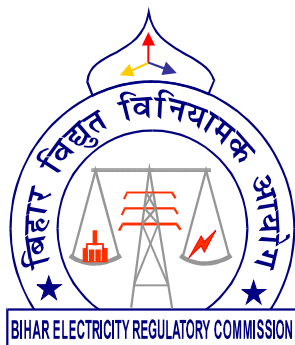


# BIHAR ELECTRICITY REGULATORY COMMISSION



**Case No. 49 of 2014**

**Tariff Order**

Truing-up for FY 2013-14,  
Annual Performance Review (APR) for FY 2014-15, Revised Annual  
Revenue Requirement (ARR) and Determination of Tariff for FY 2015-16  
of

**SOUTH BIHAR POWER DISTRIBUTION COMPANY LIMITED  
(SBPDCL)**

**Issued on 16<sup>th</sup> March 2015**

**With effect from 1<sup>st</sup> April 2015**



## Contents

ORDER.....	1
1. <b>Introduction</b> .....	11
1.1 Bihar Electricity Regulatory Commission (BERC) .....	11
1.2 Functions of BERC .....	11
1.3 South Bihar Power Distribution Company Limited (SBPDCL) .....	12
1.4 Commission's Orders issued earlier to SBPDCL .....	13
1.5 Admission of Current Petition and Public Hearing Process .....	13
1.6 Approach of the order.....	15
1.7 Contents of this order .....	17
2. <b>Summary of Petition filed by SBPDCL for Truing-up for 2013-14, Annual Performance Review for FY 2014-15 and Revised Annual Revenue Requirement for FY 2015-16</b> .....	18
2.1 Summary of the petition for Aggregate Revenue Requirement (ARR) and Revenue Gap for 2015-16.....	18
3. <b>Stakeholder's Objections / Suggestion, Petitioner's Response and Commission's Observations</b> .....	24
3.1 Introduction .....	24
3.2 Stakeholder's Objections / Suggestion, Petitioner's Response and Commission's Observations .....	25
4. <b>Truing-up for FY 2013-14</b> .....	73
4.1 Background .....	73
4.2 Truing-up of ARR for FY 2013-14.....	74
4.3 Number of Consumers, Connected Load and Energy Sales.....	74
4.3.1 Number of Consumers .....	74
4.3.2 Connected Load .....	76
4.3.3 Energy Sales .....	78
4.4 Distribution Loss.....	81
4.5 State Transmission Loss .....	84
4.6 Central Transmission Loss .....	84
4.7 Energy Requirement .....	85
4.8 Power Purchase.....	86
4.9 Energy Balance .....	89
4.10 Power Purchase Cost.....	91
4.11 Disallowance of Power Purchase cost due to excess Distribution Loss.....	94
4.12 Renewable Energy Purchase Obligation (RPO) .....	95
4.13 Solar RPO.....	96
4.14 Non Solar RPO .....	96
4.15 Capital Expenditure .....	98
4.16 Gross Fixed Assets.....	101
4.17 Depreciation.....	103
4.18 A. Interest on Loans .....	107
4.19 Employee Costs .....	112
4.20 Repairs and Maintenance (R&M) Expenses.....	114

4.21	Administrative and General (A&G) Expenses .....	116
4.22	Allocation of Holding Company Expenses.....	118
4.23	Summary of Operations and Maintenance.....	120
4.24	Interest on working capital .....	121
4.25	Return on Equity .....	124
4.26	Interest on Security Deposit.....	126
4.27	Net Prior Period Charges / (Credits) .....	128
4.28	Non Tariff Income .....	130
4.29	Revenue from sale of power at existing tariff .....	132
4.30	Resource gap funding from State Government for FY 2013-14 .....	134
4.31	Annual Revenue Requirement and Revenue Gap at existing tariff projected for FY 2013-14.....	136
4.32	Past recoveries and Regulatory Asset for FY 2015-16 .....	138
5.	<b>Review for FY 2014-15</b> .....	140
5.1	Background .....	140
5.2	Profile of SBPDCL.....	141
5.3	Energy Sales, Number of Consumers and Connected Load.....	142
5.3.1	Category wise number of consumers .....	144
5.3.2	Category wise connected load .....	147
5.3.3	Category wise Energy Sales.....	150
5.4	Distribution Loss.....	154
5.5	State Transmission Loss .....	156
5.6	Central Transmission Loss .....	156
5.7	Energy Requirement .....	157
5.8	Power Purchase.....	158
5.9	Energy Balance .....	162
5.10	Power Purchase Cost.....	166
5.11	Transmission Charges.....	170
5.12	Total Power Purchase Cost .....	171
5.13	Disallowance of Power Purchase cost due to excess Distribution Loss.....	172
5.14	Net Power Purchase Cost.....	173
5.15	Capital Expenditure .....	174
5.16	Interest During Construction (IDC).....	176
5.17	Gross Fixed Assets.....	178
5.18	Depreciation.....	179
5.19	Interest on Loans.....	182
5.20	Operation and Maintenance (O&M).....	184
5.21	Employee Costs .....	184
5.22	Repairs and Maintenance (R&M) Expenses.....	187
5.23	Administrative and General (A&G) Expenses .....	188
5.24	Allocation of Holding Company Expenses.....	190
5.25	Summary of Operations and Maintenance (O&M).....	192
5.26	Interest on working capital .....	193
5.27	Return on Equity .....	196
5.28	Interest on Security Deposit.....	198

5.29	Net Prior Period Charges.....	199
5.30	Non – Tariff Income.....	200
5.31	Revenue from sale of power at existing tariff .....	201
5.32	Resource gap funding from State Government for FY 2014-15 .....	203
5.33	Annual Revenue Requirement and Revenue Gap at existing tariff projected for FY 2014-15 (RE) .....	205
6.	<b>Revised Aggregate Revenue Requirement (ARR) for FY 2015-16.....</b>	<b>208</b>
6.1	Background .....	208
6.2	Energy Sales, Number of Consumers and Connected Load.....	208
6.2.1	Category wise number of consumers .....	211
6.2.2	Category wise connected load .....	214
6.2.3	Category wise Energy Sales.....	216
6.3	Distribution Loss.....	219
6.4	State Transmission Loss .....	221
6.5	Central Transmission Loss .....	221
6.6	Energy Requirement .....	221
6.7	Power Purchase.....	222
6.8	Energy Balance .....	226
6.9	Power Purchase Cost.....	230
6.10	Transmission Charges.....	234
6.11	Total Power Purchase Cost .....	235
6.12	Disallowance of Power Purchase cost due to excess Distribution Loss.....	235
6.13	Net Power Purchase Cost.....	236
6.14	Capital Expenditure .....	237
6.15	Interest During Construction (IDC).....	239
6.17	Depreciation.....	242
6.18	Interest on Loans.....	244
6.19	Operation and Maintenance (O&M) Expenses.....	245
6.20	Employee Costs .....	246
6.21	Repairs and Maintenance (R&M).....	247
6.22	Administrative & General (A&G) Expenses.....	249
6.23	Allocation of Holding Company Expenses.....	250
6.24	Summary of Operations and Maintenance (O&M) Expenses.....	252
6.25	Interest on Working Capital .....	252
6.26	Return on Equity .....	256
6.27	Interest on Security Deposit.....	258
6.28	Non-Tariff Income .....	259
6.29	Revenue from sale of power at existing Tariff .....	260
6.30	Resource gap funding from State Government for FY 2015-16 .....	262
6.31	Renewable Purchase Obligation (RPO) .....	263
6.32	ARR and Revenue Gap / (Surplus) projected for FY 2015-16.....	264
6.33	Approved Revenue Gap / (Surplus) with existing tariff for FY 2015-16.....	266
6.34	Average Tariff as a percentage of Average Cost of Service in Tariff Order for FY 2014-15 and FY 2015-16.....	267

