



**ASSAM ELECTRICITY REGULATORY COMMISSION  
(AERC)**

**TARIFF ORDER  
FY 2013-14 to FY 2015-16**

**Assam Electricity Grid Corporation Limited  
(AEGCL)**

**Petition No.4/2013**

**ASSAM ELECTRICITY REGULATORY COMMISSION**

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## Abbreviations

A&G	Administration and General
ABITA	Assam Branch of Indian Tea Association
AEGCL	Assam Electricity Grid Corporation Limited
AERC	Assam Electricity Regulatory Commission
APDCL	Assam Power Distribution Company Limited
APGCL	Assam Power Generation Corporation Limited
ARR	Annual Revenue Requirement
ASEB	Assam State Electricity Board
BST	Bulk Supply Tariff
CAG	Comptroller and Auditor General
CERC	Central Electricity Regulatory Commission
CSGS	Central Sector Generating Stations
CTU	Central Transmission Utility
CWIP	Capital Work-In-Progress
EPFI	Employees Pension Fund Investment
FAR	Fixed Asset Register
FCC	Financial Completion Certificate
FINER	Federation of Industry & Commerce of North Eastern Region
GFA	Gross Fixed Assets
GoA	Government of Assam
KMSS	Krishak Mukti Sangram Samiti
kW	Kilo Watt
kWh	Kilo Watt Hour
MW	Mega Watt
MU	Million Units
MYT	Multi Year Tariff
NERLDC	North Eastern Region Load Despatch Centre
PCC	Physical Completion Certificate
PGCIL	Power Grid Corporation Limited
PoC	Point of Connection
R&M	Repairs and Maintenance
RoE	Return on Equity

RLDC	Regional Load Despatch Centre
SAC	State Advisory Committee
SLDC	State Load Despatch Centre
SLM	Straight Line Method
STU	State Transmission Utility

**ASSAM ELECTRICITY REGULATORY COMMISSION  
Guwahati**

Present

**Shri Naba Kumar Das, Chairperson**

**Dr. Rajani Kanta Gogoi, Member**

**Shri Tapan Chatterjee, Member**

**Petition No. 04/2013**

Assam Electricity Grid Corporation Limited (AEGCL) - **Petitioner**

**ORDER**

**(Passed on 21.11.2013)**

- (1) The Assam Electricity Grid Corporation Limited (AEGCL) filed the Petition for approval of the Annual Revenue Requirement (hereinafter called as 'ARR') and wheeling charges for the period from FY 2013-14 to FY 2015-16, on February 1, 2013 under Section 62 of the Electricity Act, 2003.
- (2) The Commission on preliminary scrutiny found that the above Petition filed by AEGCL was incomplete in some material particulars. Therefore, additional data and clarifications on the Petition were sought for from AEGCL from time to time and replies received. Although, additional information and clarifications continued to be submitted, the Commission in the larger interest of the consumers as well as the licensee and abiding by the statutory obligation of tariff determination, admitted the Petition on April 4, 2013.
- (3) The Commission while examining the MYT Petition had observed that trueing up for FY 2011-12 and Annual Performance Review for FY 2012-13 has not been sought by AEGCL explicitly. Accordingly, the Commission, vide its letter dated March 14, 2013 directed AEGCL to file the Petition for True up of FY 2011-12 (along with the Audited Annual Statement of Accounts for FY 2011-12 and justification for variation in actual expenses vis-à-vis expenses approved in the Order), and Annual Performance Review of FY 2012-13 on or before March 21, 2013.

- (4) However, as AEGCL had not submitted the Petition as asked for, therefore, the Commission sent reminder letters on March 26, 2013 and April 1, 2013. Subsequently, AEGCL submitted its Petition for true up for FY 2011-12 and Annual Performance Review for FY 2012-13 on October 10, 2013. However, the Commission has decided not to consider the same for determination of ARR, as it was submitted after completion of Hearing, and the Commission has accordingly, not undertaken true up for FY 2011-12 and Annual Performance Review for FY 2012-13 in this Order.
- (5) Although, the Petition from AEGCL was admitted on April 4, 2013, the Commission continued to receive additional data and clarifications from AEGCL on various aspects as late as May 8, 2013.
- (6) After the Petition was admitted, in accordance with Section 64 of the Electricity Act 2003, the Commission directed AEGCL to publish a summary of the ARR and Tariff filings in local dailies to ensure due public participation. A copy of the Petition and other relevant documents were also made available to consumers and other interested parties at the office of the Managing Director of AEGCL and offices of the Deputy General Manager of each circle of AEGCL. A copy of the Petition was also made available on the website of the Commission and AEGCL.
- (7) Accordingly, a Public Notice was issued by AEGCL inviting objections/suggestions from stakeholders to be submitted on or before April 30, 2013. The notice was published in 11 (Eleven) leading newspapers of the State on April 9, 2013. Meanwhile, the Commission received requests for extending the time limit for filing objections/suggestions from some consumers/ consumer organizations. With a view to allow some more time for obtaining views of stakeholders, the Commission positively considered the request and extended the time limit for filing objections/suggestions upto May 13, 2013. AEGCL was asked to issue a public notice to this effect, which was published in 11 (Eleven) newspapers on May 4, 2013 as aforesaid.
- (8) The Commission received 7 (Seven) objections on the Petition filed by AEGCL and sent communication to the objectors and served personally/by Registered Post informing the date and time of Hearing to take part in the Hearing to be held at the Circuit House, Jorhat on May 17, 2013 and at the Assam Administrative Staff College, Guwahati on May 18, 2013. Also, a comprehensive Notice was published in the seven newspapers on May 12, 2013 in Assamese and English language. The Hearing was held at the Circuit House, Jorhat on May 17, 2013 as scheduled. The Commission commenced the Hearing at the Assam Administrative Staff College, Guwahati on May 18, 2013, however, few objectors/respondents who were present in the Hearing submitted that the Utilities have either not satisfactorily responded or not at all responded in certain cases and appealed to the Commission to adjourn the Hearing. AEGCL responded that they have replied to objections submitted till last date of submission and they have not submitted the replies to recently received objections. During the deliberations, the

Commission also clarified the mandate under the Act, and also referred to the recent Judgment of Hon'ble Appellate Tribunal for Electricity. However, based on persistent requests from few objectors/respondents who were present in the Hearing, the Commission directed AEGCL to submit replies to all such objections on or before May 24, 2013, and adjourned the hearing to a later date to be notified in due course.

- (9) The Commission rescheduled the adjourned Hearing on July 2, 2013 and July 3, 2013. In this context Notices were served on the objectors personally/by Registered Post informing the date and time of Hearing. Also, a comprehensive Notice was published in the seven newspapers on June 26, 2013.
- (10) The Commission held Hearing at Circuit House, Guwahati, on July 2, 2013 and July 3, 2013, respectively, as notified so that the objectors may make their oral submissions. However, a section of the objectors/respondents insisted upon that the Hearing be held in open space on both the days so that all people who desire to take part may participate and also that the media including live coverage on Television be allowed to cover the proceedings and disrupted the proceeding. The Commission stated that all the proceedings of the Commission are deemed to be judicial proceedings in terms of Section 95 of the Electricity Act, 2003 and therefore, allowing media inside the Hearing premises would not be appropriate. The Commission further clarified that the Hearing is being held only on the response petitions filed under affidavit by individuals/organizations. The Commission appealed to objectors/respondents to maintain faith in the Commission and allow the Commission to complete the proceedings with objective participation. Even after several requests from the Commission some of the objectors/respondents refused to co-operate and created pandemonium inside the Hearing premises.
- (11) The Commission rescheduled the Hearing on September 27, 2013 and September 28, 2013, respectively. In this context, Notices were served on the objectors personally/by Registered Post informing the date and time of Hearing. Also, a comprehensive Notice was published in the seven leading newspapers of the State on September 19, 2013.
- (12) The Commission held Hearing at Karmabir Nabin Chandra Bordoloi Indoor Stadium, Sarusajai, Guwahati, on September 27, 2013 and September 28, 2013, as notified.
- (13) The details are discussed in the relevant section of this Tariff Order. Besides, all stakeholders who participated in the Hearing were afforded the opportunity to express their views on the Petition. The MYT Petition was also discussed in the meeting of the State Advisory Committee (constituted under Section 87 of the Electricity Act, 2003) convened on May 9, 2013 held at the Assam Administrative Staff College, Guwahati.
- (14) The Commission, now in exercise of its powers vested under Section 61 and 62 of the Electricity Act, 2003 and all other powers enabling it in this behalf and taking into consideration the submissions made by the petitioners, objections and suggestions



received from stakeholders and all other relevant materials on record, has determined the ARR and wheeling charges for the period from FY 2013-14 to FY 2015-16 and issued the Order, accordingly making the new tariff effective from December 1, 2013.

- (15) The Commission further directs AEGCL to publish a Public Notice 7 days before the implementation of the Order.
- (16) Before parting, it would be worth mentioning that while passing the Tariff Order some delay could not be avoided and the factors attributed for the same have been stated herein before.

Sd/-  
(T. Chatterjee)  
Member, AERC

Sd/-  
(Dr. R.K. Gogoi)  
Member, AERC

Sd/-  
(N. K. Das)  
Chairperson, AERC

# 1. Introduction

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## 1.1 CONSTITUTION OF THE COMMISSION

1.1.1 The Assam Electricity Regulatory Commission (hereinafter referred to as the AERC or the Commission) was established under the Electricity Regulatory Commissions Act, 1998 (14 of 1998) on February 28, 2001. The first proviso of Section 82(1) of the Electricity Act, 2003 has ensured continuity of the Assam Electricity Regulatory Commission under the Electricity Act, 2003.

1.1.2 The AERC came into existence in August, 2001 as a one-man Commission. Considering the multidisciplinary requirements of the Commission, it was made a Multi-Member Commission constituting three Members (including Chairperson) from January 27, 2006. The Commission has started functioning as Multi Member Commission on joining of two Members from February 1, 2006.

1.1.3 The Commission is mandated to exercise the powers and functions conferred under Section 181 of the Electricity Act, 2003 (36 of 2003) (hereinafter referred to as the Act) and to exercise the functions conferred on it under Section 86 of the Act from June 10, 2003.

## 1.2 TARIFF RELATED FUNCTIONS OF THE COMMISSION

1.2.1 Under Section 86 of the Act, the Commission has the following tariff related functions:

- (a) To determine the tariff for electricity, wholesale, bulk or retail, as the case may be;
- (b) To regulate power purchase and procurement process of the distribution utilities including the price at which the power shall be procured from the generating companies, generating stations or from other sources for transmission, sale, distribution and supply in the State;
- (c) To promote competition, efficiency and economy in the activities of the electricity industry to achieve the objects and purposes of this Act.

1.2.2 Under Section 61 of the Act in the determination of tariffs, the Commission is to be guided by the following:

- (a) The principles and methodologies specified by the Central Commission for determination of the tariff applicable to generating companies and transmission licensees;
- (b) That the electricity generation, transmission, distribution and supply are conducted on commercial principles;
- (c) The factors which would encourage efficiency, economical use of the resources, good performance, optimum investments, and other matters which the State commission considers appropriate for the purpose of this Act;
- (d) The interests of the consumers are safeguarded and at the same time, the consumers pay for the use of electricity in a reasonable manner based on their customer category cost of supply;
- (e) That the tariff progressively reflects the cost of supply of electricity at an adequate and improving level of efficiency and also gradually reduces cross subsidies;
- (f) The National Power Plans formulated by the Central Government including the National Electricity Policy and Tariff Policy.

1.2.3 In accordance with the provisions of the Act, the Commission shall not show undue preference to any consumer of electricity in determining the tariff, but may differentiate according to the consumers' load factor, power factor, voltage, total consumption of energy during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required (Section 62 of the Act).

1.2.4 If the State Government requires the grant of any subsidy to any consumer or class of consumers in the tariff determined by the Commission, the State Government shall pay the amount to compensate the person affected by the grant of subsidy in the manner the Commission may direct as a condition for the licence or any other person concerned to implement the subsidy provided for by the State Government (Section 65 of Act 2003).

### **1.3 BACKGROUND**

1.3.1 The Government of Assam notified Vide Memo No. PEL151/2003/Pt./165 dated December 10, 2004, the restructuring of the erstwhile Assam State Electricity Board (ASEB) into five entities, namely;

- (i) Assam Electricity Grid Corporation Limited (AEGCL) to carry out function as State Transmission Utility (STU).

- (ii) Assam Power Generation Corporation Limited (APGCL) to carry out function of generation of electricity in the State of Assam.
  - (iii) Three Electricity Distribution Companies, namely Lower, Central and Upper Assam Distribution Company Limited, respectively, to carry out functions of distribution and retail sale of electricity In the districts covered under each company area.
- 1.3.2 AEGCL owns and operates the transmission system previously owned by Assam State Electricity Board (ASEB). AEGCL has started functioning as a separate entity from December 10, 2004. The Government of Assam vide Notification No. PEL.151/2003/Pt/3/349 dated August 16, 2005 issued order to give effect to the reorganization of the ASEB and finalization of the provisional transfer effected as per the provisions of the Act and the First Transfer Scheme. The Government of Assam notified the opening balance sheet updated and finalized based on the Audited Accounts of ASEB as on March 31, 2005 under Notification No. PEL/114/2006/120 dated August 29, 2007.
- 1.3.3 The Commission notified the AERC (Terms and Conditions for Determination of Tariff) Regulations, 2006 (hereafter referred as Tariff Regulations) vide Notification No. AERC. 2005/19 dated April 28, 2006, which was published in the Assam Gazette on May 24, 2006. As per Regulations 1.2 of Tariff Regulations, the Regulations shall apply to all the intra-State transmission licensees operating in the State of Assam. The State Government vide notification No. PEL.133/2003/Pt 467 dated March 18, 2009 (Annexure-1) allowed the Assam State Electricity Board (ASEB) to continue to undertake the limited functions of bulk purchase and bulk supply upto June 15, 2009 in respect to the existing generating capacity and existing contracted capacity for the said period.
- 1.3.4 The Government of Assam vide Notification dated March 12, 2013 dissolved ASEB under Section 131 of the Act with effect from March 31, 2013 and transferred ASEB's current functions and reassigned its personnel to its successor entities namely APDCL, AEGCL and APGCL in accordance with the Scheme of Reorganization.
- 1.3.5 As per Regulation 5.3 of the Tariff Regulations, for Multi Year Tariff (MYT) principles, the tariff is to be determined on the basis of the principles enunciated for a period of three years commencing from April 1, 2006 for the transmission business. The Tariff

Policy notified by the Government of India on January 6, 2006 also stipulated that the MYT framework is to be adopted for any tariffs to be determined from April 1, 2006.

AEGCL had filed the MYT Petition for the Control Period of three years beginning from FY 2010-11 to FY 2012-13 on February 15, 2010. The Commission, after following the due procedure, issued the Tariff Order on May 16, 2011.

The Commission vide Order dated February 28, 2013 carried out True up for FY 2009-10 and suo-motu proceedings for True up of FY 2010-11, Performance Review for FY 2011-12 and determination of ARR and Tariff of AEGCL for FY 2012-13.

- 1.3.6 In view of the above facts, the present Petition of AEGCL has been processed for determination of MYT Tariff accordingly.

#### **1.4 PROCEDURAL HISTORY**

As per the Tariff Regulations, AEGCL is required to file the proposal for determination of Annual Revenue Requirement and Transmission tariff latest by 1<sup>st</sup> December every year before the Commission. AEGCL has filed the Petition for approval of the ARR and Wheeling Charges for the Control Period from FY 2013-14 to FY 2015-16 on February 1, 2013.

#### **1.5 ADMISSION OF THE PETITION AND HEARING PROCESS**

- 1.5.1 The Commission conducted preliminary analysis of the Petition submitted by AEGCL on February 1, 2013 and found that the Petition was incomplete in material particulars. Therefore, additional data and clarifications on the MYT Petition were sought from AEGCL vide letter dated February 1, 2013 and these were submitted by them on February 2, 2013. Another set of additional data/clarifications were sought from AEGCL on March 14, 2013, which were submitted by them on April 11, 2013. However, the Commission admitted the ARR Petition of AEGCL for the Control Period (Petition No. 4 of 2013) on April 4, 2013.
- 1.5.2 In accordance with Section 64 of the Electricity Act, 2003, the Commission directed AEGCL to publish its application in the abridged form and manner to ensure due public participation.

