

**Delhi Electricity Regulatory Commission**  
**Viniyamak Bhawan, 'C' Block, Shivalik, Malviya Nagar, New Delhi – 17**

F.9(24)/(Vol.II)DERC/2006-07/

Dated : 29.9.2006

**ORDER**

1. The three Distribution Companies, namely BSES Rajdhani Power Ltd., BSES Yamuna Power Ltd. and North Delhi Power Ltd. have made identical proposals seeking approval of the Commission, to continue to offer the incentive scheme to the Domestic Consumers in the National Capital Territory of Delhi as approved by the Commission vide its Order dated 23.9.2005. Since the proposal of all three Distribution Companies are identical, they are considered in this common Order.
2. The Distribution Companies have proposed to continue the existing arrangement by offering reduction in the Tariff to the extent that the effective tariff for the Domestic Consumers, for the period of Financial Year 2006-07, remains at the same level as were applicable prior to the Tariff Order of 7<sup>th</sup> July 2005. The proposed incentive scheme is in consonance with the earlier scheme which was approved by the Commission vide Order of 23.9.2005.
3. The Distribution Companies have stated that the Government of NCT of Delhi has decided to continue the existing subsidy under Section 65 of the Electricity Act, 2003 beyond September 30, 2006, to domestic and agricultural consumers. To ensure the continuity of the reduced tariff during the Financial Year 2006-07, the Distribution Licensees have also proposed to continue the existing arrangement to the domestic consumers only for the remaining period of the Financial Year 2006-07, "ending 31<sup>st</sup> March, 2007", on the same terms and conditions as approved by the Commission vide its Order of 23.9.2005.
4. The Discoms while making the said proposal for providing the incentive, have stated that the proposed incentive together with the already extended incentive in the current financial year, as an item of expenditure, will be adequately off-set against the additional revenue that is generated as a result of over-achievement of the loss reduction targets of the Discoms for the financial year 2006-07.

5. Further, it is added that before any surplus generated by the over-achievement of the loss reduction targets of the Discoms for the current and future years is distributed or appropriated amongst various stakeholders or their claims, the accumulated expenditure as proposed in the incentive scheme, be first off-set by the Commission in the truing up of current year's ARR or in the next year's Tariff Order.
6. The Commission has considered the proposal made by the Licensees for extension of the incentive scheme for the Financial Year 2006-07 and is of the opinion that it would be in the over all interest of the consumers to extend the incentive scheme for the Financial Year 2006-07. The Commission considers that the instant proposal is neither an amendment to the Tariff Order nor amounts to a review of the Tariff Order. It is a commercial arrangement being offered to the domestic consumers. Since, the said incentive scheme is already in operation till 30<sup>th</sup> September 2006, the Commission opines that a public hearing may not be necessary at this stage, as any delay in implementing the said scheme would hold back the benefit reaching the consumers.
7. With regard to the conditions attached by the Discoms to the proposed incentive scheme, the Commission feels that it should be made amply clear that the proposal is to be financed through the potential over-achievements of the Discoms, which would be brought about in the Financial year 2006-07. It is further, clarified that any over achievement, which accrues to the consumers shall be taken into account while analysing the Aggregate Revenue Requirement for the next Financial year. The proposal given by the Discoms is only giving benefit of the over-achievement to the consumers in advance. The Commission has noted the fact that a similar benefit has not been extended to the Industrial and Non-Domestic Sector. An over-all view would be taken at the time of the submission of the Aggregate Revenue Requirement application for determination of Tariff for the next Financial Year. The Commission accordingly approves the incentive scheme proposed by the Discoms for the Financial year 2006-07. While implementing the scheme, the Discoms shall abide by the following :-
  - i) The benefit shall, without making any discrimination, be applicable to all domestic consumers.
  - ii) The benefit under this scheme would be made effective till the end of the Financial Year, i.e., March, 31, 2007.

- iii) The benefit under the scheme shall not be linked to the payment of past arrears or for any arrear which may come up during the validity of scheme.
- iv) The present scheme shall not be subject to any commitments made by the Government of NCT of Delhi with respect to bringing into effect any amendment/changes in law.
- v) The Distribution Companies shall maintain separate Regulatory Accounts, besides the commercial accounting, for the purpose of this scheme and shall submit quarterly report to the Commission, thereto.
- vi) The benefit of reduction passed on to the consumers shall be indicated separately on the bills of the consumers with a suitable caption.
- vii) The Discoms shall give wide publicity to the scheme.

6. Ordered accordingly.

Sd/-  
(K. Venugopal)  
MEMBER

Sd/-  
(R. Krishnamoorthy)  
MEMBER

Sd/-  
(Berjinder Singh)  
CHAIRMAN

To,

1. Chief Executive Officer,  
BSES Rajdhani Power Ltd.  
BSES Bhawan,  
Nehru Place,  
New Delhi-110019.
2. Chief Executive Officer,  
BSES Yamuna Power Ltd.  
Shakti Kiran Building  
Karkardooma  
Delhi-110092.
3. The Managing Director  
North Delhi Power Ltd.  
Grid Sub-Station Building,  
Hudson Lines, Kingsway Camp,  
Delhi-110009.