6.35	Average Tariff as a percentage of Voltage-wise Cost of Supply for FY 2014-15 and FY 2015-16 .....	269
7.	<b>Government grant / revenue subsidy</b> .....	271
7.1	Background .....	271
7.2	Resource Gap Grants for FY 2015-16 .....	271
7.3	Consumer categories eligible for subsidy .....	272
7.4	Subsidy receivable for FY 2015-16 .....	272
8.	<b>Voltage-wise Cost Supply</b> .....	274
8.1	Background .....	274
8.2	Pre-requisite for arriving at the voltage wise Cost of Supply (CoS): .....	274
8.3	Fixation of T&D Loss: .....	274
8.4	Energy Sales: .....	275
8.5	Voltage-wise Technical and Commercial Losses: .....	277
8.6	Computation of Technical Losses and Commercial Losses: .....	277
8.7	Allocation of Power Purchase Cost for FY 2015-16 .....	278
8.8	Network Cost .....	279
8.9	Cost of supply at different voltage levels .....	280
9.	<b>Tariff Principles, Design and Tariff Schedule</b> .....	281
9.1	Background .....	281
9.2	Revenue gap for FY 2015-16 .....	282
9.3	Changes in Tariff proposed by Petitioner: .....	283
9.4	Other Changes proposed by the Petitioner .....	283
9.5	Changes made by the Commission in Tariff Structure .....	285
9.6	Tariff Schedule .....	286
	Appendix - I .....	287
1.0	DOMESTIC SERVICE .....	287
1.1	Kutir Jyoti Connections (KJ) – Rural / Urban .....	287
1.2	Domestic Service – I (DS – I) .....	288
1.3	Domestic Service – II (DS – II) .....	288
1.4	Domestic Service – III (DS – III) .....	288
	TARIFF RATES .....	289
1.0	Domestic Service .....	289
	OPTIONAL .....	290
	Domestic DS – II (D) – Demand Based .....	290
2.0	NON-DOMESTIC SERVICE (NDS) .....	291
2.1	Non-Domestic Service (NDS – I) .....	292
2.2	Non - Domestic Service – NDS – II (Metered) .....	292
	OPTIONAL .....	293
2.2.1	Non-Domestic Service – NDS - II (D) – Demand Based .....	293
2.3	Non-Domestic Service – NDS – III (Metered) .....	293
	OPTIONAL .....	294
2.3.1	Non-Domestic Service – NDS - III (D) – Demand Based .....	294
3.0	IRRIGATION and AGRICULTURE SERVICE (IAS) Applicability .....	295
3.1	IAS - I .....	295
3.2	IAS – II .....	295

4.0	LOW TENSION INDUSTRIAL SERVICE (LTIS) Applicability .....	296
4.1	LTIS – I (Connected load upto 25 HP).....	296
	OPTIONAL.....	297
4.1.1	LTIS – I (D) Contracted demand 5 kW to 15 kW – Demand Based Tariff.....	297
4.2	LTIS – II (Connected load above 25 HP and upto 99 HP) .....	297
	OPTIONAL.....	298
4.2.1	LTIS -II (D) (Contract demand above 15 kW and up to 70 kW – Demand Based Tariff .	298
5.0	PUBLIC WATER WORKS (PWW) (Connected load upto 99 HP).....	298
6.0	STREET LIGHT SERVICES (SS) Applicability .....	299
6.1	SS-I Metered Supply .....	299
6.2	SS-II Unmetered Supply .....	299
	TERMS AND CONDITIONS OF LOW TENSION TARIFF.....	300
1.	Rebate for prompt payment .....	300
2.	Accounting of Partial Payment.....	300
3.	Delayed Payment Surcharge (DPS) .....	300
4.	Duties and Taxes .....	301
5.	Defective / Damaged / Burnt Meters Supply.....	301
6.	Shunt Capacitor Installation.....	302
7.	Charges to Tatkal Connections (Optional) .....	302
8.	Contract Demand for billing under Domestic Tariff: .....	303
	PART – B: HIGH TENSION SUPPLY .....	303
7.1	HTS – I (11 kV/6.6 kV).....	303
7.2	HTS – II (33 kV) .....	304
7.3	HTS – III (132 kV) .....	304
7.4	HTSS – (33 kV/11 kV).....	305
8.0	Railway Traction Service (RTS) .....	306
	PART – C: MISCELLANEOUS AND GENERAL CHARGES .....	314
11.0	Miscellaneous and General Charges .....	314
11.1	Meter Rent .....	314
11.2	Application fee for new connection / reduction of load / enhancement of load / request for permanent disconnection / request for tatkal connection:.....	314
11.3	Testing / Inspection of consumer’s Installation:.....	314
11.4	Meter Testing Fee: .....	315
11.5	Removing / Re-fixing / Changing of Meter / Meter Licensee at consumer’s request:..	315
11.6	Reconnection charge: .....	315
11.7	Supervision, Labour and Establishment charge for service connection:.....	315
11.8	Security Deposit: .....	316
11.9	Interest on Security Deposit: .....	316
12.0	Security Deposit: .....	316
10.	Fuel and Power Purchase Cost Adjustment .....	317
11.	Wheeling Charges and Open Access Charges .....	321
11.1	Background .....	321
11.2	Wheeling Charges: .....	321
11.3	Open Access Charges .....	324
11.4	Transmission Charge .....	325