1.5.3 The copies of the Petition and other relevant documents were made available to consumers and other interested parties at the office of the Managing Director of AEGCL, and offices of the Deputy General Manager of each circle of AEGCL. AEGCL was also directed to make the copy of the Petition available on its website. A copy of the Petition was made available on the website of AEGCL ([www.aegcl.co.in](http://www.aegcl.co.in)) and also on the website of the Commission ([www.aerc.nic.in](http://www.aerc.nic.in)) in downloadable format. A Public Notice was issued by AEGCL inviting objections/suggestions from stakeholders on or before April 30, 2013 which was published in the following 11 (Eleven) newspapers on April 9, 2013.

Date	Name of Newspaper	Language
09.04.2013	The Sentinel	English
	The Assam Tribune	English
	The Times of India	English
	Dainik Agradoot	Assamese
	Ajir Asom	Assamese
	Ajir Dainik Batori	Assamese
	Dainik Janambhoomi	Assamese
	Dainik Jugashankha	Bengali
	Samayk Prasanga	Bengali
	Purbachal Prahari	Hindi
	Purbodoi	Hindi

1.5.4 The time limit for submitting objections/suggestions was stipulated in accordance with the AERC (Conduct of Business) Regulations, 2004. Moreover, the same were also in line with the time limit given by most of the State Electricity Regulatory Commission in India, and the time allowed by the Commission in earlier tariff proceedings. Meanwhile the Commission received requests for extending the time limit for filing objections/suggestions from some consumers/consumer organizations. The Commission positively considered the requests from different stakeholders, and extended the time limit for filing objections/suggestions upto May 13, 2013. In this context a Public Notice was issued again by AEGCL in the aforementioned 11 (Eleven) newspapers on May 4, 2013.

1.5.5 While examining the revised submission, the Commission observed additional data requirements vis-à-vis replies to original data requirement, which were sought from AEGCL vide letter dated April 26, 2013. Technical Validation Session with AEGCL to discuss and sort out data gaps and shortcomings was conducted in the office of the Commission on April 29, 2013.

1.5.6 The Commission considered the objections received and sent communication to the objectors to take part in Hearing process by presenting their views in person before the Commission. Accordingly, the Commission scheduled a Hearing in the matter on May 17, 2013 at Jorhat and on May 18, 2013 at Guwahati. In this context, Notices were dispatched to the objectors personally/by Registered Post stating the date and time of Hearing. Also, a comprehensive Notice was published in the following seven newspapers on May 12, 2013 in Assamese and English language. The Hearing was held at the Circuit House, Jorhat on May 17, 2013 as scheduled. All objectors/respondents who participated in the Hearing were given opportunity to express their views on the Petition.

<b>Date</b>	<b>Name of Newspaper</b>	<b>Language</b>
12.05.2013	The Sentinel	English
	The Assam Tribune	English
	Amar Asom	Assamese
	Pratidin	Assamese
	Dainik Janambhoomi	Assamese
	Dainik Jugashankha	Bengali
	Purbachal Prahari	Hindi

1.5.7 The Commission commenced the Hearing at the Assam Administrative Staff College, Guwahati on May 18, 2013, however, few objectors/respondent who participated in the Hearing submitted that the Utilities have either not satisfactorily responded or not all responded in certain cases and requested the Commission to adjourn the Hearing. AEGCL responded that they have replied to objections submitted till last date of submission, and they have not submitted the replies to recently received objections. During the Hearing, the Commission also clarified the mandate under the Act, and also referred to the recent Judgment of Hon'ble Appellate Tribunal of Electricity. However, based on persistent requests from certain consumers who participated in the Hearing, the Commission directed AEGCL to submit replies to all such objections on or before May 24, 2013.

1.5.8 The Commission rescheduled the adjourned Hearing on July 2, 2013 and July 3, 2013. In this context, Notices were dispatched to the objectors personally/by Registered Post stating the date and time of Hearing. Also, a comprehensive Notice was published in the aforementioned seven newspapers on June 26, 2013.

1.5.9 The Commission held Hearing at Circuit House, Guwahati, on July 2, 2013 and July 3, 2013, so that the objectors may make their oral submissions. However, a section of the objectors/respondents insisted that the Hearing be held in open space on both days so that all people who desire to take part may participate and also that the media, including live coverage on Television, be allowed to cover the proceedings and did not allow the Hearing to proceed. The Commission stated that all the proceedings of the Commission are deemed to be judicial proceedings in terms of Section 95 of the Act and therefore, allowing media inside the Hearing premises would not be appropriate. The Commission further clarified that the Hearing is being held only on the response petitions filed under affidavit by individual/organizations. The Commission appealed to objectors/respondents to maintain faith in the Commission and allow the Commission to complete the proceedings with objective participation. Even after several requests from the Commission some of the objectors/respondents refused to co-operate and created pandemonium inside the premises.

1.5.10 The Commission rescheduled the Hearing on September 27, 2013 and September 28, 2013. In this context, Notices were dispatched to the objectors personally/by Registered Post stating the date and time of Hearing. Also, a comprehensive Notice was published in the abovementioned same seven newspapers on September 19, 2013.

1.5.11 The Commission held Hearing at Karmabir Nabin Chandra Bordoloi Indoor Stadium, Sarusajai, Guwahati, on September 27, 2013 and September 28, 2013.

1.5.12 All objectors/respondents who participated in the Hearing were given the opportunity to express their views on the Petition. All the written representations submitted to the Commission and oral submissions made before the Commission in the Hearing and the responses of AEGCL have been carefully considered while issuing this Tariff Order. The major issues raised by different consumers and consumer groups along with the response of the Petitioner, AEGCL and views of the Commission are elaborated in Chapter 3 of this Order.

Further, certain information and clarifications were received from AEGCL after submission of the Petition, which are listed below:



- i) AEGCL submitted additional data/clarifications against letter No. AERC.401/2012/C/5 dated March 14, 2013 vide letter No. AEGCL/MD/Tech-338/Pt-II/52 dated April 11, 2013.
- ii) AEGCL submitted additional data / clarifications in response to the minutes of the meeting held on April 29, 2013, vide letter No. AEGCL/MD/Tech-338/Pt-II/ dated May 8, 2013.

## **1.6 APPROACH OF THIS ORDER**

1.6.1 The Commission while examining the MYT Petition had observed that trueing up for FY 2011-12 and Annual Performance Review for FY 2012-13 has not been sought by AEGCL explicitly. Accordingly, the Commission, vide its letter dated March 14, 2013 directed AEGCL to file the Petition for

- (i) True up of FY 2011-12 (along with the Audited Annual Statement of Accounts for FY 2011-12 and justification for variation in actual expenses vis-à-vis expenses approved in the Order), and
- (ii) Annual Performance Review of FY 2012-13 on or before March 21, 2013.

1.6.2 However, as AEGCL had not submitted the Petition as asked for, therefore the Commission sent reminder letters on March 26, 2013 and April 1, 2013. However, till September 30, 2013, the Petition for the same has not been submitted by AEGCL. The Commission has accordingly, not undertaken true up for FY 2011-12 and Annual Performance Review for FY 2012-13 in this Order. However, for the purpose of determination of ARR for the period from FY 2013-14 to FY 2015-16, the ARR for FY 2011-12 and FY 2012-13 have been considered based on latest available figures furnished by the Utility, since they are the base values for the MYT period from FY 2013-14 to FY 2015-16.

1.6.3 Subsequently, AEGCL submitted its Petition for trueing up for FY 2011-12 and Annual Performance Review for FY 2012-13 on October 10, 2013. However, the Commission has decided not to consider the same for determination of ARR, as it was submitted after completion of Hearing.

## **1.7 STATE ADVISORY COMMITTEE MEETING**

A meeting of the State Advisory Committee (constituted under Section 87 of the Act) was convened on May 9, 2013 and members were briefed on the MYT Petition of AEGCL. The minutes of the meeting are appended to this order as **Annexure 1**.

## 2. Summary of AEGCL's Submission

### 2.1 ANNUAL REVENUE REQUIREMENT

The Assam Electricity Grid Corporation Limited (AEGCL) submitted the Petition on February 1, 2013 seeking approval for Annual Revenue Requirement (ARR) and determination of Transmission Charges for the Control Period from FY 2013-14 to 2015-16. The Transmission charges are to be recovered from the Assam Power Distribution Company Limited (APDCL), IPPs and other generators, traders and others who utilize the transmission system.

AEGCL has projected Annual Revenue Requirement of Rs. 754.20 Crore for FY 2013-14, Rs. 702.26 Crore for FY 2014-15 and Rs. 811.32 Crore for FY 2015-16 as detailed in the Table below:

**Table 2.1: ARR for FY 2013-14 to 2015-16 as submitted by AEGCL**

#### A. ARR of Transmission (Rs. Crore)

Sr. No.	Particulars	FY 2013-14 Proposed	FY 2014-15 Proposed	FY 2015-16 Proposed
1	PGCIL Charges	212.51	233.76	257.14
2	Operation & Maintenance Expenses			
2.1	Employee Cost	116.84	124.81	133.01
2.2	Repair & Maintenance	28.72	34.17	59.15
2.3	Administrative & General Expenses	5.03	5.10	5.23
3	Depreciation	69.32	77.45	86.73
4	Interest and Finance Charges	71.00	60.55	90.80
5	Interest on Working Capital	14.11	16.45	19.05
6	Other Debits	0.21	0.21	0.21
7	BST for Pension Trust Fund	134.72	146.80	159.04
8	Provision for Bad Debts	0	0	0
9	Net Prior Period Expenses	0	0	0
10	Other Expenses Capitalised	0	0	0
	<b>Sub Total (1+2+(3 to 10))</b>	<b>652.46</b>	<b>699.30</b>	<b>810.36</b>

Sr. No.	Particulars	FY 2013-14 Proposed	FY 2014-15 Proposed	FY 2015-16 Proposed
12	Return on Equity	27.29	27.29	27.29
13	Provision for tax/ tax paid	5.72	5.72	5.72
	<b>Total Expenditure (11 to 13)</b>	<b>685.47</b>	<b>732.71</b>	<b>843.37</b>
15	Less Non-Tariff Income	28.05	30.05	32.05
16	Aggregate Revenue Requirement (14-15)	657.42	702.26	811.32
17	True-up for FY 2009-10 and FY 2010-11	96.78		
	<b>Net Aggregate Revenue Requirement</b>	<b>754.20</b>	<b>702.26</b>	<b>811.32</b>

#### B. ARR of State Load Despatch Centre (SLDC)

(Rs. Lakh)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Repairs and Maintenance expenses	110	112	114
Employee Expenses	90	92	95
Administrative and General Expenses	7	8	8
<b>Total ARR</b>	<b>207</b>	<b>212</b>	<b>217</b>

#### C. Salient features of AEGCL and SLDC Petition for FY 2013-14, FY 2014-15, and FY 2015-16

Sr. No.	Particulars	FY 2013-14	FY 2014-15	FY 2015-16
1	Annual Revenue Requirement (Rs. Crore)	754.20	702.26	811.32
2	Anticipated Transmission (MU)	6461	7058	7646
3	Transmission Loss (%)	4.08%	3.84%	3.85%
4	<b>Average Transmission Charge (Rs./Unit)</b>	<b>1.17</b>	<b>0.99</b>	<b>1.06</b>
5	Annual Maximum Peak of the Transmission Demand (MW)	1347.50	1482.25	1630.40

Sr. No.	Particulars	FY 2013-14	FY 2014-15	FY 2015-16
6	Transmission Charge for Long Term Open Access consumer (Rs./kW/month)	466.42	394.82	414.68
7	Transmission Charge for Short Term Open Access consumer (Rs./MW/day)	15334.33	12980.27	13633.43
8	SLDC charge Rs./MW/day	42.09	39.18	36.46

**Note:** The numbers in the table above are updated based on AEGCL's submission.

## 2.2 PRAYERS OF AEGCL

AEGCL, in its Petition, has prayed as under:

“

1. *In order to align the thoughts and principles behind the Tariff Order and the ARR, AEGCL respectfully seeks an opportunity to present their case prior to the finalization of the Tariff Order. AEGCL believes that such an approach would go a long way towards providing a fair treatment to all the stakeholders and may eliminate the need for a review or clarification.*
2. *AEGCL may also be permitted to propose suitable changes to the ARR and the mechanism of meeting the revenue on further analysis, prior to the final approval by the Commission.*

*In view of the above, the petitioner respectfully prays that Hon'ble Commission may:*

- (i) *Accept the Annual Revenue Requirements and Tariff proposal for Transmission Business respectively in accordance with:
 
  - a. *The guidelines outlined in AERC Orders passed in various matters relating to AEGCL; and*
  - b. *The principles contained in AERC (Terms and Conditions for determination of Tariff) Regulations 2006;**
- (ii) *Condone any inadvertent omissions/errors/rounding off differences/shortcomings and permit AEGCL to add/ change/ modify/ alter this filing and make further submissions as may be required at a future date.*
- (iii) *Pass such further and other Orders, as the Commission may deem fit and proper, keeping in view the facts and circumstances of the case.”*

### 3. Brief Summary of Objections Raised, Response of the AEGCL and Commission's Comments

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The Commission has received 7 (Seven) no. of objections/suggestions on the Petition filed by AEGCL from the following stakeholders:

<b>Sr. No.</b>	<b>Name of the Objector</b>
1	Assam Branch of Indian Tea Association (ABITA), Guwahati
2	Assam Jyeshtha Nagarik Sanmilan, Jorhat
3	ASEB Pensioners' Association, Guwahati
4	Krishak Mukti Sangram Samiti, Assam
5	Federation of Industry & Commerce of North Eastern Region (FINER)
6	All Assam SSI Association
7	Shri Deven Dutta, Public Activist

AEGCL has submitted its responses to the objections/suggestions from various stakeholders.

The Commission considered the objections/suggestions received and sent communication to the objectors to take part in the Hearing process by presenting their views in person before the Commission, if they so desired.

The Commission held the Hearing at the Circuit House, Jorhat on May 17, 2013 and at the Administrative Staff College, Guwahati on May 18, 2013. The Commission held a further Hearing on July 2, 2013 and July 3, 2013 at Circuit House, Guwahati.

The Commission also held Hearing at Karmabir Nabin Chandra Bordoloi Indoor Stadium, Sarusajai, Guwahati, on September 27, 2013 and September 28, 2013.

The objectors attended the hearings and submitted their views/suggestions. All the written representations submitted to the Commission and oral submissions made before the Commission in the Hearing and the responses of AEGCL have been carefully considered while issuing this Tariff Order.

As a part of the tariff exercise, a meeting of the State Advisory Committee (SAC) was convened on May 9, 2013 at Assam Administrative Staff College, Guwahati to obtain views of SAC members on the ARR and Tariff proposals of AEGCL. The suggestions made by the members of SAC have been duly taken into consideration by the Commission while finalizing the Tariff Order.

The objections/suggestions made by the stakeholders and responses of the Petitioner are briefly dealt with in this Chapter. The major issues raised by different consumers and consumer groups are discussed below along with the response of the Petitioner (AEGCL) and views of the Commission.

It is observed that the objections/suggestions filed are by and large repetitive in nature. Some of the objections/suggestions are general in nature and some are specific to the proposal submitted by AEGCL for approval of ARR and Tariff revision. While all the objections/suggestions have been given due consideration by the Commission, only, major responses/objections received related to ARR and Tariff Petition and also those raised during the course of Hearings have been grouped and addressed issue-wise rather than objector-wise, in order to avoid repetition.

#### **Issue No. 1: Periodicity of filings**

##### **Objection:**

All Assam SSI Association submitted that as per guidelines of AERC, the MYT Petition should be filed on or before December 1, 2012, but on the contrary, AEGCL filed its MYT Petition on January 31, 2013.

##### **Response of AEGCL:**

AEGCL submitted that the MYT Petition was filed before the Commission on February 1, 2013 with due permission from the Commission.

##### **Comments of the Commission:**

The Commission shares the concerns raised by the objector regarding the delay in filing of the ARR and Tariff Petitions by AEGCL, and this issue has also been deliberated from time to time in the fora such as State Advisory Committee. During the present proceedings also, AEGCL had to be reminded to file the Petition for true-up for FY 2011-12. In this context, the Commission is of the opinion that AEGCL should build the necessary skills/capacity to comply with the regulatory requirements,

in view of the APTEL Judgment. The Commission has given detailed directives in this regard in Chapter 5 of this Order.

