulations, 2018 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 deprecation, consumer contribution and working capital requirement for FY 2018-19, the computation of Regulated Rate Base is given below:

**Table 3.52: Computation of Regulated Rate Base for the period FY 18-19 (Rs. Cr)**

S. No.	Particulars	Amount	Remarks
A	Opening Balance of OCFA	5,074.48	Provisionally trued up figures for FY 2017-18 as per Table of Tariff Order July, 2019, to be adjusted further with disallowed capitalization of Rs120.08 Cr
B	Opening Balance of Working Capital	629.40	
C	Opening Balance of Accumulated Depreciation	1,654.64	
D	Opening balance of Accumulated Consumer Contribution	818.26	
E	Provisionally trued up opening RRB	3,230.98	(A+B-C-D)
	<b>RRB - for the year</b>		
F	Net Capitalization during the year	490.54	Table 3.45
G	Net Depreciation for the year	181.12	Table 3.49
H	Consumer Contribution, Grants, etc. for the year	50.25	Table 3.46
I	Change in Working Capital	150.06	Table 3.51

S. No.	Particulars	Amount	Remarks
J	RRB – Closing for the year	3,640.22	(A+B-C-D+F-G-H+I)
K	ΔAB (Change in Regulated Base)	279.65	(F-G-H)/2+I
<b>L</b>	<b>Average RRB for the purpose of ROCE</b>	<b>3,510.63</b>	<b>(E+K)</b>

### Means of Finance

The Petitioner has considered 70:30 Debt Equity ratio for the purpose of computation of Means of Finance for FY 2018-19.

**Table 3.53: Means of Finance**

			(Rs. Cr)
S. No.	Particulars	Amount (Cr.)	Remark/ Ref
A	Capitalization during the year	569.53	Table 3.44(i)
B	Less- Retirement	(78.99)	Table 3.45
C	Net Capitalization	490.54	(A-B)
D	Less- Consumer Contribution, Grants, etc. for the year	50.25	Table 3.46
E	Balance Capitalization required to be funding	440.29	(C-D)
F	Funding through – Debt @ 70% of E	308.21	
G	Funding through – Equity @ 30% of E	132.09	

### 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 3.54: 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
FY 18-19	1,200.34	132.09		1332.43	1266.39

### 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 2018-19 is given below.

**Table 3.55: Computation of WACC (Rs. Cr)**

S. No.	Particulars	Amount (Rs Cr)	Remark/Ref
A	RRB (i)	3,510.63	Table 3.52
B	Average Equity deployed in the business	1,266.39	Table 3.54
C	Average Debt -Capex Loan	1,464.78	Balancing Figure
D	Average Debt - working capital	779.46	Table 3.50
E	Rate of return on equity (re)	16%	As per BPR,2017
F	Normal Income Tax Rate	23.04%	

S. No.	Particulars	Amount (Rs Cr)	Remark/Ref
G	Grossed up Return on Equity	20.79%	
H	Rate of interest on debt (rd)	8.34%	
I	WACC	12.83%	
J	RoCE	450.53	(A*H)

### Truing up of Aggregate Revenue Requirement for FY 2018-19

Based on the submission made above the total Aggregate Revenue Requirement for the FY 2018-19 comes to Rs. 7,556.11 Cr. Components wise ARR sought for trued up vis-à-vis Approved ARR is given in table below:

**Table 3.56: Summary of Aggregate Revenue Requirement (Rs. Cr)**

S. No.	Particulars	Amount sought for True up	Remark
A	Power Purchase cost (incl. Transmission charges)	5758.68	Table 3.27
B	O&M Expenses	698.35	Table 3.28
C	Other expenses/Statutory levies	115.22	Table 3.34
D	Depreciation	222.78	Table 3.48
E	Loss on Retirement	27.90	
F	Return on Capital Employed (RoCE)	450.53	Table 3.55
G	Carrying Cost	368.50	Table 3.67
H	Less: Non-tariff income	(66.65)	Table 3.36
I	Less- Interest on Consumer Security Deposit	4.76	Table 3.41
J	Less- Income from Non Energy Business	(14.06)	Table 3.40
K	Less- Income from Open Access	(9.90)	Table 3.42
L	<b>Aggregate Revenue Requirement</b>	<b>7,556.11</b>	

## **Turing 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. "*

**Table 3.57: Approved cost of debt for incentive vis-à-vis Actual Cost of Debt**

S. No	Particular	Approved
A	Cost of Debt- Capex Loan/working capital/Revenue Gap *	10.15%

*\* i.e SBI MCLR of 8.15% + 2%*

During the FY 2018-19, the Petitioner is able to bring down the cost of financing, hence, as per the 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 Turing 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 3.58: Computation of Incentive to be kept by the Petitioner is given below:**