11.5	Wheeling Charges .....	<b>Error! Bookmark not defined.</b>
11.6	Open Access Charges .....	326
11.7	SLDC Charges.....	327
11.8	Cross Subsidy Surcharge .....	327
11.9	Additional Surcharge.....	328
11.10	Reactive Energy Charges .....	328
11.11	Information to be put on the web site.....	328
12.	Compliance of Directives .....	329
12.1	Background .....	329
12.2	Directives and their compliance .....	329
12.3	New Directives .....	354
12.3.1	Consumer Database .....	354
12.3.2	Performance of Distribution Franchisee (DF) .....	355
13.	Renewable Purchase Obligation .....	356
13.1	Background .....	356
13.2	Renewable Purchase Obligation (RPO) .....	357
13.3	Renewable Energy Policy .....	357
13.4	BERC (Renewable Purchase Obligation, its Compliance and REC Framework Implementation) Regulations, 2010 .....	358
13.5	Power purchases from FY 2010-11 to FY 2013-14 and the Renewable Purchase Obligations (RPO) .....	359
13.6	Co-generation and Biomass Based Plants.....	360
13.7	Small Hydro Power.....	361
13.8	Solar Power .....	361
13.9	Rural Electrification through Non-Conventional Energy Sources.....	361



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**LIST OF TABLES**

Table 2.1: ARR and Revenue Gap Claimed in Truing-up for FY 2013-14 .....	18
Table 2.2: ARR and Revenue Gap projected in Review for FY 2014-15.....	20
Table 2.3: Revised ARR and Revenue Gap projected for FY 2015-16.....	21
Table 2.4: Additional Revenue from proposed Tariff .....	22
Table 2.5: Revenue Gap carried forward.....	22
Table 4.1: Number of Consumers for FY 2013-14 .....	75
Table 4.1a: Number of Consumers approved for FY 2013-14.....	76
Table 4.2: Connected Load (kW) for FY 2013-14.....	76
Table 4.2a: Connected Load (kW) approved for FY 2013-14.....	77
Table 4.3: Energy Sales (MU) for FY 2013-14 .....	78
Table 4.4: Energy Sales (MU) approved for FY 2013-14.....	80
Table 4.5: Distribution Loss projected for FY 2013-14 .....	82
Table 4.6: Distribution Loss approved for FY 2013-14 to FY 2015-16 .....	82
Table 4.6a: Approved Distribution Loss (%) for FY 2013-14.....	84
Table 4.7: Energy requirement projected for FY 2013-14.....	85
Table 4.8: Energy requirement approved for FY 2013-14.....	86
Table 4.9: Power Purchase projected for FY 2013-14 .....	87
Table 4.10: Source wise Power Purchase quantum approved for FY 2013-14 .....	88
Table 4.11: Energy Balance projected for FY 2013-14 .....	89
Table 4.12: Energy Balance approved for FY 2013-14.....	90
Table 4.13: Power Purchase Cost claimed for FY 2013-14 .....	92
Table 4.14: Approved Power Purchase cost for FY 2013-14 .....	93
Table 4.15: Projected disallowance of Power Purchase cost due to excess distribution loss for FY 2013-14 .....	94
Table 4.16 Disincentive for Non-achievement of Distribution loss reduction target for FY 2013-14.....	95

Table 4.17: Percentage of RPO for FY 2013-14 .....	95
Table 4.18: Percentage of RPO for FY 2013-14 .....	95
Table 4.19: CWIP, Capex, Capitalisation and Funding of capitalisation projected for FY 2013-14 .....	98
Table 4.20: Capitalisation and funding Considered for FY 2013-14 .....	101
Table 4.21: Gross Fixed Assets projected for FY 2013-14 .....	102
Table 4.22: Gross Fixed Assets considered for FY 2013-14 .....	103
Table 4.23: Depreciation projected for FY 2013-14 .....	104
Table 4.24: Depreciation considered for FY 2013-14 .....	107
Table 4.25: Interest on loans projected for FY 2013-14 .....	108
Table 4.26: Approved Interest on loan for FY 2013-14 .....	109
Table 4.27: Other Interest and Finance Charges projected for FY 2013-14 .....	110
Table 4.28: Approved other finance charges for FY 2013-14 .....	112
Table 4.29: Employee Cost for FY 2013-14 proposed by the Petitioner .....	112
Table 4.30: Employee Cost considered for FY 2013-14 .....	114
Table 4.31: Repairs and Maintenance expenses projected for FY 2013-14 .....	115
Table 4.32: R&M expenses considered for FY 2013-14 .....	116
Table 4.33: Administration and General Expenses projected for FY 2013-14 .....	116
Table 4.34: Administration & General Expenses considered for FY 2013-14 .....	117
Table 4.35: Allocation of Holding Company Expenses projected for FY 2013-14 .....	119
Table 4.36: Holding Company expenses considered for FY 2013-14 .....	120
Table 4.37: Total O&M cost considered by the Commission for FY 2013-14 .....	120
Table 4.38: Norms for working capital requirement .....	121
Table 4.39: Interest on working capital projected for FY 2013-14 .....	122
Table 4.40: Interest on working capital considered for FY 2013-14 .....	124
Table 4.41: Return on Equity projected for FY 2013-14 .....	125
Table 4.42: Return on Equity considered for FY 2013-14 .....	126

Table 4.43: Interest on security deposit projected for FY 2013-14 (RE) .....	127
Table 4.44: Net Prior period charges / (Credits) projected for FY 2013-14 .....	128
Table 4.45: Net Prior period charges / (Credits) considered for FY 2013-14 .....	130
Table 4.46: Projected Non-tariff Income for FY 2013-14 .....	130
Table 4.47: Financing cost of DPS.....	132
Table 4.48: Non-tariff Income considered for FY 2013-14.....	132
Table 4.49: Revenue from Sale of Power for FY 2013-14.....	133
Table 4.50: Revenue from sale of power at existing tariff approved for FY 2013-14 .....	134
Table 4.51: Resource Gap utilization projected for FY 2013-14.....	135
Table 4.52: Resource Gap utilization considered for FY 2013-14 .....	135
Table 4.53: ARR and Revenue Gap/ (Surplus) projected for FY 2013-14 .....	136
Table 4.54: ARR and Revenue Gap / (Surplus) approved by the Commission for FY 2013-14.....	137
Table 4.55: Approved consolidated Revenue Gap / (Surplus) of Discoms based on true up to end of FY 2013-14.....	139
Table 5.1: SBPDCL Area and Circles.....	141
Table 5.2: Distribution Infrastructure as on 31-08-2014.....	141
Table 5.3: Category-wise Effective Number of Consumers (Actuals).....	142
Table 5.4: Category wise consumer growth in past 5 years.....	142
Table 5.5: Category wise connected load in Bihar (Actual).....	143
Table 5.6: Category wise connected Load growth in Past 5 years .....	143
Table 5.7: Category wise Energy Sales in Bihar (Actual).....	143
Table 5.8: Category wise Energy sales growth in past 5 years .....	144
Table 5.9: Number of consumers projected for FY 2014-15 .....	145
Table 5.10 Growth of Kutir Jyoti Consumers.....	145
Table 5.11 Number of consumers considered for FY 2014-15 (RE) .....	147
Table 5.12 Connected Load (KW) projected for FY 2014-15 .....	148
Table 5.13 Connected Load (KW) considered for FY 2014-15 (RE) .....	149