### **Issue No. 2: Hike in Tariff**

#### **Objection:**

Assam Jyeshtha Nagarik Sanmilan submitted that frequent price hikes for the supply of electricity are leading to harassment of consumers and requested a thorough discussion on the issues between the AEGCL and the consumers.

Krishak Mukti Sangram Samiti (KMSS), Assam and others opposed the tariff hike proposal.

#### **Response of AEGCL:**

AEGCL submitted that the electricity tariff is based on so many factors like price of gas, coal, price index, etc, on which it has no control. AEGCL further submitted that any tariff proposal of the Utility is subjected to the Hearing and earlier tariff proposal have also been finalized after the Hearing. AEGCL added that the Commission has already notified in leading newspapers about holding of Hearing on May 17, 2013 at Jorhat and on May 18, 2013 at Guwahati.

#### **Comments of the Commission:**

The Commission has ensured that the due process as contemplated under law to ensure transparency and public participation was followed at every stage meticulously and adequate opportunity was given to all the persons concerned to file their objections/suggestions in the matter to the stakeholders. The Commission has considered the objections/suggestions of the objectors and AEGCL's views while determining the ARR and tariff.

### **Issue No. 3: PGCIL Charges**

#### **Objection:**

Assam Branch of Indian Tea Association (ABITA) and Federation of Industry & Commerce of North Eastern Region (FINER) submitted that AEGCL has not provided the methodology for projecting higher PGCIL charges for the MYT Period. They requested the Commission to understand the methodology for projecting the PGCIL charges, and approve the PGCIL Charges as per latest available actual figures, in the absence of any justification submitted by AEGCL.



Krishak Mukti Sangram Samiti (KMSS) submitted that the transmission charges of PGCIL are much higher in the North Eastern region than any other part of India, which lead to higher rates of electricity tariff in the North Eastern region. KMSS requested Assam State Electricity Board (ASEB) to negotiate with the PGCIL for the reduction in rates as consumers are not bound to pay higher rates of tariff for the faulty policy of the ASEB and PGCIL. KMSS further submitted that slabs for the Point of Connection (PoC) rates of POWERGRID for southern States are much lower than that for Assam, and the same needs to be protested against instead of putting burden on the consumers.

**Response of AEGCL:**

AEGCL submitted that PGCIL charges are uncontrollable expenditure and based on the Central Electricity Regulatory Commission (CERC) Regulations. AEGCL added that commissioning of new projects and addition of assets thereof has resulted in increase in the PGCIL tariff. AEGCL further submitted that PGCIL has claimed supplementary bills from time to time due to revised tariff approved by CERC. AEGCL submitted that it has projected PGCIL charges assuming 20% increase during the MYT period from FY 2013-14 to FY 2015-16 based on the trend seen in previous years and expected tariff hike Order of CERC. AEGCL further submitted that it has taken up the matter of waiver of surcharges with PGCIL in respect of retrospective arrear bills.

**Comments of the Commission:**

The Commission has noted the objections. The Commission has approved the PGCIL Charges based on the tariff approved by the Central Electricity Regulatory Commission (CERC) for PGCIL lines, and considering the prevalent PGCIL tariffs. AEGCL may also consider representing its concerns on PGCIL's tariffs before the Central Electricity Regulatory Commission (CERC) at the time of formulation of Tariff Regulations for the next Control Period from FY 2014-15 to FY 2018-19 and also at the time of tariff determination for PGCIL network from time to time.

**Issue No. 4: Operation and Maintenance Expenses**

**Objection:**

Assam Branch of Indian Tea Association (ABITA) submitted that the O&M expenses for FY 2013-14, FY 2014-15 and FY 2015-16 have been projected by considering

growth rates of 25%, 9% and 20%, respectively, which are very high as compared to the norms. ABITA requested the Commission to approve O&M expenses by considering an escalation of 8% (similar to increase in CPI and WPI) on the approved figures of FY 2012-13.

All Assam SSI Association submitted that salary to the employees of AEGCL is very high and no recruitment has been made for last few years, which resulted in average age of employees of organisation above 50 years, thereby leading to inefficiency.

**Response of AEGCL:**

As regards recruitment, AEGCL submitted that they are recruiting employees every year according to commissioning of new projects and retirement of employees. AEGCL also submitted details of recruitment done in the last five years.

**Comments of the Commission:**

The Commission has noted the objections in this regard, and agrees that the projected O&M expenses are very much on the higher side. The Commission has allowed the O&M expenses for the Control Period by considering the normative growth rate over the approved O&M expenses for FY 2012-13, and the computations in this regard have been elaborated in Chapter 4 of this Order.

**Issue No. 5: Return on Equity (RoE)**

**Objection:**

Assam Branch of Indian Tea Association (ABITA) submitted that AEGCL has not given the explanation for normative equity addition of Rs. 95 Crore during the last MYT period from FY 2010-11 to FY 2012-13 and requested the Commission to allow RoE only on equity base of Rs. 99.03 Crore.

**Response of AEGCL:**

AEGCL has not commented in this matter.

**Comments of the Commission:**

The Commission has noted the objection in this regard. The computations in this regard have been elaborated in Chapter 4 of this Order.

## **Issue No. 6: Inconsistency in the Data**

### **Objection:**

Assam Branch of Indian Tea Association (ABITA) submitted that there is no consistency in the details given in the tables as regards Interest and Finance charges, other debits, and Non-Tariff Income projected by AEGCL for the MYT Control Period, which are not tallied with the tables. ABITA added that AEGCL has not provided any basis for projecting “other debits” and “Non Tariff Income”.

### **Response of AEGCL:**

AEGCL submitted that it has corrected the inconsistencies and submitted the same to the Commission. AEGCL further submitted that “other debits” have been projected based on miscellaneous losses and write-off of deferred revenue expenditure, whereas “other income” has been projected based on mainly interest on investment on fixed deposits with banks, dividend from investment from liquid fund, rebate received from investment and miscellaneous receipts, etc..

### **Comments of the Commission:**

The Commission has noted the objections in this regard. The Commission has also observed several discrepancies and inconsistencies in the data submitted by AEGCL and directed AEGCL to clarify about these discrepancies based on the Technical Validation Session. The clarifications submitted by AEGCL have been considered by the Commission.

## **Issue No. 7: Bulk Supply Tariff- Terminal Benefits**

### **Objection:**

Assam Branch of Indian Tea Association (ABITA) pointed out that AEGCL, in its Petition, has requested the Commission to approve the Bulk Supply Tariff (BST) @20 paise/unit, considering the fund constraints faced by the Pension Trust. ABITA submitted that the Commission, in the last MYT Order, had approved BST@15 paise/unit, and further increase of 5 paise/unit will lead to increase in the tariff for the consumers. They requested the Commission to reduce the BST to 10 paise/unit so as to give a strong message to AEGCL to pursue this matter with the Government of Assam diligently.

ASEB Pensioner's Association submitted that the release of funds by the State Government towards the Pension Trust Fund is very irregular and insufficient against the actual requirement, leading to shortfall in payment of terminal benefits. As a result, payment of the pension, etc., to the Pensioners/family pension has been irregular and the pensioners had to suffer. The Association submitted that the utilisation of Electricity Duty of 10 paise/unit and BST of 15 paise/unit could give some relief to the Employees Pension Fund Investment (EPFI) Trust and requested the Commission to raise the BST to 20 paise/unit. The Association submitted that this increase would generate approximate additional revenue of Rs. 9 Crore.

**Response of AEGCL:**

AEGCL submitted that the current rate of special charges on BST is 15 paise/unit. For funding unfunded pension liabilities, special charges have been proposed to be enhanced by 5 paise/unit as per recommendation of the Government of Assam.

**Comments of the Commission:**

The Commission has noted the submissions made in this regard. The computations in this regard have been elaborated in Chapter 4 of this Order.

**Issue No. 8: Capital Expenditure**

**Objection:**

Federation of Industry & Commerce of North Eastern Region (FINER) submitted that AEGCL has proposed an extremely ambitious plan for investing Rs. 2120 Crore as capital expenditure for the Control Period without proportionate reduction in losses. FINER further submitted that AEGCL should first satisfy the Commission regarding the capital expenditure incurred in previous years and whether capital expenditure incurred has actually been put to proper use or not, then AEGCL should furnish the Fixed Asset Register (FAR), Physical Completion Certificate (PCC), and Financial Completion Certificate (FCC) to the Commission as directed for allowing capital expenditure and other related expenditure for the Control Period.

**Response of AEGCL:**

AEGCL submitted that reduction of losses projected for the Control Period has already given in Table 5 of the Petition and the proposed capital expenditure will bring down the transmission losses as projected. AEGCL added that it has already submitted Fixed Asset Register (FAR) to the Commission for FY 2011-12 and the

Fixed Asset Register (FAR), Physical Completion Certificate (PCC), and Financial Completion Certificate (FCC) will be compiled in stipulated time after completion of any new project.

**Comments of the Commission:**

The Commission has noted the objections and AEGCL's reply. The Capital Expenditure and Capitalisation for the Control Period have been considered after due prudence check and after considering the past trend in this regard.

As regards submission of the Physical Verification Report and Financial Completion Certificate (FCC) on Fixed Assets, the Commission in its latest Tariff Order has issued necessary directives and directed AEGCL to commence the verification at the earliest and confirm the same to the Commission.

**Issue No. 9: Transmission Loss**

**Objection:**

Krishak Mukti Sangram Samiti (KMSS) and All Assam SSI Association submitted that Assam has much higher transmission losses as compared to other States in India.

Federation of Industry & Commerce of North Eastern Region (FINER) submitted that AEGCL should enhance all transmission lines to all feeders to 132 kV level in Assam, for reducing the transmission losses. Further, this shall also facilitate open access in the near term.

**Response of AEGCL:**

The transmission loss is continuously decreasing from last 6 years, i.e., from 2007-08 to 2012-13. This has been achieved due to implementation of different projects funded from various sources.

AEGCL submitted that transmission loss of AEGCL is 4.81%, 4.29% and 4.15% in FY 2010-11, FY 2011-12 and FY 2012-13, respectively. AEGCL further submitted that it is constructing 400/220/132 kV lines, totalling to 577 km of transmission lines in the State of Assam, which are likely to be commissioned by FY 2016-17 and hence, it is expected to bring down the transmission loss below 4%.

**Comments of the Commission:**

The high transmission losses of the Transmission Licensee have always been a cause of concern to the Commission and several directives have been issued from time to time to restrict the Transmission Losses. The Commission feels that AEGCL should take necessary steps to bring down the transmission losses in view of huge investments proposed during the Control Period. The Commission has given further directives in this regard, as elaborated in Chapter 5 of this Order.

**Issue No. 10: True-up for FY 2009-10 and FY 2010-11****Objection:**

Assam Branch of Indian Tea Association (ABITA) submitted that the ARR of AEGCL is controllable in nature and AEGCL should make efforts to work within the approved revenue requirement. ABITA requested the Commission to disallow any true-up for past years as the higher ARR proposed by AEGCL is primarily on account of inefficiency and negligence.

Federation of Industry & Commerce of North Eastern Region (FINER) submitted that proposed recovery of gap for FY 2009-10 and FY 2010-11 in just one year (i.e., FY 2013-14) will burden the consumers and lead to a tariff shock. FINER further submitted that there is no clear provision in AERC Tariff Regulations, 2006 as regards controllable and un-controllable parameters, hence, AEGCL's approach for consideration of Depreciation, Interest on Working Capital, Interest and Finance charges, etc., as uncontrollable and review of normative parameters fixed by the Commission at the end of the year is not correct.

**Response of AEGCL:**

AEGCL submitted that the Commission has considered Trueing-up amount of Rs. 59.06 Crore for FY 2009-10 and Rs. 37.72 Crore for FY 2010-11 as uncontrollable cost. AEGCL further submitted that it is providing depreciation as per Schedule XIV of the Companies Act 1956, but the Commission has been allowing depreciation as per AERC Regulations. AEGCL added that interest on loans for financing the project cost is borrowed from various sources and applicable rate of interest as per terms and conditions are submitted in the ARR.

**Comments of the Commission:**

The Commission has already carried out truing up for FY 2009-10 and FY 2010-11 and considered the impact of truing up in its Tariff Order dated February 28, 2013, while approving the revised ARR for FY 2012-13.

**Issue No. 11: ARR for FY 2013-14 to FY 2015-16****Objection:**

Assam Branch of Indian Tea Association (ABITA) requested the Commission to apply proper judgement while approving the ARR for the Control Period and to disallow unjustified large revisions in the tariff of AEGCL.

Federation of Industry & Commerce of North Eastern Region (FINER) submitted that AEGCL should base its projections on realities and not seek exorbitant ARR.

**Response of AEGCL:**

AEGCL disagreed with FINER's observations and requested the Commission to approve the ARR proposed for the Control Period.

**Comments of the Commission:**

The Commission has noted the objection. The Commission has allowed the different heads of expenditure in accordance with the AERC Tariff Regulations and after due prudence check.

**Issue No. 12: Funding from ADB/AVY/TDF/Annual Plan****Objection:**

Krishak Mukti Sangram Samiti (KMSS) submitted that ADB is providing USD 200 million for Assam Power Sector Development Programme for AEGCL/Discoms. KMSS and All Assam SSI Association submitted that AEGCL has not been properly utilizing the loans from ADB and other agencies for modernization of transmission network resulting in huge transmission loss; and submitted that AEGCL should inform the general public of Assam about utilisation of such loans. KMSS further submitted that the Assam Government has to repay only 10% of the total loan amount procured from the ADB and other international financial agencies, but AEGCL approach to increase the tariff under the pretext of repayment and interest on such loans without giving details of this loan to public is unethical. KMSS requested ASEB to publish White Paper on this matter.

All Assam SSI Association requested not to allow increase in power tariff until AEGCL shows significant improvement in quality of power.

**Response of AEGCL:**

AEGCL submitted that out of USD 200 million, ADB assistance of about USD 150 million is given to AEGCL in the form of Tranche-1 and Tranche-2 loan. AEGCL further submitted that the packages consist of construction of 220/132 kV S/S at Rangia, Sonapur, Sonabil with addition of 600 MVA capacity, 132/33 kV S/S at Nagaon, Kamalpur, Bihiting, Rupai, Sonari, Kamakhya, Jorhat (W), Matia, Bilasipara and Hailakhandi with addition of 634 MVA capacity, construction of 338 km of 220 kV transmission line, 239 km of 132 kV transmission line, up-gradation of 460.60 km ground wire to OPGW, augmentation of 11 no. of Sub-stations, etc. AEGCL further submitted that 70% of the above projects have already been completed. AEGCL added that Transmission loss has come down from 7.96% in FY 2007-08 to 4.15% in FY 2012-13 and Transmission availability has been maintained at and above 99%. AEGCL submitted that it is liable to repay the loan and interest on the loan to ADB, and being an expense item, the same has to be considered in the ARR for the period from FY 2013-14 to FY 2015-16.

AEGCL also submitted that they have completed all on-going projects using funds from sources other than ADB, except the 400/220 kV Kukurmara Sub-station with 400 kV LILO from 400 kV Pallatana – Bongaingon line at Kukurmara, which is under construction and is expected to be commissioned by January 2014.

**Comments of the Commission:**

The Commission has allowed interest and finance charges as per AERC Tariff Regulations after prudence check of utilization of loans for capital works. AEGCL should expedite completion of the 400/220 kV Kukurmara Sub-station with 400 kV LILO from 400 kV Pallatana – Bongaingon line at Kukurmara.

**Issue No. 13: Transmission Tariff**

**Objection:**

Shri. Deven Datta submitted that the transmission tariff in per unit terms should be reflected separately for AEGCL, SLDC and PGCIL charges.



**Response of AEGCL:**

The transmission tariff of AEGCL and SLDC are mentioned in the related tariff Petition.

**Comments of the Commission:**

The Commission has noted the objection. The total transmission charges are determined by adding up the PGCIL charges, and AEGCL expenses and returns. The SLDC expenses are shown separately. Further, the segregation requested by the objector will not serve any purpose, and is hence, not provided.