S. No.	Particulars	Amount of Debt	Actual Rate of Interest	Rate of Interest considered for Incentive	Total incentive – Rs Cr	Petitioner Share – Rs Cr
A	Capitalization	1,464.78	8.48%	10.15%	24.52	12.26
B	Working Capital	779.46	8.09%	10.15%	16.02	8.01
<b>C</b>	<b>Total Incentive</b>					<b>20.27</b>

The Petitioner has then reduced its share of incentive of Rs 20.27 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 3.59 Computation of Incentive to be kept by the Petitioner is given below:**

S. No.	Particulars	Amount of Debt	Rate of Interest	Rate of Interest considered for Incentive	Total incentive	Petitioner Share
A	Revenue Gap	2,541.92	8.50%	10.15%	42.02	21.01

The Petitioner has then reduced its share of incentive of Rs 21.01 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 3.60: Computation of Net Revenue available with the Petitioner is given below:**

S. No.	Particular	Actual as per Petitioner	Remarks
A	Revenue Available	6,865.96	Table 3.12
B	Less- Incentive towards Capex Loan/working capital	20.27	Table 3.58
C	Less- Incentive towards Revenue Gap Loan	21.01	Table 3.59
D	Revenue Surplus/(Gap)	6,824.68	(A-B-C)

### Revenue Surplus / (Gap) for FY 2018-19

Based on above submission the Petitioner has computed actual Revenue Gap for FY 2018-19 as given in the table below;

**Table 3.61: Computation of Revenue surplus/ (Gap) for FY 18-19 (Rs. Cr)**

S. No.	Particular	Actual as per Petitioner	Remarks
A	Revenue Available towards ARR net of Incentives	6,824.68	Table 3.60
B	Aggregate Revenue Requirement (net of carrying cost)	<b>7,187.61</b>	Table 3.56
C	Revenue Surplus/(Gap)	(362.93)	(A-B)

### True up of Rithala for FY 2018-19

1.1 TPDDL had filed following Petitions in relation to its 94.8 MW Rithala Combined Cycle Power Plant ("Rithala CCPP"):

- (a) **Petition No. 11 of 2009**, filed on 21.08.2009 under section 62, 86(1) (b) of the Electricity Act, 2003 seeking approval of "Terms and Conditions for Sale and Purchase of Power" executed between the Generation and Distribution division of TPDDL i.e. TPDDL-G (formerly known as NDPL-G) and TPDDL-D (formerly known as NDPL-D).
- (b) **Petition No. 07 of 2010**, filed on 26.02.2010 under clause 5.5 and 11 of the License Conditions of TPDDL's Distribution and Retail Supply License issued by

this Hon'ble Commission, seeking approval regarding usage of 6 Acres of land located in NDPL/TPDDL's licensed area for setting up the Rithala Combined Cycle Power Plant

- (c) **Petition No. 06 of 2013**, filed on 23.11.2012 under section 86 (1) (a) of the Electricity Act, 2003 seeking determination of final Generation Tariff for its 94.8 MW Rithala Combined Cycle Power Plant under Section 62 read with Part VII of the Electricity Act, 2003 and the Delhi Electricity Regulatory Commission (Terms & Conditions for Determination of Generation Tariff) Regulations, 2007 & 2011

- 1.2 On 31.08.2017, this Hon'ble Commission was pleased to pass an Order disposing of the aforesaid Petitions, i.e., Petition No. 11 of 2009, 07 of 2010, and 06 of 2013 with following findings, as under:

*27. In view of the foregoing discussion and the deliberations carried out in the preceding notes ante and the records placed before the Commission, the petitions are decided as follows:*

*(a) Petition No. 11 of 2009: under Section 62, 86(1) of the Electricity Act, 2003 seeking approval of Terms and Conditions for Sale and Purchase of Power between two divisions of the Petitioner viz. TPDDL (G) and TPDDL (D) is allowed to the extent of permission granted by Govt. of Delhi for operation of the Plant i.e. 06 year from the year of COD in Combined Cycle Mode which comes out to be March, 2018.*

...

*(c) Petition No. 6 of 2013 : under Section 62, 86(1) of the Electricity Act, 2003 seeking approval of the generation tariff, the Commission approves fixed charges and operational parameter required for computation of energy charges as indicated in para 21 and 22, respectively for The Petitioner's 94.80 MW Rithala Plant. The Petitioner shall file true up petitions based on the applicable Regulations for the aforesaid parameters for finalization of generation tariff for the respective years."*

- 1.3 On 03.10.2017, TPDDL in view of the aforesaid Order, filed Petition No. 51 of 2017 before the Hon'ble Commission seeking True Up for FY 2010-11 to FY 2016-17 and ARR for FY 2017-18, which was later amended during pendency of Petition to include

True Up of FY 2017-18. The said amendment was allowed by the Hon'ble Commission and after detailed hearings on the said True up Petition, the Hon'ble Commission passed suitable order in Petition 51/2017 on 11.11.2019.