Table 5.14 Energy Sales Allocation Ratio for NBPDCCL & NBPDCCL .....	151
Table 5.15: Energy Sales Projected for FY 2014-15 .....	151
Table 5.16: Energy Sales Considered for FY 2014-15 (RE).....	153
Table 5.17: Distribution Loss projected for FY 2014-15 .....	154
Table 5.18: Distribution Loss approved for FY 2013-14 to FY 2015-16.....	155
Table 5.18a: Energy Requirement projected or FY 2014-15 .....	157
Table 5.19: Energy requirement considered for FY 2014-15 .....	158
Table 5.20: New Sources Assumption .....	160
Table 5.21 Power Purchase projected for FY 2014-15 .....	160
Table 5.22 Power Purchase considered for FY 2014-15 (RE) .....	161
Table 5.23: Energy Balance Projected for FY 2014-15 .....	162
Table 5.24: Energy Balance Considered for FY 2014-15 (RE) .....	163
Table 5.25: Surplus power available and disallowed power due to excess distribution loss.....	165
Table 5.26: Power Purchase Cost Projected for FY 2014-15 .....	167
Table 5.27: Average power purchase rates during FY 2013-14 (Actual) and FY 2014-15 (Projected) .....	168
Table 5.28: Power Purchase Cost Considered for FY 2014-15 (RE).....	170
Table 5.29: PGCIL and BSPTCL Charges Projected for FY 2014-15 .....	171
Table 5.30: Total Power Purchase Cost Considered for FY 2014-15 (RE).....	172
Table 5.31: Projected disallowance of Power Purchase cost due to excess distribution loss for 2014-15 .....	172
Table 5.32: Disallowance of Power Purchase cost considered for FY 2014-15 (RE) .....	173
Table 5.33: Net power purchase cost considered for FY 2014-15 (RE).....	173
Table 5.34: CWIP, Capex, Capitalization and Funding of capitalization projected for FY 2014-15 (RE)...	174
Table 5.35: Capitalization approved for FY 2014-15 .....	175
Table 5.36: Capitalization and funding Considered for FY 2014-15 .....	176
Table 5.37: Interest during Construction (IDC) projected for FY 2014-15 .....	177
Table 5.38: Interest during construction (IDC) considered for FY 2014-15.....	177

---

Table 5.39: Gross Fixed Assets Projected for FY 2014-15 .....	178
Table 5.40: Gross Fixed Assets considered for FY 2014-15 .....	179
Table 5.41: Depreciation projected for FY 2014-15 .....	179
Table 5.42: Depreciation considered for FY 2014-15 .....	181
Table 5.43: Interest on loans projected for FY 2014-15.....	182
Table 5.44: Interest on loan considered for FY 2014-15 .....	183
Table 5.45: O&M Expenses – weightage of indexation / inflation factor .....	184
Table 5.46: Employee Cost proposed by the Petitioner for FY 2014-15 (RE).....	185
Table 5.47: Employee Cost considered for FY 2014-15.....	187
Table 5.48: Repairs & Maintenance Expenses Projected for FY 2014-15 .....	187
Table 5.49: R & M Expenses Considered for FY 2014-15 .....	188
Table 5.50: Administration and General Expenses Projected for FY 2014-15 .....	189
Table 5.51: Administration & General Expenses considered for FY 2014-15 (RE) .....	190
Table 5.52: Expenses of Holding Company Projected for FY 2014-15 .....	191
Table 5.53: Allocation of Expenses of Holding Company Considered for FY 2014-15 .....	192
Table 5.54: Total O&M cost considered by the Commission for FY 2014-15 (RE) .....	192
Table 5.55: Norms for Working Capital Requirement.....	193
Table 5.56: Interest on Working Capital Projected for FY 2014-15 (RE) .....	193
Table 5.57: Interest on Working Capital Considered for FY 2014-15 (RE) .....	195
Table 5.58: Return on Equity Projected for FY 2014-15 .....	196
Table 5.59: Return on Equity Considered for FY 2014-15 .....	197
Table 5.60: Interest on Security Deposit Projected for FY 2014-15 (RE).....	198
Table 5.61: Net Prior period charges / (Credits) projected for FY 2014-15 .....	199
Table 5.62: Projected Non-tariff Income for FY 2013-14 (RE).....	200
Table 5.63: Non-tariff income considered for FY 2014-15 (RE).....	201
Table 5.64: Projected Revenue from sale of power at existing tariff projected for FY 2014-15 (RE) .....	202

Table 5.65: Revenue from sale of power at existing tariff considered for FY 2014-15 (RE) .....	203
Table 5.68: Resource Gap Utilization projected for FY 2014-15 .....	204
Table 5.69: Resource Gap utilization considered for FY 2014-15 .....	204
Table 5.70: ARR and Revenue Gap / (Surplus) projected for FY 2014-15 (RE).....	205
Table 5.71: ARR and Revenue Gap / (Surplus) considered by the Commission for FY 2014-15 (RE).....	206
Table 6.1: Category-wise Effective Number of Consumers in Bihar (Actuals) .....	209
Table 6.2: Category wise consumer growth in past 5 years.....	209
Table 6.3: Category wise connect load (KW) in Bihar (Actuals) .....	209
Table 6.4: Category wise connected Load growth in Past 5 years .....	210
Table 6.5: Category wise Energy Sales in Bihar (Actuals) .....	210
Table 6.6: Category wise Energy sales growth in past 5 years.....	210
Table 6.7: Number of consumers project for FY 2015-16 .....	211
Table 6.8: Growth of Kutir Jyoti Consumers.....	212
Table 6.9: Number of consumers considered for FY 2015-16.....	213
Table 6.10: Connected Load (KW) projected for FY 2015-16 .....	214
Table 6.11: Connected load (KW) considered for FY 2014-15 .....	215
Table 6.12: Energy Sales Projected for FY 2015-16 .....	217
Table 6.13: Energy Sales Approved for FY 2015-16.....	218
Table 6.14: Distribution Loss Projected for FY 2015-16 .....	219
Table 6.15: Distribution Loss Approved for FY 2013-14 to FY 2015-16.....	219
Table 6.16: Approved Distribution Loss (%) for FY 2015-16.....	220
Table 6.17: Energy Requirement Projected for FY 2015-16 .....	221
Table 6.18: Energy requirement approved for FY 2015-16.....	222
Table 6.19: New Sources Assumption .....	224
Table 6.20: Power Purchase Projected for FY 2015-16 .....	224
Table 6.21: Power Purchase approved for FY 2015-16 .....	226