**Issue No. 14: Government Dues****Objection:**

KMSS submitted the following para's from audit report as observations:

1. Project under Assam Power Sector Dev. Programme (ADB Funded)  
During FY 2005-10, funds amounting to Rs. 684.40 Crore (Rs. 428 Crore from ADB and Rs. 256.40 Crore from GoA) were sanctioned for APSDP works. As against this, an amount of Rs. 603.30 Crore was incurred on projects leaving an unspent amount of Rs. 81.10 Crore at the end of March 2012. This unspent balance could not be utilized mainly due to delay in completion of the projects against respective schedules.  
During January 2011 to November 2012, funds amounting to Rs. 120.53 Crore were further sanctioned (Rs. 43.89 Crore from ADB and Rs. 76.64 Crore from GoA) for implementing the APSDP projects. The Company could, however, utilize only Rs. 60.22 Crore on these projects so far (October 2012).
2. Implementation of projects under other schemes (other than ADB funding)  
Apart from the projects financed by ADB, the Company executed projects financed by North Eastern Council (NEC), Non Lapsable Central Pool of Resource (NLCPR) and schemes of GoA such as under Assam Bikash Yojna (ABY) and other State Priority schemes. Against total fund of Rs. 455.96 Crore received for projects other than ADB funding, the Company could utilize only Rs. 172.24 Crore.

**Response of AEGCL:**

AEGCL replied that all the funds allocated for capital expenditure have been utilized by constructing sub-stations and transmission lines, replacement of old obsolete

terminal equipments, installation of capacitor banks, etc., and there were some schemes that were under construction.

**Comments of the Commission:**

The Commission has noted the objections and AEGCL's reply. The Commission is of the view that the AEGCL should take necessary steps to ensure timely execution of the projects and full utilisation of funds.

## 4. Analysis of ARR and Determination of Annual Transmission Charges for the Control Period from FY 2013-14 to FY 2015-16

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### 4.1 ANNUAL REVENUE REQUIREMENT (ARR)

The ARR for a Transmission Company covers the fixed costs, and comprises of the following:

- Operation and Maintenance expenses
  - Employee costs
  - Repair and Maintenance expenses
  - Administrative and General expenses
- Interest and Finance charges
- Depreciation
- Interest on Working Capital
- Return on Equity
- Taxes, if any

AEGCL submitted that it has projected the ARR for FY 2013-14 to FY 2015-16 considering the following:

- The Commission's MYT Tariff Order dated May 16, 2011 for FY 2010-11 to FY 2012-13 for AEGCL;
- Actual Performance in FY 2009-10 and FY 2010-11;
- Actual Performance in FY 2011-12 (Provisional);
- Estimated Performance in FY 2012-13.

AEGCL has projected the net annual Transmission costs for the Control Period from FY 2013-14 to FY 2015-16 as under:

FY 2013-14	Rs. 754.20 Crore, including impact of truing up for FY 2009-10 and FY 2010-11
FY 2014-15	Rs. 702.26 Crore
FY 2015-16	Rs. 811.32 Crore

The Transmission costs projected by AEGCL are analyzed and discussed in this chapter.

#### 4.1.1 OPERATION AND MAINTENANCE EXPENSES

AEGCL submitted that O&M expenses for FY 2013-14 to FY 2015-16 have been computed on the basis of revised estimates for FY 2010-11 and consist of following heads:

- Employee expenses
- Repairs and Maintenance (R&M) expenses
- Administration and General (A&G) expenses

The claim of AEGCL under various heads of O&M expenses are discussed below:

##### (1) EMPLOYEE EXPENSES

AEGCL submitted that Employee expenses include salaries, bonus, other benefits like medical expense reimbursement, LTA, etc., and terminal benefits in the form of pension, gratuity, leave encashment, staff welfare, etc. AEGCL submitted that the employee expenses have been estimated considering trend of past year's employee expense, increase in dearness allowance, its merger and its impact on other allowances such as HRA, field allowances, PF, CPF, etc.. AEGCL further submitted that it has projected the employee expenses during FY 2013-14 by considering a 25% increase over the actual base expenditure for FY 2011-12 and FY 2012-13 with additional annual increase of 18% (3% on account of increment and 15% on account of estimated DA due to DA compensation). The summary of the employee expenses projected by AEGCL is shown below:

**Table 4.1: Employee Costs projected by AEGCL (Rs. Crore)**

Sr. No.	Particulars	FY2013-14	FY2014-15	FY2015-16
1	Salaries	47.48	48.98	50.27
2	Overtime	2.7	3.00	3.21
3	Dearness Allowance	38.80	42.22	45.75
4	Other Allowances	7.09	7.15	7.23
5	Bonus	0.06	0.06	0.10
6	Medical expenses reimbursement	0.56	0.80	1.05
7	Leave Travel Assistance	0.05	0.09	0.12
8	Earned Leave Encashment	0.05	0.06	0.16
9	Other Staff Costs	3.54	4.35	5.37

<b>Sr. No.</b>	<b>Particulars</b>	<b>FY2013-14</b>	<b>FY2014-15</b>	<b>FY2015-16</b>
10	Staff Welfare expenses	0.25	0.25	0.25
11	Terminal Benefits	16.26	17.85	19.50
	<b>Total</b>	<b>116.84</b>	<b>124.81</b>	<b>133.01</b>

AEGCL requested the Commission to approve the projected employee expenses of Rs. 116.84 Crore, Rs. 124.81 Crore and Rs. 133.01 Crore for FY 2013-14 to FY 2015-16.

#### **Commission's Analysis**

AEGCL submitted that for FY 2011-12, employee expenses as per the Annual Statement of Accounts are Rs. 100.82 Crore. For FY 2012-13, AEGCL submitted the revised estimates of Rs. 92.27 Crore. It is observed that the approved employee expenses as well as revised estimates for FY 2012-13 are lower than the actual employee expenses submitted for FY 2011-12, whereas the employee expenses projected for FY 2013-14 are Rs. 116.84 Crore. The Commission sought clarifications on the justification for the projections, however, AEGCL has not submitted any reply. Therefore, in order to arrive at reasonable employee expenses for the period from FY 2013-14 to FY 2015-16, the Commission considers it appropriate to arrive at base costs. For estimating employee expenses, the Commission has considered the revised employee expenses for FY 2012-13 as proposed by AEGCL, the same being lower than the employee expenses for FY 2011-12. The Commission is of the view that 8% increase over the actual employee costs in FY 2012-13 should meet the requirement of the employee costs. Hence, employee costs for FY 2013-14 to FY 2015-16 are arrived at by escalating FY 2012-13 costs by 8% per annum.

Accordingly, **the Commission approves the employee expenses as under:**

**Table 4.2: Approved Employee Expenses (Rs. Crore)**

<b>Year</b>	<b>Amount (Rs. Crore)</b>
FY 2013-14	99.65
FY 2014-15	107.62
FY 2015-16	116.23

## **(2) REPAIRS AND MAINTENANCE (R&M) EXPENSES**

AEGCL submitted that R&M expenses are directly related to age of the assets, and its wear and tear during the period. AEGCL submitted that considering past trends, the expenditure for FY 2013-14 to FY 2015-16 will increase due to presence of vintage assets, which require periodical and higher repairs, thus, these expenses are uncontrollable in nature. AEGCL requested the Commission to approve the projected R&M expenses of Rs 28.72 Crore, Rs 34.17 Crore and Rs 59.15 Crore for FY 2013-14 to 2015-16.

**Table 4.3: R&M expenses projected by AEGCL (Rs. Crore)**

<b>Sr. No.</b>	<b>Particulars</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>
1	Plant & Machinery	12.75	17.89	31.82
2	Buildings	0.75	0.87	1.85
3	Civil works	1.5	1.78	2.85
4	Lines, Cable Networks	9.22	9.58	18.04
5	Vehicles	0.4	0.45	0.65
6	Furniture & Fixture	3.2	3.5	3.8
7	Office Equipment	0.9	0.10	0.11
	<b>Total</b>	<b>28.72</b>	<b>34.17</b>	<b>59.15</b>

### **Commission's Analysis**

AEGCL submitted R&M expenses of Rs. 18.72 Crore and Rs. 23.72 Crore for FY 2011-12 and FY 2012-13, against the approved expenses of Rs. 9.56 Crore and Rs. Rs. 10.51 Crore, respectively. Further, it is observed that R&M expenses for FY 2013-14 to FY 2015-16 have been projected by considering escalation rates of 21%, 19% and 73% over the revised estimated expenses for FY 2012-13, FY 2013-14, and FY 2014-15 respectively. In reply to the Commission's query seeking justification for the estimated expenses, AEGCL submitted that higher expenses are expected due to presence of vintage assets resulting in periodical and higher repairs and maintenance. Considering the vintage of assets and the need to maintain high reliability of the transmission system, it is necessary to incur the necessary expenditure on R&M.

This is an item of expenditure, which has to be controlled and should be done as such. In view of the vintage of assets and the need to maintain quality supply to the

consumers, it is considered to allow 10% increase per annum twice on the base expenses of FY 2011-12, for approving the R&M expenses for FY 2013-14 and 10% p.a. thereafter.

Accordingly, the Commission approves the R&M expenses as under:

**Table 4.4: Approved R&M Expenses (Rs. Crore)**

Year	Amount (Rs. Crore)
FY 2013-14	11.57
FY 2014-15	12.72
FY 2015-16	14.00

### **(3) ADMINISTRATION AND GENERAL (A&G) EXPENSES**

AEGCL submitted that A&G expenses mainly comprise of rents, telephone and other communication expenses, professional charges, conveyance and travelling expenses, etc. AEGCL submitted that A&G expenses will increase @ 3% annually during FY 2013-14 to FY 2015-16. AEGCL further submitted that the amount of A&G expenses during FY 2013-14 to FY 2015-16 are computed at Rs. 5.03 Crore, Rs. 5.10 Crore and Rs. 5.23 Crore, respectively. AEGCL requested the Commission to approve the proposed expenses under A&G expenses for FY 2013-14 to FY 2015-16.

**Table 4.5: A&G expenses projected by AEGCL (Rs. Crore)**

Sr. No.	Particulars	FY 2013-14	FY 2014-15	FY 2015-16
1	Rent, Rates & Taxes	0.12	0.12	0.13
2	Insurance	0.06	0.06	0.07
3	Telephone Charges	0.38	0.39	0.4
4	Postage & Telegram	0.01	0.01	0.02
5	Legal Charges	0.04	0.04	0.05
6	Audit Fees	0.04	0.04	0.05
7	Consultancy Charges	0.6	0.61	0.62
8	Technical Fees	0.01	0.01	0.02
9	Conveyance & Travel Charges including Vehicle Hiring	1.25	1.27	1.29

Sr. No.	Particulars	FY 2013-14	FY 2014-15	FY 2015-16
10	Other Expenses	1.42	1.44	1.45
11	Freight	0.98	0.99	1.00
12	Other Purchase related expenses	0.12	0.12	0.13
	<b>TOTAL</b>	<b>5.03</b>	<b>5.10</b>	<b>5.23</b>

### Commission's Analysis

The actual A&G expenses for the FY 2011-12 are Rs. 3.56 Crore. For arriving at reasonable expenses for FY 2013-14, the Commission has considered an increase of around 6% p.a. twice over the actual A&G expenses for FY 2011-12, to arrive at the A&G expenses for FY 2013-14. This is an item of expenditure which has to be controlled and should be done as such. A&G expense for FY 2014-15 and FY 2015-16 are arrived at by further escalating FY 2013-14 costs by 6%, which in view of the Commission is considered reasonable.

Accordingly, **the Commission approves the A&G expenses as under:**

**Table 4.6: Approved A&G Expenses (Rs. Crore)**

Year	Amount (Rs. Crore)
FY 2013-14	4.00
FY 2014-15	4.24
FY 2015-16	4.49

## 4.2 CAPITAL INVESTMENT

AEGCL submitted that for FY 2013-14 to FY 2015-16, it has projected to incur a Capital Expenditure of Rs. 1951.06 Crore against different schemes of the Government of India and the Government of Assam.

AEGCL submitted that the funding of Capital Expenditure is envisaged through various sources categorized under the headings Grants and Loans. AEGCL submitted that the grants have been considered based on the present available budgeted figure. AEGCL also submitted the breakup of funding for Capital Expenditure during FY 2013-14 to FY 2015-16 vide Annexure-I.



**Table 4.7: Capital Expenditure submitted by AEGCL (Rs. Crore)**

<b>Particulars</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>
Sub-Stations	173.56	192.70	811.48	284.02
Transmission Lines	82.40	79.60	437.45	145.82
<b>Total</b>	<b>255.96</b>	<b>272.30</b>	<b>1248.93</b>	<b>429.83</b>

### **Commission's Analysis**

The Capital expenditure programme submitted by AEGCL covers new transmission lines and substations, augmentation of substation, and other works. Since, the transmission system requires to be expanded and augmented to meet the demand at various load centres, **the Commission approves the capital investment during the Control Period as under:**

**Table 4.8: Approved Capital Expenditure (Rs. Crore)**

<b>Year</b>	<b>Grants</b>	<b>Loans</b>	<b>Total</b>
FY 2013-14	211.38	60.92	272.30
FY 2014-15	1124.04	124.89	1248.93
FY 2015-16	386.85	42.98	429.83
<b>Total</b>	<b>1722.27</b>	<b>228.80</b>	<b>1951.06</b>

The Commission has considered the ratio of Grant to loan as proposed by AEGCL. The Commission has approved the total capital investment of Rs.1951.06 Crore during the Control Period. However, the depreciation, the interest on loans, the return on equity, etc., will be regulated year to year during the Control Period based on the capitalization of various works during the Control Period as per AERC Regulations.

### **4.3 CAPITAL EXPENDITURE**

AEGCL has submitted the details of Capital Work-In-Progress (CWIP) along with details of the expenditure capitalized in Form T17. The addition of assets during the particular year is given vide Form T15. It is observed that the addition of assets projected in Form T15 and Form T17 are different. During the Technical Validation Session, AEGCL was directed to reconcile such difference and correct Form-T15 and T-17. Though, AEGCL submitted its reply, the Commission observed difference in values.

For the Control Period from FY 2013-14 to FY 2015-16, the Commission has considered the Capital Expenditure proposed vide Annexure-I to the Petition and summarized in the Table 4.7 above. The Commission has considered the Capitalization proposed vide Form-T17, as this is the lowest amount amongst the various figures submitted by AEGCL. The projected capitalization is about 43%, 20% and 9% of projected Capital Expenditure and CWIP, for FY 2013-14, FY 2014-15 and FY 2015-16, respectively.

**The approved Capital Work in Progress and Capitalisation for the Control Period from FY 2013-14 to FY 2015-16 are given in Table below:**

**Table 4.9: Capital Works in Progress and Capitalisation (Rs. Crore)**

<b>Description</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>
Opening Balance (CWIP)	137.33	211.56	373.65	370.18	1324.02
Add: Capital expenditure	240.32	255.96	272.30	1248.93	429.83
Total Capital expenditure including interest and Finance Charges		477.07	648.32	1655.14	1771.84
Less: Expenditure Capitalised		103.42	278.14	331.12	157.98
<b>Closing Balance (CWIP)</b>	<b>211.56</b>	<b>373.65</b>	<b>370.18</b>	<b>1324.02</b>	<b>1613.86</b>

AEGCL shall furnish Physical Completion Certificate (PCC) and Financial Completion Certificate (FCC) as well as the Electrical Inspector's certificate to the Commission along with the Asset Register as per the Directives issued in this regard.