- 1.4 While passing the said True up order the Hon'ble Commission dealt with various issues including the aspects on depreciation, recovery of cost of the Rithala plant, useful life etc. It is pertinent to mention that the Hon'ble Commission in the order dated 11.11.2019 has observed as follows:

**"COMMISSION ANALYSIS**

*5.3.1 The Commission observed that the contention of the Petitioner for consideration of useful life of the plant for 6 years cannot be considered as the Commission in its order dated 31.08.2017 determined the useful life of the Petitioner plant as 15 years based on the certificates issued by the various agencies appointed by the Petitioner.*

*5.3.2 The plant has useful life of 15 years and it has been used for around 6 years only, the market value after usage of 6 years would not only be 10%, but a much better value in commensuration with the remaining useful life of the said plant. The Petitioner has informed that sincere efforts are being made for the disposal of the plant but things have not reached to the final stage, it is likely to take some more time.*

***5.3.3 In such a situation, without waiting for the final disposal of the plant, the petitioner is allowed depreciation as per the extant regulations. The Petitioner is allowed depreciation @6% as per the specified formula to recover the cost in 15 years.***

*Accordingly, the depreciation for the period FY 2012-13 to FY 2017-18 at the rate of 6% in line with the provisions of DERC MYT Regulations, 2011 and DERC Tariff Regulations, 2017 is as under:*

Particulars	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Depreciation (Rs. Crore)	11.86	11.86	11.86	11.86	11.86	11.86

*5.3.4 Depreciation for the FY 2010-11 and FY 2011-12 has already been approved as Rs.12.18 crore vide Tariff Order dated 31.08.2017. Accordingly, the cumulative depreciation for the period from FY 2010-11 to FY 2017-18 comes out to be Rs.83.34 crore."*

The Hon'ble Commission in its Tariff Order for Rithala has approved total capital cost of Rs 197.70 Cr. Against the said capital cost, total Depreciation of Rs. 83.34 Cr. has been allowed till FY 2017-18. Thus, the remaining WDV of Rithala plant of Rs. 94.31 Cr. should be allowed to Tata- Power DDL. Working of the same is given below:

**Table 3.62: Remaining WDV of Rithala Plant**

Particulars	Rs Cr
Total Capital Cost of Rithala	197.70
Trued up Depreciation upto FY 2017-18	81.76
Trued up Advance Against Depreciation upto FY 2017-18	1.59
<b>Capitalized amount pending for recovery (net of Depreciation)</b>	<b>114.35</b>
Less- Scrap Value	20.04
<b>Net Amount recoverable (WDV of the plant at the end of FY 2017-18)</b>	<b>94.31</b>

It is further submitted that the above claim of Tata Power-DDL for full recovery (based on the assumption of 6 years permitted life) was made to the Hon'ble Commission in the backdrop of the efforts to sell the said plant to some interested party. The same did not fruitify till the time the said Petition was heard, disposed off by the Hon'ble Commission on 11.11.2019.

It is worth to mention that the Hon'ble Commission in aforesaid para 5.3.2 duly acknowledges the said factum of plant's life to be 15 years and without waiting for the sale/disposal of the Plant, the Hon'ble Commission proceeded to determine the depreciation @ 6% and allow Tata Power-DDL the recovery of cost of plant in 15 years.

Thus in light of the said finding, Tata Power DDL is entitled to recover the cost of plant in 15 years along with the normal true up of respective year ARR.

Tata Power DDL shall act in accordance with the said finding, observation of the Hon'ble Commission and alternatively seek Y-o-Y recovery of all Tariff cost components to recover the cost of plant in the remaining successive years in respective True up Petitions as filed from time to time.

In the current tariff petition, the Petitioner is seeking true up of FY 2018-19 for distribution segment, therefore, in light of the aforesaid submissions also seeking true up of Rithala plant for FY 2018-19 in this petition.

**Table 3.63 Computation of the ARR for Rithala plant is given below: Rs Cr.**

Particulars	FY 18-19	Remark
O&M expenses	4.42	Based on Actuals (Refer Segment wise bifurcation of P&L Account will be shared during prudence check)
Depreciation	11.86	In line with para 5.3.3 of Rithala Tariff Order Nov, 2019
RoCE	11.38	As computed below in Table 3.64
Income Tax	1.36	As computed below in table 3.65
Incentive for refinancing of loans	0.70	As computed below in table 3.66
<b>Total</b>	<b>29.72</b>	

The Petitioner has computed ROCE in line with Tariff Regulations, 2017 issued by the Hon'ble Commission.