Table 6.22: Energy Balance Projected for FY 2015-16 .....	227
Table 6.23: Energy Balance approved for FY 2015-16.....	228
Table 6.24: Surplus Power available and disallowed power due to excess distribution loss.....	229
Table 6.25: Projected Power Purchase Cost for FY 2015-16 .....	231
Table 6.26: Average power purchase rates during FY 2013-14 (Actual) and FY 2015-16 (Projected) by Petitioner .....	232
Table 6.27: Power Purchase cost approve for FY 2015-16.....	233
Table 6.28: PGCIL and BSPTCL Charges Projected for FY 2015-16 .....	234
Table 6.29: Total Power Purchase cost approved for FY 2015-16.....	235
Table 6.30: Projected disallowance of power purchase cost due to excess distribution loss for 2015-16 .....	235
Table 6.31: Total Power Purchase cost disallowed for FY 2015-16.....	236
Table 6.32: Net power purchase cost approved for FY 2015-16.....	236
Table 6.33: CWIP, Capex, Capitalisation and Funding of Capitalisation projected for FY 2015-16.....	237
Table 6.34: Capitalisation approved for FY 2014-15 .....	238
Table 6.35: Capitalisation and funding considered for FY 2015-16.....	239
Table 6.36: Interest During Construction (IDC) projected for FY 2015-16 .....	240
Table 6.37: Approved Interest during Construction (IDC) for FY 2015-16 .....	240
Table 6.38: Gross Fixed Assets projected by the petitioner for FY 2015-16 .....	241
Table 6.39: Gross Fixed Assets approved for FY 2015-16.....	241
Table 6.40: Depreciation projected for FY 2015-16 .....	242
Table 6.41: Depreciation approved for FY 2015-16 .....	243
Table 6.42: Projected interest on loans for FY 2015-16.....	244
Table 6.43: Interest on loan approved for FY 2015-16.....	245
Table 6.44: O & M Expenses – weightage of Indexation / inflation factor .....	246
Table 6.45: Employee Cost for FY 2015-16 proposed by the Petitioner .....	246
Table 6.46: Approved Employee Cost for FY 2015-16.....	247

Table 6.48: Approved R&M expenses for FY 2015-16.....	248
Table 6.49: Proposed Administration and General Expenses for FY 2015-16.....	249
Table 6.50: Approved Administration & General Expenses for FY 2015-16.....	250
Table 6.51: Expenses of Holding Company projected for FY 2015-16 .....	251
Table 6.51: Allocation of Expenses of Holding Company considered for FY 2015-16.....	252
Table 6.53: Total O & M cost considered by the Commission for FY 2015-16.....	252
Table 6.54: Norms for working capital requirement.....	253
Table 6.55: Projected Interest on working capital for FY 2015-16.....	253
Table 6.56: Approved Interest on working capital for FY 2015-16.....	255
Table 6.57: Projected Return on Equity for FY 2015-16.....	256
Table 6.58: Return on Equity considered for FY 2015-16.....	257
Table 6.59: Projected Interest on security deposit for FY 2015-16.....	258
Table 6.60: Projected Non-tariff Income for FY 2015-16 .....	260
Table 6.61: Non-tariff Income approved for FY 2015-16 .....	260
Table 6.62: Projected Revenue from sale of power at existing tariff for FY 2015-16 .....	261
Table 6.63: Revenue from sale of power at existing tariff considered for FY 2014-15.....	262
Table 6.64: Projected Resource Gap Utilization for FY 2015-16 .....	262
Table 6.65: Approved Resource Gap Utilization for FY 2015-16.....	263
Table 6.66: Projected Net ARR and Revenue Gap for FY 2015-16 .....	264
Table 6.67: ARR and Revenue Gap (Surplus) approved by the Commission for FY 2015-16 .....	265
Table 6.68: Approved Revenue Gap for FY 2015-16 .....	267
Table 6.69: Average realisation as a percentage of average Cross Service in FY 2014-15 and FY 2015-18 .....	269
Table 6.70: Average realisation as a percentage of voltage-wise cost of supply in FY 2014-15 and FY 2015-16.....	270
Table 7.1: Approved Resource Gap utilization for FY 2015-16.....	272
Table 7.2: Subsidized Categories .....	272



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Table 7.3:Subsidy receivable from State Government for FY 2015-16 .....	273
Table 11.1: Allocation matrix for segregation of expenses between Distribution Wire Business and Retail Supply Business .....	321
Table 11.2: Segregation of Wires and Retail Supply Costs .....	323
Table 11.3: Wheeling Charges at 33 kV Voltage Level .....	323
Table 11.4: Wheeling Charges for 11 kV Voltage Level .....	324
Table 11.5: Phasing of Category of Consumers for Open Access.....	<b>Error! Bookmark not defined.</b>
Table 11.6 Transmission Charge.....	325
Table 11.7: Open Access Charges.....	326
Table 13.1: Percentage of Renewable Purchase Obligation (RPO) .....	359
Table 13.2: Co-generation Plants in Bihar .....	360

## ABBREVIATIONS

A&G	Administration and General Expenses
ACT	Electricity Act. 2003
ARR	Aggregate Revenue Requirement
BERC	Bihar Electricity Regulatory Commission
BSHPS	Bihar State Hydro Power Station
BSEB	Bihar State Electricity Board
BSPHCL	Bihar State Power (Holding) Company Limited
BSPTCL	Bihar State Power Transmission Corporation Limited
BTPS	Barauni Thermal Power Station
CAGR	Compounded Annual Growth Rate
CAPEX	Capital Expenditure
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CGS	Central Generating Station
CKM	Circuit Kilometer
CTU	Central Transmission Utility
CWIP	Capital Work in Progress
D/C	Double Circuit
DISCOM	Distribution Company
ERLDC	Eastern Region Load Despatch Centre
ERPC	Eastern Region Power Committee
FC	Fixed Charges
FPPCA	Fuel and Power Purchase Cost Adjustment
FY	Financial Year
GFA	Gross Fixed Asset
GSS	Grid Sub-Station
KBUNL	Kanti Bijlee Utpadan Nigam Limited
KV	Kilo Volt
KVA	Kilo Volt Ampere
KVAH	Kilo Volt Ampere Hour
KWH	Kilo Watt Hour
LILO	Line In Line Out
MoP	Ministry of Power
MU	Million Unit
MVA	Mega Volt Ampere
MW	Mega Watt
MYT	Multi-Year Tariff
NBPDCL	North Bihar Power Distribution Company Limited
NEP	National Electricity Policy
NFA	Net Fixed Asset
NHPC	National Hydro Power Corporation
NTPC	National Thermal Power Corporation