#### **4.4 DEPRECIATION**

AEGCL submitted that the Gross Fixed Assets and Depreciation from FY 2013-14 to FY 2015-16 has been computed on the basis of revised estimates of FY 2012-13. AEGCL submitted that it has considered the closing gross block of fixed assets as in the audited Balance Sheet of FY 2011-12. The provisional asset addition in the year 2013-14 has been considered to arrive at the estimated gross block in the beginning of FY 2014-15. The addition during FY 2012-13 has been projected considering the projected Capital Expenditure Plan for FY 2012-13. Depreciation has been calculated

taking into consideration the opening balance of assets at the beginning of the year and provisional capitalization. AEGCL submitted that as specified in Regulations 14 (c) and (f) of AERC (Terms & Conditions for Determination of Tariff) Regulations, 2006, depreciation is calculated as per Straight Line Method (SLM), considering depreciation on opening Fixed Asset to the extent of 90% of the Asset Value. AEGCL submitted that depreciation on the assets added during the Financial Years have been calculated for the entire year assuming the date of commissioning of the assets as 1<sup>st</sup> April of the respective Financial Years after apportioning the grant component of assets funding. AEGCL has projected depreciation of Rs. 69.31 Crore, Rs. 77.45 Crore and Rs. 86.72 Crore for FY 2013-14, FY 2014-15, and FY 2015-16, respectively. Depreciation projected by AEGCL for FY 2013-14 to FY 2015-16 is shown below:

**Table 4.10: Depreciation proposed by AEGCL (Rs. Crore)**

Sr. No	Description of assets	FY 2012-13			FY 2013-14		FY 2014-15		FY 2015-16	
		Balance of accumulated depreciation at the beginning of the year	Depreciation provided for the year	Balance of accumulated depreciation at the end of the year	Depreciation provided for the year	Balance of accumulated depreciation at the end of the year	Depreciation provided for the year	Balance of accumulated depreciation at the end of the year	Depreciation provided for ear	Balance of accumulated depreciation at the end of the year
1	Land & Rights									
2	Building	14.68	0.31	14.99	0.31	15.3	0.32	15.62	0.32	15.94
3	Hydraulic	2.21	0.39	2.6	0.4	3	0.41	3.41	0.41	3.82
4	Other Civil Works	0.93	0.11	1.04	0.12	1.16	0.12	1.28	0.12	1.4
5	Plant & Machinery	181.98	28.5	210.48	30.72	241.2	35.41	276.61	40.86	317.47
6	Lines & Cable Net work	506.92	34.98	541.9	37.06	578.96	40.47	619.43	44.3	663.73
7	Vehicles	2.84	0.43	3.27	0.47	3.74	0.48	4.22	0.47	4.69
8	Furniture & Fixtures	1.98	0.15	2.13	0.15	2.28	0.15	2.43	0.15	2.58
9	Office Equipment	0.90	0.08	0.98	0.08	1.06	0.09	1.15	0.09	1.24
	<b>Total</b>	<b>712.44</b>	<b>64.95</b>	<b>777.39</b>	<b>69.31</b>	<b>846.7</b>	<b>77.45</b>	<b>924.15</b>	<b>86.72</b>	<b>1010.87</b>

### Commission's Analysis

AEGCL has submitted that depreciation on the assets added during the financial years have been calculated for the entire year assuming the date of commissioning

of the assets as 1<sup>st</sup> April of the respective financial years after apportioning the grant component of assets funding. As the Tariff Regulations specify that in case of operation of the asset for part of the year, depreciation shall be charged on pro-rata basis, the Commission sought clarification, however, AEGCL has not revised the computation. As per AERC Tariff Regulations, the depreciation has to be calculated on 90% of opening GFA and the addition during the year at the rates prescribed in the depreciation schedule. In the absence of data submitted by AEGCL, the Commission has assumed that the assets will be added in the middle of the year. The weighted average rate of depreciation on 90% of fixed assets is considered by AEGCL for arriving the depreciation on the gross fixed assets.

**The Commission has approved depreciation for the period from FY 2013-14 to FY 2015-16 as per AERC Regulations, as given in the Tables below:**

**Table 4.11: Depreciation approved for FY 2013-14 (Rs. Crore)**

Sr. No.	Nature of Asset	GFA as on 1.04.2013	Additions during FY 2013-14	Rate of Depreciation	Depreciation as per AERC Regulations
1	Land & Right	46.27	12.83		
2	Buildings	18.44	8.70	1.80%	0.37
3	Hydraulics	2.65	0.00	2.57%	0.06
4	Other Civil Works	7.93	0.00	1.80%	0.13
5	Plant & Machinery	537.51	128.31	3.60%	19.49
6	Lines & Cable Network	662.44	128.31	2.57%	16.81
7	Vehicles	4.19	0.00	18.00%	0.68
8	Furniture & Fixtures	2.54	0.00	6.00%	0.14
9	Office equipment	1.65	0.00	6.00%	0.09
	<b>Total</b>	<b>1283.62</b>	<b>278.14</b>		<b>37.76</b>
	Average assets OB & CB for 2013-14 excluding land cost	<b>1370.00</b>		2.76%	

Particulars	As on 01.04.2013
<b>Grants Available</b>	1126.89
GFA (excluding lands & Rights)	1237.35

CWIP		373.652
Total		<b>1611</b>
Cumulative grants apportioned in the ratio of GFA and CWIP	GFA	865.52
	CWIP	261.37
	Total	1126.89
Depreciation calculated as per the Regulation on the GFA		37.76
Weighted Average Rate of Depreciation		2.76%
Depreciation to be deducted on the assets built on the grants component on 90% asset value		23.86
<b>Depreciation approved</b>		<b>13.91</b>

**Table 4.12: Depreciation approved for FY 2014-15 (Rs. Crore)**

Sr. No.	Nature of Asset	GFA as on 1.04.2014	Additions during FY 2014-15	Rate of Depreciation	Depreciation as per AERC Regulation
1	Land & Right	59.10	131.57		
2	Buildings	27.14	5.75	1.80%	0.49
3	Hydraulics	2.65	0.55	2.57%	0.07
4	Other Civil Works	7.93	184.39	1.80%	1.62
5	Plant & Machinery	665.82	8.85	3.60%	21.72
6	Lines & Cable network	790.74	0.00	2.57%	18.29
7	Vehicles	4.19	0.00	18.00%	0.68
8	Furniture & Fixtures	2.54	0.00	6.00%	0.14
9	Office equipment	1.65	0.00	6.00%	0.09
	<b>Total</b>	<b>1561.76</b>	<b>331.12</b>		0.00
	Average assets OB & CB for 2014-15 excluding land cost	<b>1602.44</b>		2.69%	<b>43.09</b>

Particulars	As on 01.04.2014
<b>Grants Available</b>	1338.27
GFA (excluding lands & Rights)	1502.66
CWIP	370.182
<b>Total</b>	<b>1872.84</b>

Cumulative grants apportioned in the ratio of GFA and CWIP	GFA	1073.75
	CWIP	264.52
	Total	1338.27
Depreciation calculated as per the Regulation on the GFA		43.09
Weighted Average Rate of Depreciation		2.69%
Depreciation to be deducted on the assets built on the grants component on 90% asset value		28.87
<b>Depreciation approved</b>		<b>14.22</b>

**Table 4.13: Depreciation approved for FY 2015-16 (Rs. Crore)**

Sr. No.	Nature of Asset	GFA as on 1.04.2015	Additions during FY 2015-16	Rate of Depreciation	Depreciation as per AERC Regulation
1	Land & Right	190.67	7.90		
2	Buildings	32.89	1.97	1.80%	0.55
3	Hydraulics	3.20	0.00	2.57%	0.07
4	Other Civil Works	192.32	0.67	1.80%	3.12
5	Plant & Machinery	674.67	108.22	3.60%	23.61
6	Lines & Cable network	790.74	39.22	2.57%	18.74
7	Vehicles	4.19	0.00	18.00%	0.68
8	Furniture & Fixtures	2.54	0.00	6.00%	0.14
9	Office equipment	1.65	0.00	6.00%	0.09
	<b>Total</b>	<b>1892.88</b>	<b>157.98</b>		<b>47.01</b>
	Average assets OB & CB for 2015-16 excluding land cost	<b>1777.25</b>		2.64%	

Particulars	As on 01.04.2015	
<b>Grants Available</b>	2462.31	
GFA (excluding lands & Rights)	1702.21	
CWIP	1324.024	
Total	<b>3026.23</b>	
Cumulative grants apportioned in the ratio of GFA and CWIP	GFA	1385.01
	CWIP	1077.30

	Total	2462.31
Depreciation calculated as per the Regulation on the GFA		47.01
Weighted Average Rate of Depreciation		2.64%
Depreciation to be deducted on the assets built on the grants component on 90% asset value		36.63
<b>Depreciation approved</b>		<b>10.37</b>

#### 4.5 INTEREST AND FINANCE CHARGES

AEGCL submitted that the interest expenditure on account of long-term loans depends on the outstanding loan, repayments, and prevailing interest rates on the outstanding loans. AEGCL further submitted that the projected capital expenditure and the funding of the same also have a major bearing on the long-term interest expenditure. AEGCL submitted that the opening balance of loan for FY 2013-14 amounts to Rs. 387.91 Crore and the normative loan addition in FY 2013-14 is computed at Rs. 83.26 Crore as per the Capex funding plan. AEGCL submitted that the repayment of loan to the tune of 1/10th portion becomes due in every Financial Year. AEGCL added that the interest on the opening loans has been computed at 10.50% on the Government Loans and ADB Loans and 10.75% on ASE Bonds. AEGCL submitted that accordingly, interest accrued during the period from FY 2013-14 to FY 2015-16 works out to Rs. 71.00 Crore, Rs. 60.55 Crore and Rs. 90.80 Crore, respectively. The Interest and Finance Charges for FY 2013-14 to 2015-16 as projected by AEGCL is shown below:

**Table 4.14: Projected Interest and Finance charges (Rs. Crore)**

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Interest on State Government Loans	59.30	80.30	90.80
Penal Interest	3.54	3.64	3.74
Interest on ADB Loan	5.69	7.40	8.60
Interest on Bonds	-	-	-
Interest on PFC Loan	-	-	-
Total Interest on Loans	68.53	91.34	103.14
All bank charges	-	-	-
Interest on General Provident Fund	4.84	5.24	5.64
Total Other Finance Charges	-	-	-

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Less: Interest Capitalized	-2.37	-36.03	-17.98
<b>Total</b>	<b>71.00</b>	<b>60.55</b>	<b>90.80</b>

### Commission's Analysis

In reply to a query from the Commission, AEGCL provided source-wise details of opening loan, loan drawn during the year and loan repaid during the year, closing balance of loan, applicable interest rate, and interest expenses for FY 2011-12. The payment of penal interest is not approved. The Commission has considered the loans outstanding at the beginning of the year and for the purpose of calculation of interest expenses, the repayment has been considered equivalent to depreciation. Based on the data, the interest expense is arrived at the rates indicated above. Interest rate on the State Government loan is considered as per the Circular No. BW/22/89/175 dated March 27, 2006 submitted by AEGCL in reply to the Commission's query. **The interest and finance charges are approved as shown in the Table below:**

**Table 4.15 : Approved Interest and Finance Charges (Rs. Crore)**

Sr. No	Particulars	FY 2013-14	FY 2014-15	FY 2015-16
1	Interest on State Government Loan @ 10%	37.58	61.02	82.55
2	Interest on ADB Loans @ 10.75%	4.53	12.36	21.20
3	Interest on Bonds	-	-	-
4	Interest on PFC Loans	-	-	-
5	Bank Charges	-	-	-
	Less: Interest Capitalised	1.46	28.95	18.09
	<b>Total</b>	<b>40.65</b>	<b>44.43</b>	<b>85.66</b>

### 4.6 INTEREST ON WORKING CAPITAL

AEGCL submitted that Interest on Working Capital is estimated on normative basis as per the provisions of Tariff Regulations and as allowed in the Tariff Order dated May 16, 2011. AEGCL submitted that for interest computation, it has considered the



short-term Prime Lending Rate (PLR) of SBI, which is 10.25%. AEGCL has claimed Interest on Working Capital as shown below:

**Table 4.16: Projected Interest on Working Capital (Rs. Crore)**

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
One Month O&M expenses	12.55	13.67	16.45
Spares @ 1% of GFA	17.08	29.57	33.87
Receivables - Two months of Transmission Charges	647.94	703.20	813.00
Total Working Capital	137.62	160.45	185.82
Interest rate at SBI PLR	10.25%	10.25%	10.25%
<b>Interest on Working Capital</b>	<b>14.11</b>	<b>16.45</b>	<b>19.05</b>

#### Commission's Analysis

The interest on working capital has been examined and approved as shown in the Table below. The rate of interest has been considered at 14.75% as per SBI PLR.

**Table 4.17: Approved Interest on Working Capital (Rs. Crore)**

Sr. No.	Particulars	FY 2013-14	FY 2014-15	FY 2015-16
1	One month O&M Expenses	9.60	10.38	11.23
2	Maintenance spares @1% GFA	12.84	15.62	18.93
3	Two months receivables	76.00	82.61	95.47
4	Total Working Capital	98.44	108.61	125.62
5	Interest rate	14.75%	14.75%	14.75%
6	<b>Interest on Working Capital</b>	<b>14.52</b>	<b>16.02</b>	<b>18.53</b>

#### 4.7 RETURN ON EQUITY

AEGCL submitted that the Return on Equity has been computed @ 14% on average equity based upon the closing balance of equity of the previous year. For computation purposes, the equity capital of the Company is inherited in the Opening Balance Sheet of the Company notified in year 2005, which was considered as apportioned with the assets. AEGCL submitted that Return on Equity is claimed at

Rs.27.29 Crore on total equity capital at 14% for FY 2013-14, FY 2014-15 and FY 2015-16, as shown below:

**Table 4.18: Return on Equity (Rs. Crore)**

Sr. No.	Particulars	FY 2013-14	FY 2014-15	FY 2015-16
1	Opening Equity Capital	194.93	194.93	194.93
2	Equity addition during the year	0.00	0.00	0.00
3	Closing Equity	194.93	194.93	194.93
5	Rate of Return on equity	14.00%	14.00%	14.00%
<b>6</b>	<b>Return on Equity</b>	<b>27.29</b>	<b>27.29</b>	<b>27.29</b>

#### **Commission's Analysis**

The Commission sought the details of the opening balance of equity, equity addition during the year, and closing equity from FY 2011-12 to FY2013-14. AEGCL, in its statement of Equity Share Capital of the Company submitted addition of Rs. 9988 Lakh during FY 2012-13 to the opening balance of Rs. 5 Lakh and no addition has been proposed during FY 2013-14. Therefore, **the approved return on equity at 14% is shown in the Table below:**

**Table 4.19: Approved Return on Equity (Rs. Crore)**

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Approved Equity Capital	99.93	99.93	99.93
Rate of Return	14%	14%	14%
<b>Return on Equity</b>	<b>13.99</b>	<b>13.99</b>	<b>13.99</b>

#### **4.8 PROVISION FOR INCOME TAX**

AEGCL has projected Income Tax at the MAT rate on the normative Return on Equity for the Control Period from FY 2013-14 to FY 2015-16 as detailed in the Table below:

**Table 4.20: Projected Income Tax (Rs. Crore)**

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Return on Equity	27.29	27.29	27.29
15% of Return on Equity	5.05	5.05	5.05

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Add: Surcharge @ 10%	0.50	0.50	0.50
Add: Education Cess @ 3%	0.17	0.17	0.17
<b>MAT</b>	<b>5.72</b>	<b>5.72</b>	<b>5.72</b>

AEGCL has requested the Commission to pass on the impact of revised tax rates as per the budget approved by the Central Government.

#### Commission Analysis

**The Commission has approved the provision for tax at Rs. 2.80 Crore for each year during the Control Period**, by considering the applicable effective MAT rate of 20.01%, on the Return on Equity approved by the Commission, as shown in the Table below:

**Table 4.21: Approved Income Tax for FY 2013-14 to FY 2015-16 (Rs. Crore)**

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Return on Equity	13.99	13.99	13.99
MAT @ 20.01%	2.80	2.80	2.80

#### 4.9 OTHER DEBITS

AEGCL has considered other debits of Rs. 21 Lakh for each year during the Control Period, however, the details sought by the Commission have not furnished. As such, **expenses under this head have not been considered.**

#### 4.10 SPECIAL CHARGES FOR TERMINAL BENEFITS

AEGCL has proposed special charges on Bulk Supply Tariff in the ARR Petition for the Control Period from FY 2013-14 to FY 2015-16, for the purpose of funding the Pension Fund, @ 20 Paise per unit on the energy wheeled by AEGCL as detailed in the table below:

**Table 4.22: Proposed Special Charges for Terminal Benefits (Rs. Crore)**

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
<b>Special Charges on Bulk Supply Tariff</b>	<b>134.72</b>	<b>146.80</b>	<b>159.04</b>

AEGCL submitted that the Pension Trust Fund is not fully able to meet the terminal benefit liabilities of the existing pensioners, and hence, proposed an additional 5 paise per unit in addition to the existing provision of special charges of 15 paise/unit. AEGCL has further submitted that in addition to the current provision of special charge in transmission charge, there is shortfall of funds from FY 2009-10 to FY 2012-13 to the extent of Rs.514.63 Crore. AEGCL submitted that for the time being, this has not been claimed in the ARR with the assumption that the Government of Assam will release funds to meet the shortfall of above mentioned funds in the Pension Trust, however, AEGCL reserves the right to claim the same depending upon the action of the Govt. of Assam as per their commitment in letter no. PEL.190/2004/69 dated February 4, 2005. AEGCL has made reference to the Govt. of Assam vide letter No. PEL.190/2004/pt/9 dated September 5, 2009 wherein the Commission was requested to allow a charge of 20 Paise / unit on energy wheeled by AEGCL to meet the commitment of ASEB employee's Pension Fund.