**Table 3.64 Computation of the ROCE for Rithala plant is given below: (Rs Cr.)**

Particulars	FY 18-19	Remark
Opening Original Cost of Fixed Assets (OCFAo)	197.7	In line with para 5.4.16 of Rithala Tariff Order Nov, 2019
Opening Accumulated depreciation (ADo)	83.35	
Opening Working capital (WCo)	14.39	
Opening RRB (RRBo)	128.74	
Depreciation during the year (Di)	11.86	
Change in capital investment ( $\Delta$ ABi)	-11.86	
Change in working capital during the year ( $\Delta$ WCi)	(7.86)	
RRB Closing	109.02	
RRBi	114.95	
Opening Equity for Capitalisation (limited to 30%)	34.305	
Closing Equity limiting to 30% of net capitalisation	30.75	
Average Equity for Capitalisation (limited to 30%)	32.53	
Opening Debt at 70% of net capitalisation	80.04	
Closing Debt at 70% of net capitalisation	71.74	
Avg Debt at 70% of net capitalisation	75.89	
Debt at 100% of working capital	14.39	
Debt- balancing figure	90.28	

Particulars	FY 18-19	Remark
Rate of return on equity (re)	14%	
Rate of debt (rd) on capitalisation	8.48%	
Rate of debt (rd) on working Capital	8.09%	
WACC	9.90%	
RoCE	11.38	

Based on the ROE allowed to the Petitioner, Income tax liability based on the effective tax rate on the ROE is computed in the table below

**Table 3.65 Computation of the ROCE for Rithala plant is given below:**

Particulars	for FY 18-19	Remark
Average ROE – Rs Cr.	32.53	
ROE %	0.14	
ROE – Rs Cr.	4.55	
Income Tax Rate	23.04%	Actual as per audited financial
Income Tax on ROE – Rs Cr.	1.36	

Further, in line with the BPR, 2017 if the actual cost of financing is lower than the SBI MCLR +2% margin, in that scenario, the Petitioner is eligible to claim incentive for refinancing on loans.

**Table 3.66 Computation of Incentive for refinancing of loans is given below:** **Rs. Cr.**

Particulars	Debt Amount	Cost of Debt	SBI MCLR+ 2%	Difference for Incentive	Amount of Incentive
Avg Debt at 70% of net capitalization	75.89	8.48%	10.15%	1.6700%	0.63
Debt at 100% of working capital	6.53	8.09%	10.15%	2.0556%	0.07
<b>Total amount of Incentive</b>					<b>0.70</b>

The said approach of Tata Power-DDL is based on the interpretation of order dated 11.11.2019 and is without prejudice to its rights and contentions. The act of seeking the said Tariff components , depreciation etc. in True up Petition for FY2018-19, shall not be construed as any kind of waiver, surrender of any rights, claims of Tata Power-DDL qua the order dated 11.11.2019 in Petition 51/2019.

### Computation of Carrying Cost and Closing Revenue Gap

The Petitioner has considered the provisionally approved opening revenue gap of Rs. 2,254.50 Cr upto FY 2017-18 (which is subject to final true up) as per previous Tariff Order dated July, 2019 and further adjusted the said revenue gap with the additional Impact of Rs. 1180.48 Cr related to the various Judgment passed by Hon'ble ATE/ Hon'ble Commission.

**Table 3.67: Computation of closing Revenue Gap for FY 2018-19 (Rs. Cr)**

S. No	Particulars	Amount	Remarks
A	Opening Provisional trued up Revenue Gap	(2,254.50)	Table 5.3 of Tariff Order FY 19-20
B	Additional Impact of Various Appeal 246 Rithala Order	(1180.48)	Table 2.8
C	Revised Opening Revenue Gap	(3434.98)	(A+B+C)
D	Add: Revenue Gap sought for the year	(362.93)	Table 3.61
E	Add: Rithala impact	(29.72)	Table 3.63
F	Carrying Cost Rate	10.15%	
G	Add: Carrying Cost	(368.50)	$(D+(E/2))*F$
H	Less- Realization from 8% Deficit recovery surcharge	540.29	Table 3.10
I	Closing Revenue Gap	(3,655.84)	$(D+E+G-H)$

The Petitioner has computed carrying cost @ 10.15% considering actual cost of debt, on the average balance of revenue gap for the year. During the FY 2018-19 the Petitioner has collected Rs 540.29 Cr towards 8% Deficit recovery surcharge and adjusted the said amount against the total of closing revenue gap of Rs. 3,655.84 Cr. in line with the Hon'ble Commission directions for adjusting the 8% DRS against the liquidation of Revenue Gap.