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O&M	Operation and Maintenance
PGCIL	Power Grid Corporation of India Limited
PTC	Power Trading Corporation
R&M	Repair and Maintenance
RE	Revised Estimates
REA	Regional Energy Accounting
RLDC	Regional Load Despatch Centre
RoE	Return on Equity
SAC	State Advisory Committee
SBPDCL	South Bihar Power Distribution Company Limited
SERC	State Electricity Regulatory Commission
ToD	Time of Day
TPS	Thermal Power Station
UI	Unscheduled Interchange
ULDC	Unified Load Despatch Centre

**Bihar Electricity Regulatory Commission**

Ground Floor, Vidyut Bhawan – II  
Jawahar Lal Nehru Marg, Patna – 800 021

**Case No. 49 of 2014****In the matter of:**

Determination of Revised Aggregate Revenue Requirement (ARR) and Retail Tariff for sale of electricity by the South Bihar Power Distribution Co. Ltd. to the consumers for the FY 2015-16 in the State of Bihar.

And

South Bihar Power Distribution Company Ltd ----- Petitioner

**Present:**

U.N. Panjiar - Chairman

S.C. Jha - Member

**ORDER****(Passed on 16<sup>th</sup> Day of March, 2015)**

The Bihar State Electricity Board (hereinafter referred to as erstwhile BSEB) was constituted on 1<sup>st</sup> April 1958 under section 5 of the Electricity (Supply) Act, 1948. It was a deemed licensee in terms of Section 14 of the Electricity Act, 2003. Bihar State Electricity Board was engaged in the business of generation, transmission and distribution of electricity in the State of Bihar. In terms of Section 172 of the Act, the Board constituted under the repealed laws is to be deemed as the State Transmission Utility and a licensee under the provisions of the Electricity Act 2003 for a period of one year from 10<sup>th</sup> June, 2003 i.e. the appointed date. Subsequently it has been mutually agreed by the Central Government and the Government of Bihar

to authorize the Board to continue to function as a State Transmission Utility and Licensee.

The erstwhile Bihar State Electricity Board (BSEB) has been restructured on functional basis with effect from 1<sup>st</sup> November, 2012 into five successor companies under Bihar State Electricity Reforms Transfer Scheme 2012 vide Notification No. 17 dated 30.10.2012 issued by Energy Department, Government of Bihar, namely,

- 1) Bihar State Power Holding Company Limited (BSPHCL)
- 2) Bihar State Power Generation Company Limited (BSPGCL)
- 3) Bihar State Power Transmission Company Limited (BSPTCL)
- 4) North Bihar Power Distribution Company Limited (NBPDCCL) and
- 5) South Bihar Power Distribution Company Limited (SBPDCL)

The Commission in its MYT Order dated 15<sup>th</sup> March 2013, has true-up the ARR and revenue for FY 2011-12 of erstwhile BSEB and approved the ARR and tariff for the control period FY 2013-14 to FY 2015-16 for BSPGCL and BSPTCL separately. The Commission also determined the ARR for the control period for FY 2013-14 to FY 2015-16 for NBPDCCL & SBPDCL together and determined retail supply tariff for FY 2013-14. Further, the Commission carried out the true up exercise of erstwhile BSEB and its successor companies for FY 2012-13 and re-determined the ARR and Tariff for FY 2014-15 for BSPGCL, BSPTCL, NBPDCCL and SBPDCL in its separate Tariff Orders for each company passed on 28<sup>th</sup> February 2014.

South Bihar Power Distribution Company Limited (SBPDCL) has filed the petition for True up of ARR for FY 2013-14 on the basis of audited annual accounts of FY 2013-14, Annual Performance Review for FY 2014-15 and for re-determination of ARR and revised Tariff for FY 2015-16 on 15<sup>th</sup> November 2014.

In exercise of the powers vested in Bihar Electricity Regulatory Commission under section 62 (1) (d) read with Section 62 (3) and Section 64 (3) (a) of the Electricity Act, 2003 and Bihar Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations 2007 (hereinafter referred to as 'Tariff

Regulations') and other enabling provisions in this behalf, the Commission issues this order for Truing up of FY 2013-14, Reviewing of ARR and revenues for FY 2014-15 and approval of Revised ARR for the financial year 2015-16 and determination of the Retail Tariff for the FY 2015-16 for supply of electricity by the South Bihar Power Distribution Company to the consumers in the State of Bihar.

Regulation 6(5) of the Tariff Regulations provides for giving adequate opportunities to all stakeholders and general public for making suggestions/objections on the tariff petition as mandated under section 64(3) of the Electricity Act, 2003. Accordingly, the Commission directed SBPDCL to publish the ARR and tariff petition for FY 2015-16 in an abridged form as public notice in newspapers having wide circulation in the State of Bihar inviting suggestions/objections on the tariff petition. SBPDCL published the tariff petition in the abridged form as public notice in various newspapers and the tariff petition was also placed on the website of SBPDCL. The last date of submission of suggestions/objections was up to 04.02.2015.

The Commission, to ensure transparency in the process of tariff determination and for providing proper opportunity to all stakeholders and general public for making suggestions/objections on the tariff petition and for convenience of the consumers and general public across the State, decided to hold public hearing at the divisional headquarters of the State and accordingly the Commission held public hearing at Gaya on 17.12.2014, Munger on 6.01.2015, Bhagalpur on 7.01.2015 and Patna on 3.2.2015 & 4.02.2015.

The proposal of SBPDCL was also placed before the State Advisory Committee in its meeting held on 13.01.2015 and various aspects of the petition were discussed by the Committee. The Commission took the advice of the State Advisory Committee on Revised ARR and tariff petition of SBPDCL for FY 2015 -16 during the meeting of the Committee.

The Commission took into consideration the facts presented by the SBPDCL in its petition and subsequent various filings, the suggestions/objections received from

stakeholders, consumer organizations, general public and State Advisory Committee and response of the SBPDCL to those suggestions/objections.

The Commission, taking into consideration all the facts presented by the Petitioner, by the objectors and other stakeholders in writing or orally which came up during the public hearings and suggestions of the State Advisory Committee, has tried up the ARR for FY 2013-14, reviewed the ARR for FY 2014-15 and approved the ARR for FY 2015-16 and determined the tariff for retail sale of electricity by SBPDCL in its jurisdiction for FY 2015-16.