#### **Commission's Analysis**

The Commission, having recognized the imperative need to provide to the pension fund had approved BST at 10 paise in the Tariff order for FY 2008-09 and FY 2009-10. In this regard, the Commission draws reference to the observation recorded in para 5.24 of the Tariff order for FY 2008-09 and 2009-10, which is reproduced below:

*"The Commission is of the view that as per the notification, the Government of Assam is to provide necessary budgetary support to make the pension fund/GPF fund fully funded. Hence the Commission disallowed the prayer for further increase of special charges on BST by another 10 paise. As indicated by AEGCL, the Commission expects that necessary notification regarding funding of GPF will be issued by the Government of Assam shortly and the Commission will review the matter after the notification".*

The Commission, vide its Order dated May 16, 2011 approved 5 paise per kWh towards special charges for terminal benefit fund in addition to the existing 10 paise per kWh on the energy wheeled by AEGCL. The relevant extract of the Order is reproduced below:

*"The Commission has noted that there is no budgetary support from the Government of Assam to meet the requirement despite the stipulation in the*

*notification No. PEL 940/2004/69 of 4th February 2005 that budgetary support from the Government of Assam shall be provided to meet any shortfall.*

*Many of the State Governments recognized the unfunded liabilities in respect of existing employees at the time of unbundling the SEBs and made suitable provisions / alternatives for creating the required funds. In the case of ASEB, the Government of Assam has recognized their requirement and provided support through Electricity Duty 10 paise per unit which could not meet the requirement fully. Having recognized this the Commission has approved special charge on BST @ 10 paise per kWh in the Tariff Order for FY 2008-09 and FY 2009-10.*

***The Commission is aware that any shortfall in the requirement of fund will create undue hardship to existing employees/pensioners etc. In order to mitigate any such hardship the Commission approves 5 paise per kWh towards special charges for terminal benefit fund in addition to the existing 10 paise per kWh on the energy wheeled by AEGCL as such support was not forthcoming from the Government of Assam.” (emphasis added)***

AEGCL, in its Petition, submitted that as the Pension Trust Fund is unable to meet the Terminal Benefit Liabilities with the existing provision of 15 paise per unit, therefore, in addition to existing provision of Special Charges on BST, another 5 paise per unit is proposed to be recovered. **The Commission does not approve AEGCL’s request to increase the BST to 20 paise/unit, since the increase of 5 paise/unit will lead to further increase in the tariff.** AEGCL should diligently follow-up this issue with the Government of Assam in order to ensure adequate funding to the Pension Trust Fund, rather than attempting to get the same passed through the tariff.

As regards shortfall of Rs. 514.63 Crore during FY 2009-10 to FY 2012-13, the Commission reiterates its stand that it is not agreeable to include the shortfall pertaining to the past years and AEGCL should pursue the matter diligently with the Government of Assam to meet the liability.

Accordingly, the Commission approves the special charges on terminal benefit at Rs. 88.47 Crore, 96.50 Crore, and Rs. 105.30 Crore for FY 2013-14, FY 2014-15, and FY 2015-16, respectively.

#### 4.11 PGCIL CHARGES

AEGCL submitted that the Transmission Charges payable to PGCIL for the Control Period are as shown below:

**Table 4.23: PGCIL Charges (Rs. Crore)**

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
PGCIL Charges	212.51	233.76	257.14

#### Commission Analysis

The Commission required AEGCL to submit the detailed breakup for estimated PGCIL charges along with supporting documents towards PGCIL charges for FY 2011-12 and FY 2012-13. AEGCL furnished the desired details. The Commission has considered the PGCIL charges provisionally based on the tariff approved by the Central Electricity Regulatory Commission (CERC) for PGCIL lines, and considering the prevalent PGCIL tariffs, and has accordingly, approved the PGCIL charges as proposed by AEGCL. Any variation in the charges will be considered in the true-up.

#### 4.12 NON-TARIFF INCOME

AEGCL has submitted the details of Non-Tariff income as detailed in the Table below:

**Table 4.24: Non Tariff income (Rs. Crore)**

Sr. No.	Particulars	FY 2013-14	FY 2014-15	FY 2015-16
1	Income from Investments	16.30	17.75	18.50
2	Miscellaneous Receipts	11.75	12.30	13.55
	<b>Total</b>	<b>28.05</b>	<b>30.05</b>	<b>32.05</b>

#### Commission's Analysis

As the detailed break up of non-tariff income had not been provided, the Commission directed AEGCL to provide the head-wise details of income earned during FY 2011-12 and to indicate which heads are recurring and which heads are non-recurring in nature. Though, AEGCL submitted the breakup, it has not indicated recurring/non

recurring nature of heads. In order to determine the Non Tariff Income for FY 2013-14 to FY 2015-16, the Commission considers it appropriate to escalate actual Non Tariff Income for FY 2011-12 at the rate of 10% p.a. twice. The actual non-tariff income for FY 2011-12 is Rs. 38.05 Crore.

**Accordingly, the Commission approves the Non Tariff Income at Rs. 46.04 Crore, Rs. 50.64 Crore, and Rs. 55.71 Crore for FY 2013-14, FY 2014-15 and FY 2015-16, respectively.**

#### **4.13 TRANSMISSION LOSS**

AEGCL has projected the Transmission Loss for FY 2013-14 to FY 2015-16, as detailed in the Table below:

**Table 4.25: Transmission Loss**

<b>Particulars</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>
Energy Injected (MU)	6736	7340	7952
Energy Send Out (MU)	6461	7058	7646
Transmission Loss (MU)	275	282	306
<b>Transmission Loss (%)</b>	<b>4.08%</b>	<b>3.84%</b>	<b>3.85%</b>

AEGCL submitted that it has achieved significant reduction in transmission loss during the recent years and shall continue to do so. AEGCL further added that loss reduction is a slow process and becomes increasingly difficult as the loss levels come down. AEGCL projected that the transmission loss in FY 2012-13 would be maintained at the same level as approved by the Commission and projected the loss levels for FY 2013-14, FY 2014-15, and FY 2013-14 as shown in the Table above.

#### **Commission's Analysis**

The Commission had approved the transmission loss level at 4.5% for FY 2010-11, and 4.25% for FY 2011-12 and FY 2012-13. AEGCL, in its Petition, submitted the loss level at 4.81% for FY 2010-11 and 4.29% for FY 2011-12, and further estimated the transmission loss at 4.25% for FY 2012-13.

It is observed that though for previous years there is decreasing trend of transmission loss; AEGCL could not achieve the target of loss reduction set by the Commission. Projected loss levels of 4.08%, 3.84% and 3.85% for FY 2013-14, FY 2014-15, and

FY 2015-16 shows that there is loss reduction on 0.24% during second year of Control Period, whereas during last year of Control Period losses have been projected upward by 0.1%. AEGCL has been investing considerable amounts on new transmission lines, substations, network augmentation, etc. Further, AEGCL in its reply on directives submitted that the transmission loss factor has been considered by the ADB while approving the projects. Given the amount of Capital Expenditure undertaken by AEGCL, the Commission approves the loss reduction of 0.24% during the second year of the Control Period as proposed by AEGCL, and a further loss reduction of 0.20% has been approved during the last year of Control Period.

**The Commission, therefore, approves the transmission loss level at 4.08%, 3.84% and 3.64% for FY 2013-14, FY 2014-15, and FY 2015-16 respectively.** The Commission is of the opinion that the proposed loss for FY 2013-14 to FY 2015-16 should be achievable, given the level of investments being made by AEGCL.

#### 4.14 ENERGY HANDLED

The details of **energy projected to be handled by AEGCL and approved by the Commission** are given in the Table below:

**Table 4.26: Energy Handled by AEGCL (MU)**

Particulars	FY 2013-14		FY 2014-15		FY 2015-16	
	Filed	Approved	Filed	Approved	Filed	Approved
Energy handled by AEGCL	6736	5898	7340	6433	7952	7020
Transmission Loss (%)	4.08%	4.08%	3.84%	3.84%	3.85%	3.64%
Transmission Loss	275	241	282	247	306	256
Available to APDCL	6461	5657	7058	6186	7646	6764

#### 4.15 ARR FOR FY 2013-14 TO FY 2015-16

As discussed in earlier paragraphs, the Commission has examined the estimates and projections of each ARR element submitted by AEGCL and approved the expenses based on the principles issued in the Regulations. The summary of ARR as filed by the Petitioner and as approved by the Commission are given in the Table below:



**Table 4.27: Approved ARR for FY 2013-14 to FY 2015-16 (Rs. Crore)**

Sr. No.	Particulars	FY 2013-14		FY 2014-15		FY 2015-16	
		Filed	Approved	Filed	Approved	Filed	Approved
1	Employee Expenses	116.84	99.65	124.81	107.62	133.01	116.23
2	R&M Expenses	28.72	11.57	34.17	12.72	59.15	14.00
3	Administrative Expenses	5.03	4.00	5.10	4.24	5.23	4.49
4	Interest on Term Loans	71.00	40.65	60.55	44.43	90.80	85.66
5	Interest on Working Capital	14.11	14.52	16.45	16.02	19.05	18.53
6	Depreciation	69.32	13.91	77.45	14.22	86.73	10.37
7	Other Debits	0.21	0.00	0.21	0.00	0.21	0.00
9	PGCIL Charges	212.51	212.51	233.76	233.76	257.14	257.14
10	BST (Pension)	134.72	88.47	146.80	96.50	159.04	105.30
11	Return on Equity	27.29	13.99	27.29	13.99	27.29	13.99
12	Provision for Tax	5.72	2.80	5.72	2.80	5.72	2.80
	<b>Total Expenditure</b>	<b>685.47</b>	<b>502.07</b>	<b>732.31</b>	<b>546.31</b>	<b>843.37</b>	<b>628.52</b>
13	Less: Non-Tariff income	28.05	46.04	30.05	50.64	32.05	55.71
	<b>Aggregate Revenue Requirement</b>	<b>657.42</b>	<b>456.03</b>	<b>702.26</b>	<b>495.66</b>	<b>811.32</b>	<b>572.81</b>
14	Add: Gap for FY 2009-10 and FY 2010-11	96.78	0.00*				
	<b>Net ARR</b>	<b>754.20</b>	<b>456.03</b>	<b>702.26</b>	<b>495.66</b>	<b>811.32</b>	<b>572.81</b>
15	Energy handled	6736	5898	7340	6433	7952	7020
16	<b>Per Unit Charge</b>	<b>1.12</b>	<b>0.77</b>	<b>0.96</b>	<b>0.77</b>	<b>1.02</b>	<b>0.82</b>

**Note:** \* - Revenue Gap of FY 2009-10 and FY 2010-11 has already been allowed to be recovered through the suo-motu Order dated February 28, 2013, hence, not considered here.

#### 4.16 TRANSMISSION CHARGES

The Transmission Charges payable by the APDCL and other users of AEGCL transmission system are arrived at based on ARR of AEGCL and the Energy handled by the transmission system.

After determination of the final ARR of AEGCL on account of transmission network, the next step is to finalize the transmission tariff for intra-State transmission of power. The actual transmission activities comprise of transmission of power from CSGS by Central Transmission Utility (CTU) network to AEGCL network, and a number of the State Transmission Utility (STU) transmission lines are also engaged in transmission of CSGS power to other constituents of the region. The STU network is not contiguous to transmit power independently within the geographical area of the State due to peculiar locations of some areas of the State. Due to the constraints mentioned above, STU network is not in position to deliver power independently to all its delivery points of APDCL. While determining the transmission tariff of the State, both for long-term and short-term open access consumers, the Commission considered it appropriate to consider the net CTU Transmission Charges as approved by CERC. Based on similar considerations, the charges payable to NERLDC as approved by the CERC shall be considered while fixing SLDC charges for both long-term and short-term open access consumers for intra-State consumers.

1. The monthly Transmission Charges (TC) payable by APDCL or the long term open access consumers shall be as determined below:

$$\text{TC} = \frac{\text{Approved Transmission ARR}}{12 * \text{TCC}}$$

Where;

TC=Transmission Charges in Rs./kW/month

TCC= Total gross contracted capacity in kW of the transmission system by APDCL including long-term open access consumers.

Net Transmission ARR, as approved for FY 2013-14, is Rs. 456.03 Crore

The Commission has considered gross contracted capacity based on power allocation and energy requirement to APDCL from various sources as 1347.5 MW for FY 2013-14, as proposed by AEGCL.

$$\text{TC} = \text{Rs. } 282.02/\text{kW}/\text{Month}$$

In line with MYT Order dated 16 May 2011, for FY 2013-14, the Commission approves the transmission charges in terms of Rupees per Unit.

**The energy to be handled by AEGCL for FY 2013-14 is considered as 5898 MU. As such, Transmission charges for APDCL for FY 2013-14 will be Rs. 0.77 per unit.**

2. For short-term open access customers, the transmission charges shall be as follows:

$$\begin{aligned} \text{Short Term Rate (ST-Rate) per day} &= \text{Net Transmission ARR} / \text{Annual} \\ &\quad \text{Maximum peak} * 365 \\ &= \text{Rs. 9271.96 per MW per day} \end{aligned}$$

**Note:**

- 1) In line with the MYT Order dated 16 May 2011, the Commission has assumed Annual Maximum Peak for FY 2013-14 as 1347.5 MW.
- 2) Any recovery on account of short-term open access charges shall be adjusted to net ARR of the transmission system after meeting all contingency expenditure in connection with open access transactions.

#### **4.17 SLDC CHARGES**

AEGCL submitted that as per Regulation 5 of 2006 of AERC Tariff Regulations, AEGCL has filed the SLDC costs separately and not included the same in the Transmission ARR, in their Petition. AEGCL has projected SLDC charges at Rs. 207 Lakh, Rs. 212 Lakh and Rs. 217 Lakh for FY 2013-14, FY 2014-15, and FY 2015-16, respectively. These costs are proposed be recovered from the Distribution Companies and Open Access consumers. SLDC charges comprise of R&M expenses, Employee expenses, and A&G expenses as given in the Table below:

**Table 4.28: Projected SLDC charges (Rs. Lakh)**

<b>Particulars</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>
Repairs & Maintenance Expenses	110	112	114
Employees Expenses	90	92	95
Administrative and General Expenses	7	8	8
<b>Total ARR</b>	<b>207</b>	<b>212</b>	<b>217</b>

### **Commission's Analysis**

The expenses considered are mainly meant to recover SLDC's R&M expenses, employee expenses, and A&G expenses. The proposed expenses are reasonable and accordingly, the Commission approves the SLDC charges at Rs. 207 Lakh, 212 Lakh, and 215 Lakh for FY 2013-14, FY 2014-15, and FY 2015-16, respectively.

**SLDC charges approved at Rs. 2.07 Crore for FY 2013-14 is allocated to APDCL as a single user.**

However, the SLDC charges to be charged for any other user are as given below:

- 1) **Approved SLDC charge for FY 2013-14 is Rs. 2.07 Crore.**
- 2) **Assumed Total Generation Capacity handled by SLDC for FY 2013-14 is 1347.5 MW.**
- 3) **Approved SLDC charges are Rs. 42.09 per MW per day.**
- 4) **Any recovery on account of short-term open access charges shall be adjusted to the SLDC charges approved after meeting all contingency expenditure in connection with open access transactions.**

#### **4.18 RECOVERY OF TRANSMISSION CHARGES (TC)**

1. AEGCL shall recover the full transmission charges approved by the Commission at the target availability of Transmission system as per Regulations 89(2) and 86(b) of AERC (Terms and Conditions for Determination of Tariff) Regulations, 2006. The payment of transmission charges below the target availability shall be on pro-rata basis.
2. Availability shall be computed in accordance with the relevant provisions of the Regulations. SLDC shall verify the availability figures submitted by AEGCL for claiming the fixed charges.

#### **4.19 EFFECTUATION OF TRANSMISSION TARIFF**

1. The approved rate of transmission charges shall be effective from December 1, 2013 and shall continue until replaced by another Order by the Commission.
2. The approved net ARR of AEGCL for the Control Period have already been accounted for in APDCL's ARR approved for the Control Period.

## 5. Compliance of Directives and New Directives

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### 5.1 COMPLIANCE OF DIRECTIVES ISSUED BY THE COMMISSION

The Commission, in its MYT Order dated 16 May, 2011 for the period from FY 2010-11 to FY 2012-13 and Tariff Order dated 28 February, 2013 had issued certain directives to AEGCL. AEGCL has submitted the compliance of some directives vide its letter dated 8 May, 2013 submitting additional information.

The Commission's comments on the status of compliance with respect to earlier directives and fresh directives by AEGCL are discussed in this Chapter and directives issued, wherever necessary.

**Directive 3:** File Fixed Asset Registers duly authenticated and incorporating Gross Fixed Assets (GFA) at the beginning of the relevant financial year, addition, dispositions/sale proceeds, if any, made during the relevant financial year, and the written down value of the assets at the end of the relevant financial year.

Further, in order to maintain proper and detailed Fixed Asset Registers at field offices to work out depreciation expenses, the Commission directed AEGCL to submit a report to the Commission citing clearly as to how they are maintaining fixed asset registers for the various assets.

**Compliance:**

Fixed Assets Register for FY 2011-12 is updated. A Hard Copy as well as soft copy is enclosed.

**Commission's comments:**

The Fixed Asset Register for the subsequent years shall be submitted after the finalization of the Accounts for the respective year. AEGCL should submit a report clarifying the manner in which it is maintaining fixed assets registers for the various assets.

**Directive 4:** File Physical Verification Report of Fixed Assets by a competent and reliable authority at the end of each financial year beginning with FY 2005-06 and onwards.

**Compliance:**

The Board of directors of AEGCL in its meeting dated 2 August, 2012 has taken the decision to undertake physical verification of fixed assets in a phased manner and entrusted the task to the Managing Director to form groups for conducting physical verification. For FY 2011-12, physical verification was done for transformers only. In the meantime, the fixed asset register of AEGCL is updated up to 31 March, 2012. As a follow up action of the Board Resolution, the Managing Director of the Company has already constituted a high level Committee for asset codification. After the receipt of report of the Committee, the physical verification of remaining assets will be taken up.

**Commission's comments:**

The Physical Verification Report of fixed assets is not complete and comprehensive. The Opening Balance (OB) as per the updated Balance Sheet as on 1.4.2005, Additions, assets retired, and residual values, are yet to be furnished. AEGCL should expedite the submission of all the desired data, and submit the same within 6 months of the date of issue of this Order.

**Directive 8:** Capitalization of works: Adhere to the following requirements, considering the importance of capitalization of works (i.e., Capital Investment), before accepting inclusion of the value of capitalized work in the related Fixed Asset:

1. A Physical Completion Certificate (PCC) to the effect that the work in question has been fully executed physically and the assets created are put to use to be issued by the concerned engineer not below the rank of Superintendent Engineer.
2. The PCC shall be accompanied by a Financial Completion Certificate (FCC) to the effect that assets created have been duly entered in the Fixed Assets Register by transfer from Capital-Work-in-progress Register to concerned Fixed Asset Register. The FCC shall have to be issued by the concerned Finance Officer not below the rank of Senior Accounts Officer.
3. The above-mentioned certificates have to be submitted to the Commission within 60 days of the completion of the work.

**Compliance:**

- a) NEC funded 132/33 kV 2x25 MVA Nazira S/S (already completed on 29 Jun, 2011) along with 132 kV Nazira-Garmur S/C line on D/C tower is being completed on 8 March, 2013. Completion Report (both Physical & Financial) will be submitted within stipulated time limit.
- b) 220/33 KV Jawaharnagar GIS S/S is likely to be commissioned by May, 2013.

**Commission's comments:**

AEGCL should expedite submission of the completion certificate/reports to the Commission. Further, AEGCL should submit the Completion Certificate issued by the Electrical Inspector for the capital expenditure scheme, which will enable the electrical infrastructure so created to be charged. It should be noted that unless the Completion Certificate issued by the Electrical Inspector is submitted henceforth, the assets added to the GFA will not be considered for depreciation, ROE, etc.

**Directive 9: Timely completion of Projects/Schemes:** The projected capital works is huge and a big task. Take all possible measures to ensure that the projects/schemes taken up are completed on schedule. In this regard, the Commission clarifies that it will not allow any interest during construction for delays exceeding one month and three months in respect of completion of projects/schemes with the completion schedules of up to one year and more than one year, respectively, unless the Commission's prior approval for extension in the completion schedules is obtained.

**Compliance:**

Noted. Steps are being taken in this regard through regular monthly review meeting.

**Commission's comments:**

There is a lot of delay in completion of projects / capital works. AEGCL should ensure completion of the projects / schemes as per the schedule.

**Directive 12: Notification of GPF Fund:** It was stated by AEGCL that Utilities are in the process of creation of a GPF fund amounting to Rs. 385 crore separately from the Pension Trust Fund and providing for funding through a mechanism to be notified



by the Government of Assam. The Commission is of the view that AEGCL should pursue the matter with the Government of Assam for early issue of necessary notification regarding funding of GPF Fund by Government of Assam. The interest on employees contribution will not be allowed in the ARR till the Directive is complied with.

**Compliance:**

For approval of GPF trust, the Company placed a request to GOA by letter number AEGCL/GPF-Trust/2011/107/3 dated 25 January, 2012. AEGCL was given to understand that the proposal is lying with Public Enterprise Department after due endorsement by Power Department, GOA.

**Commission's comments:**

AEGCL should expedite the process of notification of GPF Fund and arrange the necessary funding.

**Directive 13: Transmission Loss**

The AEGCL has filed transmission loss for FY 2008-09 and FY 2009-10 as 5.82% and 5.81%. The Commission after examining the detailed energy flow from different sources allowed a transmission loss of 5.82% and 5.50% for FY 2008-09 and 2009-10, respectively. The Commission feels that in view of huge investment made in the transmission infrastructure of AEGCL, the transmission losses should be around 4%. Action should be taken up by AEGCL to bring down the transmission loss to 4% level in FY 2010-11.

The Commission directs the AEGCL to submit voltage wise transmission loss figures for the last three years along with the estimation for 2009-10 and 2010-11.

**Compliance:**

Noted and will be compiled in time.

**Commission's comments:**

The loss levels projected are still high. AEGCL should take all necessary steps to bring down the losses in view of the huge investments proposed during the Control Period. The loss levels indicated should be supported by a System Study / Energy Audit.

The Commission directs the licensee to submit voltage wise transmission loss study report for last 3 (three) years within 3 months of issue of this Order.

## **5.2 NEW DIRECTIVES GIVEN IN THE TARIFF ORDER DATED 16 MAY, 2011**

**Some directives which are not complied so far are reiterated for early compliance by AEGCL**

### **Directive-6: Review of Major Capital Works**

A quarterly progress report on major investment works shall be furnished regularly to AERC and the first report for the quarter ending March, 2011 shall be submitted by July 2011.

#### **Compliance:**

Progress report of ADB Works submitted up to 1 May, 2013

#### **Commission's comments:**

Noted. Quarterly progress reports should be submitted regularly.

### **Directive 9: Transmission Losses**

The Commission now directs AEGCL to devise and develop with the assistance of a competent consultant to evolve a suitable infrastructure and mechanism, for collection of information required for calculation of actual auxiliary consumption in substations, voltage-wise losses in various parts and availability, in accordance with the Regulations and standards and submit a report thereon within a period of six months from this order.

#### **Compliance:**

The major capital works of AEGCL are funded by Asian Development Bank. The transmission loss factor is also considered by ADB while approving the projects. The Transmission loss has shown considerable decreasing trend in the last 3 (three) years onwards due to completion of various projects. It has come down to 4.15% in 2013 from 4.29% in 2012. It is expected that the loss will come down to 4% in FY 2013-14. Also, AEGCL has already initiated the process of collecting and analyzing data for proper evaluation of Transmission loss at various levels. So engagement of

any consultant for this purpose may not be feasible at this stage.

**Commission's comments:**

The directives issued are specific and require compliance/action for calculation of actual auxiliary consumption in substations, voltage-wise losses in various parts and availability. It is to be noted that AEGCL has taken more than two years for compliance, and the response submitted is not satisfactory. AEGCL should expedite compliance.

**5.3 NEW DIRECTIVES GIVEN IN THE TARIFF ORDER DATED 28 FEBRUARY, 2013**

**Directive-1: Filing of Tariff Petitions**

AEGCL is directed to file the Tariff Petitions as per the AERC Conduct of Business Regulations and Tariff Regulations promptly.

**Compliance:**

MYT Petition for FY 2013-14 to FY 2015-16 has already been submitted.

**Commission's comments:**

AEGCL has submitted MYT Petition for FY 2013-14 to FY 2015-16 only after reminder from the Commission. Further, despite several reminders, AEGCL has not submitted the Petition for truing up for FY 2011-12.

AEGCL is directed to file the Tariff Petitions as per the AERC Conduct of Business Regulations and Tariff Regulations promptly.

**5.4 NEW DIRECTIVES**

**Directive-1: Creation of Tariff Regulatory Cell**

AEGCL shall create/constitute a Tariff Regulatory Cell (under an Officer of status/rank not below that of General Manager or equivalent) within three month from the date of issue of this Order. The Cell so constituted/created shall be provided with necessary authority and resources so as to look after all the tariff regulatory matters primarily to provide correct and timely information to the Commission as well as stakeholders, and should be the primary source of all data and submissions being filed before the Commission, so as to ensure consistency and timeliness of the data

submitted and proper co-ordination with the Commission in the tariff determination process.

**Directive-2**

As directed in Tariff Order for FY 2010-11 to FY 2012-13, AEGCL should submit the study report on actuarial valuations for the purpose of estimating employers' contribution towards pension and gratuity.

**Directive-3**

While projecting the depreciation in the ARR of the tariff Petition, AEGCL should strictly follow the depreciation rates in the AERC Tariff Regulation, 2006 instead of following the Companies Act,

Sd/-  
(T.Chatterjee)  
Member, AERC

Sd/-  
(Dr. R.K.Gogoi)  
Member, AERC

Sd/-  
(N. K. Das)  
Chairperson, AERC

# Annexure-1

**Minutes of the 17<sup>th</sup> Meeting of the State Advisory Committee of the Assam Electricity  
Regulatory Commission held on 9<sup>th</sup> May, 2013  
at Assam Administrative Staff College, Khanapara, Guwahati.**

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The 17<sup>th</sup> meeting of the State Advisory Committee was held on 9<sup>th</sup> May, 2013 at the Assam Administrative Staff College, Khanapara at 11:00 a.m.

List of members of the State Advisory Committee along with the officers of the Commission present in the meeting are appended at **Annexure-I**.

At the beginning Shri M.J. Baruah, Secretary, AERC, welcomed the members present and requested the Chairperson, AERC, Shri J. Barkakati to preside over the meeting.

Chairperson, AERC once again welcomed the members and stated the objectives of the State Advisory Committee as mandated by Section 87 and 88 of the Electricity Act, 2003 which are mainly to advise the Commission on major questions of policy, matters relating to quality, continuity and extent of service provided by the licensees, protection of consumer interest, electricity supply and overall standards of performance by the utilities. The Chairperson stated that the Commission has been making utmost efforts to discharge its functions effectively as mandated by Section 86 of the Electricity Act 2003. It was stated that altogether 28 Regulations have been notified by the Commission on different aspects of the power sector for its overall improvement. These include Regulations for promotion of generation of electricity from renewable sources, promotion of investment in electricity industry, specifying standards with respect to quality, continuity and reliability of service by licensees, encouraging demand side management, protection of consumers' interests, etc.

The Chairperson, AERC stated that MYT petitions have been submitted by the power utilities of the state for the FYs 2013-14, 2014-15 and 2015-16 and notifications on the summary of these petitions were already published in 11 newspapers. He stated that the meeting of the State Advisory Commission is convened to discuss these petitions. He further stated that the Commission has been consulting the members of the State Advisory Committee every time as and when the Commission receives any petition for tariff revision from the State power utilities for discussion and their views on the petitions. The Chairperson referred to the judgment of the Hon'ble Appellate Tribunal for Electricity dated 11th November, 2011 which directed every State Commission to issue tariff order for a financial year before 1st April of that year and stated that this is being strictly monitored by the APTEL through the Forum of Regulators.

The Chairperson stated that in the last suo-motu Tariff Order for 2012-13 issued on 28th February 2012, there was no increase in tariff. He further stated that in the Multi Year Tariff Order for 2010-13 issued on 16.05.2011, the Commission had approved an increase of 15

paaise per unit for Jeevan Dhara category and 25 paaise per unit for the rest of the categories of consumers and therefore, for the last two years, no tariff resetting had taken place other than FPPPA charges.

The Chairperson said that the Power Purchase Cost accounts for 75% of the Annual Revenue Requirement of the distribution company and due to less contribution from the hydro based Central Sector Generating Stations in the NE region and also due to less availability of gas, the distribution company has been procuring power from the energy exchanges, NTPC, IPPs, etc through short/ medium term arrangements at an average cost of approximately Rs 4.56 per unit. The Chairperson stated that the power purchase cost has been increasing and the petitioners have demanded a tariff increase of 37% over the present tariff. He stated that the Commission is presently scrutinizing the materials/ information submitted by the utilities and shall take an appropriate decision only after prudent checking of all submissions made so far. Meanwhile, it was informed that the Commission had written to the State Government as per section 65 of the Electricity Act 2003 to offer any subsidy to any class of consumers deemed necessary by the Government to provide relief to that class of consumers.

The Chairperson further stated that in the MYT Order for FY 2010-13, the Commission gave directions to the distribution utility to reduce their distribution losses from 22.60% to 19.60% in 2012-13. However, the Chairperson expressed concern that the losses have been increasing over the last two years and as per submissions available, actual distribution loss in 2010-11 is 25.44% against AERC approved 21.60% - an increase of 3.84% and in 2011-12, actual distribution loss in 2011-12 is 26.60% against AERC approved 20.60% - an increase of 6%. The Chairperson called upon all members to actively participate in the discussions and share their views liberally and offer their valuable suggestions and advice.

The Chairperson AERC than asked Shri Anurag Goel, the Commissioner & Secretary to the Government of Assam, Power Department to address the gathering.

Shri Goel stated that the Multi Year Tariff Petitions have implications for the next three years and therefore, these need to be discussed and scrutinized in detail. Speaking on the present power scenario, Shri Goel informed that the power sector is trading in the path of progress since 2004-05 after re-organisation of the erstwhile Assam State Electricity Board in the state. Shri Goel stated that distribution losses have declined to some extent over the last ten year while the number of consumers have more than doubled and demand for power have also increased 2-3 times during the peak period.

Shri Goel informed the members that the Government of Assam has provided the state transmission and distribution companies around Rs 1000 Cr over the last 2-3 years from the Trade Development Fund for improvement of the transmission and distribution networks. Shri Goel also informed that on the insistence of the Government of Assam for increasing the generation capacity of the State, one tranche of the 3 tranches of ADB loan which are usually granted for development of the transmission sector has been earmarked for the state generation sector. Shri Goel stated that due to many critical issues, the hydro potential of the

state could not be harnessed to the maximum; however, efforts are on to develop Renewable Energy projects including solar energy projects. Shri Goel informed that investment in the power sector from the Government of Assam shall continue through in-principle support in the form of equity in the upcoming power projects as in the case of 70 MW Phase I - Lakwa Replacement Project where Rs 79.2 Cr has been invested by the State Government as Equity. Shri Goel stated that the power companies must recover their cost of supply in order to be economically viable; however, the Commission also has to take into account the interests of the consumers while deciding on the tariff.

The Chairperson, AERC thanked Shri Goel and stated that the tariff regulations on renewable energy projects notified by the Commission shall act as guidelines while determining tariff for such projects. The Chairperson further stated that the cost of generation from Solar PV is much higher in Assam and other north eastern states due to higher cost of the projects (as it is remotely located and solar insolation level is much less than that of Gujrat and Rajasthan) and low Capacity Utilization Factor (CUF). In consideration of the above, a high solar tariff in the state is pertinent to ensure viability of solar projects. However, he said that any solar tariff without financial incentive will be prohibitively high and would dissuade the distribution licensee from procuring such power and at the same time will not encourage developers to invest in such projects. The Chairperson stated that in order to attract developers to solar PV power generation in Assam and for economic viability of such projects, adequate policy and regulatory support would be necessary. As such, there is a justification in making a strong plea to the Central Government/MNRE not only to fix higher incentive but also to review the normative operating and financial parameters for solar technology in Assam in particular and North East in general. A realistic capping of solar tariff for Assam will have to be at least Rs 10/kWh. The Commission is concerned that a project cannot financially sustain without such a tariff support.