SBPDCL has not met the Renewable Purchase Obligation (RPO) as per BERC (Renewable Purchase Obligation, its compliance and REC framework implementation) Regulations, 2010 (hereinafter to be referred as RPO Regulations 2010) as amended from time to time. The combined short fall for solar and non-solar sources was 81.09 MU (Solar 23.74 MU and Non-solar 57.35 MU) during FY 2013-14. In its Tariff Order for FY 2013-14, the Commission had decided that the distribution licensees will have to deposit into a separate fund the amount as per Regulation 9.1 of BERC (RPO Obligation, its Compliance and REC Framework Implementation) Regulations, 2010 if the RPO determined by the Commission is not met. As per the RPO Regulation, 2010, considering the forbearance price of Rs. 5.80/kWh for Solar and Rs.3.30 per kWh for non-solar as per CERC order dated 23<sup>rd</sup> August 2011, an amount of Rs. 32.70 Crore (Solar Rs.13.77 Crore and Non-solar Rs.18.93 Crore) is allocated to be deposited as a separate fund to be utilized for the purpose as directed by the Commission from time to time. This amount has been included in the ARR of SBPDCL for FY 2015-16.

In order to provide incentive for promotion of grid interactive renewable energy based power generation in the State, the Commission decides that for such projects which are not covered for reimbursement of cost of evacuation and transmission line upto point of interconnection with the grid under clause 4.2.3 of the Govt. of Bihar Policy for promotion of New and Renewable Energy Sources, 2011, the capital cost of the transmission system for evacuation of power to the nearest grid/substation shall be met from this fund created under the provisions of BERC (RPO, its

compliance and REC Framework Implementation) Regulations, 2010, with approval of the Commission.

The State Government has been giving resource gap grant to erstwhile BSEB and now to DISCOMs which has been used for reducing the revenue gap of erstwhile BSEB and now of DISCOMs. The State Government in its letter dated 19<sup>th</sup> September 2011 clarified that the resource gap grant being provided shall be used first for compensating for the financial loss incurred by DISCOMs on account of disallowed power purchase due to difference in the actual T&D loss and the T&D loss as approved by the Commission and the balance amount of resource gap grant shall be used towards subsidies to the agricultural and rural consumers.

SBPDCL in this Tariff Petition has proposed Distribution loss projection at 41.65% for FY 2015-16. The Commission has, however, fixed the distribution loss trajectory at 20.00% for FY 2015-16. The financial loss caused to SBPDCL due to difference between the actual T&D loss as proposed by SBPDCL and T&D loss approved by the Commission has been compensated from the resource gap grant provided by the State Government.

The DISCOMs, NBPDC and SBPDCL, have projected resource gap grant of Rs. 4200 Crore for FY 2015-16 (Rs.2400 Crore @Rs.200 Crore per month primarily to meet disallowed power purchase cost and additional grant of Rs.1800 Crore to bridge the cumulative revenue gap of BSEB period). Out of this resource gap grant, Rs.2579.44 Crore is proposed for SBPDCL and Rs. 1620.55 Crore for NBPDC in their petition. The share of resource gap grant of Rs.2579.44 Crore for SBPDCL for FY 2015-16 has been proposed to be first adjusted towards disallowed power purchase cost amounting to Rs.1428.04 Crore due to difference in the actual T&D loss and the T&D loss approved by the Commission and the balance amount of Rs.1151.40 Crore has been proposed to subsidize the BPL, agricultural and rural consumers.

However, the Finance Dept. Government of Bihar vide their letter No.16/Misc-74/2014 dated 16.12.2014 confirmed the amount of total resource gap grant at Rs.1762.20 Crore. Accordingly, the Commission considered Rs.1762.20 Crore as resource gap grant for FY 2015-16 for both DISCOMs, NBPDC and SBPDCL, which



has been first adjusted towards disallowed power purchase cost amounting to Rs.1281.80 Crore for both DISCOMs (SBPDCL Rs.1065.70 Crore and NBPDC Rs.216.10 Crore) on account of financial loss caused due to difference in the actual T&D loss and the T&D loss approved by the Commission and balance amount of Rs.480.40 Crore has been considered to subsidize the BPL, agriculture and rural consumers of NBPDC and SBPDCL.

The Annual Revenue Requirement (ARR) approved for FY 2015-16 for the two power distribution companies together is Rs. 6957.77 Crore and the approved consolidated revenue gap with the revenue at the existing tariff is at Rs.1879.51 Crore. After adjustment of trued up surplus of FY 2013-14 with carrying cost and State Government subsidy to Kutir Jyoti, rural and agricultural consumers amounting to Rs.480.40 Crore, the net consolidated revenue gap at existing tariff is Rs.290.65 Crore for FY 2015-16.

The Commission in order to bridge the revenue gap has marginally increased the tariff by 10-15 paisa/kWh in energy charges for all the categories (except IAS-I, Public lighting (STL) and Public Water Works (PWW)), realizing additional revenue of about Rs. 113 Crore during FY 2015-16. Fixed charges are increased for unmetered category of consumers only i.e. Rs. 5/month for Kutir Jyoti (Unmetered), Rs. 10/month for DS-I (Unmetered) and Rs. 10/month for NDS-I (Unmetered). The overall increase in the existing Tariff is about 2.5%. The DISCOMs (SBPDCL and NBPDC) should make up the balance revenue gap of about Rs.177 Crore by improving their operational performance. The Distribution companies need to improve their operational performance and reduce the distribution losses, which are very high. As large amounts are being invested to improve the Transmission and Distribution networks with the resources provided by State and Central Governments and DISCOMs have taken steps for 100% metering, meter reading, billing and collection through appointment of revenue franchisees in rural areas and input based franchisees in town, it may be possible to reduce the distribution losses to a considerable extent with the improved network.

SBPDCL has projected distribution losses at 41.65% for FY 2015-16 and most of the resource gap grant being given by the State Government is getting adjusted to meet the disallowed power purchase cost due to the high distribution losses. Huge investments are being made to replace worn out conductors and to strengthen the network. Meter reading and bill collection are entrusted to franchisees and to private agencies in some areas. Directives are given to the DISCOMs regarding this aspect which if implemented in true spirit will definitely bring down the losses. By some more efforts, SBPDCL can certainly reduce losses as a result of which there will be saving in resource gap grant getting adjusted on this account, which can be utilized to reduce the revenue gap.

The Commission observes that major portion of Revenue Grant from State Government is being utilized to meet the additional power purchase to meet the higher T&D losses over and above the T&D losses approved by the Commission. By reducing the T&D losses, the benefit of T&D loss reduction can be passed onto the consumers. The DISCOMs shall make all efforts to reduce the T&D losses and achieve a minimum of 5% loss reduction over the previous year starting from FY 2015-16. The Commission has approved the same tariff structure for two distribution companies so that there is uniform tariff for same category of consumers in the entire state of Bihar.

The average Power Purchase cost including PGCIL charges for FY 2015-16 is Rs. 4.18/ kWh.