The Chairperson then asked Shri Jitesh Khosla, Additional Chief Secretary to the Government of Assam, Power Department, to speak on the occasion.

At the outset, Shri Khosla appreciated the good functioning of the Commission since its inception despite several impediments. Shri Khosla stated that the Commission has been regularly issuing tariff orders with several directives to the power utilities, although many Commissions in other advanced states have failed to do so. He called upon all stakeholders to effectively participate in the tariff making process to make the exercise successful. Shri Khosla stated that there are a few challenges faced by the power sector in the state today. These include:

- i) Rising cost of fuel (coal, natural gas) which causes hike in tariff.
- ii) Increasing the efficiency of the existing power stations.

- iii) Balancing the hydro:thermal mix of power by building/enhancing the thermal capacity in the state. Hydro potential is seasonal and generation from the hydro based power stations in the North Eastern Region (NER) dips during the lean winter season causing shortages and hike in power purchase cost.

**Shri Khosla stated that keeping in mind the peaking power requirement for trade, household and other purposes, a separate set of regulatory provisions seems essential for effective management of the peak demand and the Commission may formulate a separate set of Regulations in this regard.**

Shri Khosla further stated that some excellent projects have been undertaken in the transmission system and this has helped in reducing the transmission losses marginally and the trend needs to be maintained. In the distribution sector too, investments have been made under various schemes of the State and Central Government and distribution losses have been reduced from above 40 % (ten years back) to 27% equivalent to the National Average. It was stated that a lot of investment is necessary to strengthen the transmission and distribution systems further. Shri Khosla stated that the distribution network is expanding rapidly with the Rajiv Gandhi Gramin Vidyutikaran Yojana and appealed to the Commission that electricity usage and pricing may be regulated through tariffs in such a manner so that wastage is minimum. Shri Khosla said that the fuel prices are internationally linked and therefore, its pricing cannot be regulated. However, a part of the extra burden of the fuel cost may be offset through increase in efficiency in production and preventive maintenance of the necessary infrastructure/ equipments.

Shri Khosla emphasized that quality of service needs to improve further, particularly in the rural areas. He also emphasized on the effective usage of Demand Side Management and conservation efforts in reducing electricity consumption, through use of LEDs/ CFLs, energy efficient equipments, etc. Shri Khosla assured that the Government would continue to support all efforts that are made towards DSM activities and for increasing the efficiency of the system.

The Chairperson AERC stated that the Commission is contemplating to draft some Regulations in line with Karnataka and Orissa on Peak Power management.

On a request from the Chairperson AERC, the Managing Director and Chairman, APDCL, Shri Rajiv Yadav, spoke on the occasion. Shri Yadav expressed concern that with the growth of the BPL consumers in rural areas, the distribution losses have increased. He stated that the Company is making efforts to arrest these losses by applying different technological options. Shri Yadav stated that as a State owned utility, implementation of the RGGVY is a priority.

Shri Yadav further stated that the share allocation from the Central Sector Generating Stations (CSGS) located in the North Eastern region was only on paper, the CSGS could provide only 50% of the allocated power to the Distribution Company during the last few



months. Shri Yadav appealed to the Commission that the issue be communicated and deliberated with the Central Electricity Regulatory Commission as the distribution licensee had to pay the fixed charges despite non-availability of energy from the Stations. He further appealed to the Commission that the Central Electricity Authority may be requested to increase the share allocation of Assam from the CSGS located in the North Eastern Region, particularly from the thermal stations. Shri Yadav reiterated that the Company is making efforts to reduce its commercial losses through proper metering, more IT- Based applications, use of prepaid meters, etc. He further informed that the Company is making efforts to increase the number of HT consumers so that distribution losses could be curtailed significantly. Shri Yadav requested the State Government to provide financial assistance of Rs 463.00 Cr in power procurement so as to support the BPL consumers added through the RGGVY.

The MD, APDCL stated that a number of power projects are being envisaged in the coming years, some through the PPP mode which shall contribute in stabilizing the power demand and availability ratio. . He stated that the Company has submitted the MYT petitions for FY 2013-16 before the Commission and expressed hope that the Commission would provide a very judicious tariff structure which would help the company to effectively discharge its duties and obligations. Shri Yadav appealed to the Commission that it may allow the distribution company to recover the tariff gap which has accumulated over the last three years to be realized through electricity tariffs.

**The Chairperson, AERC stated that increase in distribution losses is alarming and measures already suggested by the Commission in the last tariff orders need to be implemented to curtail these losses. He further stated that the Government of Assam should take adequate steps to implement the Margherita Project in right earnest and efforts should be made to use the expertise of NTPC by forming a JV Company in implementing the project.**

The Chairperson then took up the Agenda for the meeting item-wise.

**(1) Agenda Item No. 1: To confirm the Minutes of the 16th Meeting of the State Advisory Committee held on 19.12.2012.**

The minutes of the last meeting of the Advisory Committee held on 19.12.2012, was placed before the Committee for confirmation. The minutes of the 16<sup>th</sup> meeting were accepted and confirmed.

**(2) Agenda Item No. 2: Action taken on the Minutes of the 16th Meeting of the State Advisory Committee held on 19.12.2012.**

The action taken reports on the minutes of the last meeting were submitted by the APGCL, AEGCL and APDCL to the Commission for information. Copies of the same were also

distributed among the members in the meeting. The deliberations that took place on these minutes are briefly recorded below:

On the issue of higher Auxiliary Power Consumption (APC) than approved, it was informed by APGCL that higher auxiliary consumption is due to Lakwa Waste Heat Recovery Unit commissioned in January, 2012 having APC of 9% and consumption in gas booster compressor in Lakwa TPS and transformer loss of NTPS 132 KV substation for distribution transmission feeders. It was informed by APGCL that action is being taken to remove the distribution feeders from the NTPS 132 KV substation. Further action is also being taken up in LTPS for calibration of energy meter to eliminate possible errors. Regarding higher Station Heat Rate (SHR), it was further informed that as advised by AERC, IIT Guwahati has been engaged for studying the actual SHR of the generating units of LTPS and NTPS and the study report will be submitted to the Commission to review the SHR of NTPS and LTPS in due course of time. APGCL also informed that the Company has been pursuing seriously to expedite the progress of the project works at various levels for their timely completion.

On the status of the 2x250 MW Margherita Coal based Thermal Power Project, it was informed that instead of coal linkage, Government of India would be allocating coal block to the state for the project. A member suggested that Case II bidding may be invited from investors willing to participate in implementation of this project.

On the hydro power stations, it was informed that the 2<sup>nd</sup> phase (2x1.5 MW) of the 9 MW Myntriang Small Hydro Power Project is likely to be commissioned in June 2013 at a tariff of Rs 0.99/ unit. It was informed that no other hydro project is likely to be commissioned during the FY 2013-14.

The Chairperson AERC suggested that the Detailed Project Reports of the Small Hydro Projects in the State should be taken up immediately and the projects should be implemented within the scheduled timeframe.

AEGCL informed that during the last four years i.e. 2009-10, 2010-11, 2011-12 and 2012-13, transmission losses have been gradually reduced from 6.04%, 4.81%, and 4.21% to 4.15% respectively. AEGCL also informed that the PGCIL transmission charges have been increased to Rs 178.34 Cr and Rs 209.58 Cr for FY 2010-11 and FY 2011-12 respectively from the approved cost of Rs 134.24 Cr mainly due to tariff revision of PGCIL by CERC.

APDCL informed that efforts are being made to motivate personnel at the field level to improve system reliability and for submission of Standards of Performance (SOP) achieved as per formats of AERC for FY 2010-11 and FY 2011-12.

On a query from a member regarding formation of the Load Shedding Protocol (LSP) Committee, APDCL informed that the process for constitution of the Committee is under progress as suggested by the Commission. **The Advisory Committee members requested that a meeting of the LSP Committee be held to discuss the Principles and Protocols of Load Shedding Hours without further delay.**

On the issue of arrear dues to the APDCL from the Government departments, it was

informed that the State Government has made a budget provision of Rs 70.83 Cr against Government consumers and power subsidy for FY 2013-14 which shall be released shortly. It was also informed that for the current year, the Government releases Rs 8 Cr/ month against consumption in Government departments. It was however, informed that the amount is insufficient and no budget provision has been made against arrear of above Rs 13 Cr against the NHRM Hospitals.

**The Chairperson AERC, suggested that the distribution company should work out the total amount outstanding upto FY 2012-13 and submit this to the State Government for necessary decision on the matter.**

Regarding prepaid meters, it was informed that a total of 3253 prepaid meters have been purchased out of which 2624 were installed and a directive has also been issued to make it mandatory to install prepaid meters in all upcoming residential flats of Guwahati city. **Regarding installation of prepaid meters in Government buildings, it was informed that APDCL has not received any action plan from the State Government.**

**Shri Khosla stated that the matter regarding installation of prepaid meters in Government buildings would be considered and informed in due course.**

**(3) Agenda Item No 3: Appraisal of members of the State Advisory Committee on the present power scenario of the State.**

Representatives from APDCL gave a power-point presentation on the prevailing power situation in the state. It was informed during the course of the presentation that 47.62% out of installed capacity of 1235 MW from the Central Sector Generating Stations (CSGS) in North Eastern Region (NER) is allocated to the state of Assam. Out of total installed capacity of 4940 MW from the CSGS located in the Eastern Region (ER), Assam has been allocated only 157 MW. It was further informed that during the past few months, APDCL received only 50% of the power allocated from the NER CSGS. Therefore, there was a shortfall of about 250-300 MW all through these months, particularly, during the peak hours. It was informed that out of 107 MW allocated to the state, only 43 MW was received from the Kopili Hydro Electric Project.

The Chairperson AERC informed that during the recently held Coordination Forum Meeting, the representative from NEEPCO informed that the underwater machineries had undergone corrosion due to acidity in the water and repairs & maintenance works have been taken up. On a query from the Commission as to when the project would be able to generate to its effective capacity, it was informed that the repairs and maintenance works are likely to be completed by March 2014 and the project would be able to generate to its full capacity depending on the inflow of water.

**The Chairperson, AERC informed the Committee that Rs 1.03 /unit is being charged as Fuel and Power Purchase Price Adjustment (FPPPA) on electricity consumption for all consumers and therefore, as the distribution licensee is now aware of the fact that power from Kopili Hydro Electric Project will be partially available until March 2014,**

**the licensee may find some alternative economic source of power to mitigate the shortage.**

APDCL informed that the Company was trying to procure power at an average price of Rs 2.50/unit from the Indian Energy Exchange and through Short term Open Access.

**(4) Agenda Item No 4: Appraisal of members of the State Advisory Committee on Multi Year Tariff Proposal by the respective utilities.**

As per AERC (Terms and Conditions for Determination of Tariff) Regulations 2006, the generation, transmission and distribution companies are required to file Multi Year Tariff petitions for FYs 2013-16 for determination of ARR and tariff by 01.12.2012. Each of the power utilities approached the Commission with petition to grant extension of time upto 31.01.2013 for filing MYT petition for FY 2013-14 to FY 2015-16 stating that the necessary information to submit the petitions was not available and therefore, the documents were not ready. Accordingly, the Commission extended the time by two months upto 31.01.2013.

The Commission informed the members of the State Advisory Committee that the petitions subsequently received from APGCL, AEGCL and APDCL were also deficient in material particulars and Technical Validation Sessions were held between officials of the Commission and the petitioners. Some data/clarifications were further sought from the Commission from time to time and most of these have been submitted except for those required to be submitted after the validation sessions.

The Commission further informed that, as per the Electricity Act 2003, and in line with the procedure followed by AERC for the previous years, notices regarding petitions received for determination of ARR and Tariff for FY 2013-16 were asked to be published in widely circulated dailies. The notifications were published in 11 dailies – 4 Assamese dailies, 3 English, 2 Bengali and 2 Hindi dailies. The last date for receipt of objection petitions was stated in the notifications as 30.04.2013. However, the Commission received a number of requests to extend the time for submission of response petitions and it was decided to extend the date for submission of comments and objections upto 13.05.2013. It was also informed that some petitioners requested that the notices be published in Assamese language in the Assamese newspapers. The Commission directed the power utilities to comply with and accordingly notices in Assamese language were published on 01.05.2013 in Assamese dailies.

The MYT petitions submitted by the utilities were briefly discussed during the meeting and power point presentations on these petitions were also given by all the companies.

After the presentations, a few members of the State Advisory Committee (SAC) enquired regarding billing and collection efficiency. APDCL sources informed that average current billing and collection efficiency was 75% and 95% respectively. **The members suggested that third party study of AT&C losses of the distribution company needs to be conducted and measures to reduce such losses must be taken as in rural areas, it can**

**be seen that the losses were in the range of 40%-45%. It was further suggested that third party energy audit need to be done.**

Some SAC members enquired on the success of involving franchisees in Single Point Power Supply Scheme. APDCL informed that 26 Nos. of feeders and more than a 100 transformers entrusted to rural franchisees are running smoothly. APDCL further informed that in some areas in Central Assam like Nagaon, franchisee system has been very successful while in lower and upper Assam, it has not been that successful. It was informed that in Nazira and Sivasagar of Upper Assam, new feeders have been allocated to franchisees.

A SAC member pointed out that there were allegations that franchisees were not willing to enter into agreement with the distribution licensee as the revenue target offered to the franchisee were on the higher side and sometimes not achievable. Besides, there were also allegations that in some areas, either the franchisee DTRs were not metered or meters were not working and franchisees were billed on average consumption which led to financial losses to the company.

**The Chairperson AERC asked the distribution licensee to make public the number of feeders and transformers offered to franchisees, the commission being offered to the franchisees and other details including increase in the revenue of APDCL after the franchisee system was introduced in a particular area to enhance transparency in the functioning of these franchisees.**

It was suggested by a SAC member that the ongoing power projects within the state like Bongaigaon Thermal Power Project, need to be expedited and the Government of Assam should make sure that the law & order situation does not stand as an impediment in timely commissioning of these projects.

**Shri Khosla assured the members that action in this regard would be taken.**

No other matter was discussed and the meeting ended with a vote of thanks by the Secretary, AERC to everyone present in the meeting.

Sd/-  
(J. Barkakati)  
Chairperson,  
Assam Electricity Regulatory Commission

**List of Persons attending the 17<sup>th</sup> Meeting of the  
State Advisory Committee held on 9<sup>th</sup> May, 2013**

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- (1) **Shri J. Barkakati**, Chairperson, AERC
- (2) **Dr. R. K. Gogoi**, Member, AERC
- (3) **Shri T. Chatterjee**, Member, AERC
- (4) **Shri J. Khosla**, Additional Chief Secretary, Power Deptt., Govt. of Assam.
- (5) **Shri A. Goel, IAS**, Commissioner & Secretary, Power Deptt., Govt. of Assam
- (6) **Shri R. Yadav, IAS**, Chairman, ASEB & CMD, APDCL.
- (7) **Shri M.R. Dutta**, Joint Secretary, Agriculture Deptt., Govt. of Assam
- (8) **Shri G. K. Das**, MD, AEGCL
- (9) **Shri C. Baruah**, Director (Technical), APDCL.
- (10) **Dr P.K. Bordoloi**, Professor & HoD, Deptt. of AEI, GIMT, Guwahati-17.
- (11) **Shri D. Kedia**, Member, Power Committee, FINER, Guwahati.
- (12) **Shri J. Madhav**, Former Chief Advisor to the Chief Minister, Govt. of Assam.
- (13) **Shri A. K. Baruah**, President, All Assam Small Scale Industries Association.
- (14) **Shri G.C. Baishya**, President, Grahak Suraksha Sanstha
- (15) **Shri S. Baruah**, President, North Eastern Small Scale Industries Association
- (16) **Shri K. C. Medhi**, State Secretary, North Eastern Small Scale Industries Association.

**Officers of AERC present :**

- (1) **Shri M.J. Baruah**, ACS, Secretary, AERC.
- (2) **Shri D. K. Sharma**, Joint Director (Tariff), AERC
- (3) **Shri T. Mahanta**, Deputy Director (Engg.), AERC
- (4) **Shri A. Purkayastha**, Deputy Director (Finance), AERC

**Consultants of AERC present :**

- (1) **Ms P. Sharma**, Consultant (Finance, Database and Consumer Advocacy), AERC
- (2) **Shri N.K. Deka**, Consultant (Technical), AERC