The average Cost of Supply for FY 2015-16 is Rs. 6.31/ kWh.

The Average Revenue Realization with revised Tariff in FY 2015-16 is Rs. 4.87/kWh.

The Commission has made some changes in the Tariff structure and Terms and conditions of Tariff as mentioned below:

- i. The Commission has taken a decision in this Tariff Order to withdraw the monthly minimum charges on NDS-I consumers as they are all metered and meter reading are taken on bi-monthly basis.

- ii. The terms and conditions of HT Tariff, limiting the transformer capacity of HT consumers to 150% of the contract demand has been withdrawn as the HT services are provided with electronic Trivector meter which continuously records the maximum demand utilized by the consumers and the meter functioning are monitored remotely through MRIs etc.
- iii. The provision of flat rate of 5% power factor surcharge for fall of power factor below ninety percent for L.T consumers has been rationalized on prorata basis like HT consumers.
- iv. The domestic consumers have been exempted from levy of power factor surcharge.
- v. Time of Day (ToD) tariff which was mandatory for HT consumers having contract demand of 200 kVA and above has now been made mandatory to all HT consumers.
- vi. Consumers with contract demand of 50 KVA and above are also permitted to avail supply at HTS-I category (11 KV) as this will enable in reducing line losses to significant extent and to have more reliable supply.

The Commission has worked out voltage-wise cost of supply for FY 2013-14 in accordance with the methodology indicated by Hon'ble APTEL in its order dated 10<sup>th</sup> May 2012. Similar exercise has been carried out for FY 2015-16 also. SBPDCL has not conducted detailed system studies to arrive at voltage-wise technical losses as indicated in the methodology given by APTEL. SBPDCL has furnished voltage-wise technical losses based on limited studies on its 220 KV, 132 KV and its 33 KV, 11 KV and LT system. SBPDCL has proposed Cumulative Technical loss of 41.65% for FY 2015-16. As per Hon'ble APTEL's judgment, T&D loss approved by the Commission has been considered for computing the voltage-wise cost of supply. The Commission has approved the transmission loss at 3.92% and distribution loss at 20.00% for

FY 2015-16. The losses considered at various voltages are as detailed below:

220 KV and 132 kV	- 3.92%
33 kV	- 5.00%
11 kV	- 6.00%
LT	- 7.00%

This was considered as target for voltage-wise technical losses for FY 2015-16 and accordingly voltage-wise cost of supply for FY 2015-16 was computed.

To encourage the consumers to avail power under 'Open Access' from other sources, the Commission has reduced the cross subsidy surcharge by about 50% (fifty percent) in its Tariff Order for FY 2013-14 which the Commission has retained during FY 2015-16 also. As a result, the consumers have to pay cross subsidy surcharge at the rate of about 50% of the rate computed as per the formula approved in Tariff Policy 2006.

The Commission has determined the wheeling charges for FY 2015-16 as given below:

1. Wheeling charges at 33 kV voltage level- 24 paisa/kWh
2. Wheeling charges at 11 kV voltage level- 28 paisa/kWh

The Commission has brought out Regulations on Fuel and Power Purchase Cost Adjustment (FPPCA) on 31.03.2012 and the formula given in the regulations has to be applied to arrive at FPPCA. The generation and distribution companies have to claim Fuel and Power Purchase Cost Adjustments with prior approval of the Commission on a monthly basis.

The Commission has reviewed the directives issued earlier in the tariff orders dated 15.3.2013 and 28.2.2014 and noted that some of the directives issued are complied and some are partially attended. The Commission has dropped the directives complied with and the remaining directives are reiterated to be complied by SBPDCL.

This Order is in 13 chapters which include True up of FY 2013-14, Review for FY 2014-15 and detailed analysis of the Revised Annual Revenue Requirement (ARR) for FY 2015-16 for SBPDCL and Tariff for FY 2015-16.

The South Bihar Power Distribution Company Ltd. should ensure implementation of the order from the effective date after issuance of a Public Notice, in such a font size which is clearly visible, in two daily newspaper having wide circulation in the various parts of State within a week and compliance of the same shall be submitted to the Commission by the SBPDCL.

**This order shall be effective from 1<sup>st</sup> April 2015 and shall remain in force till 31<sup>st</sup> March, 2016 or till the next tariff order of the Commission.**

This order will be placed on the website of the Commission and a copy will be sent to SBPDCL, NBPDC, Department of Energy, Government of Bihar, Central Electricity Regulatory Commission, Central Electricity Authority and all State/Joint Electricity Regulatory Commissions.

Sd/-

**(S. C. Jha)**  
Member

Sd/-

**(U. N. Panjari)**  
Chairman

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## 1. Introduction

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### 1.1 Bihar Electricity Regulatory Commission (BERC)

The Bihar Electricity Regulatory Commission (hereinafter referred to as "Commission" or "BERC") was constituted by the Government of Bihar under Section 17 of the Electricity Regulatory Commission Act, 1998 vide Government of Bihar notification No.1284 dated 15<sup>th</sup> April 2002. The Electricity Regulatory Commission Act, 1998 along with Indian Electricity Act, 1910 and Electricity (Supply) Act, 1948 was repealed by Section 185 (1) of the Electricity Act, 2003 (hereinafter referred to as the "Act"). The first proviso of Section 82 (1) has ensured continuity of the Bihar Electricity Regulatory Commission by laying down that the State Electricity Regulatory Commission established by the State Government under Section 17 of Electricity Regulatory Commission Act, 1998 and functioning as such, immediately before the appointed date, shall be the State Electricity Regulatory Commission for the purpose of the Act.

### 1.2 Functions of BERC

As per Section 86 of the Electricity Act 2003, the State Commission shall discharge the following functions, namely:

- a) determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be, within the State. Provided that where open access has been permitted to a category of consumers under section 42, the State Commission shall determine only the wheeling charges and surcharge thereon, if any, for the said category of consumers;
- b) regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State;
- c) facilitate intra-state transmission and wheeling of electricity;
- d) issue licenses to persons seeking to act as transmission licensees, distribution licensees and electricity traders with respect to their operations within the State;

- e) promote co-generation and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee;
- f) adjudicate upon the disputes between the licensees, and generating companies and to refer any dispute for arbitration;
- g) levy fee for the purposes of this Act;
- h) specify State Grid Code consistent with the Indian Electricity Grid Code specified with regard to grid standards;
- i) specify or enforce standards with respect to quality, continuity and reliability of service by licensees;
- j) fix the trading margin in the intra-state trading of electricity, if considered, necessary; and
- k) discharge such other functions as may be assigned to it under this Act.

### **1.3 South Bihar Power Distribution Company Limited (SBPDCL)**

The Government of Bihar under the provision of Bihar Electricity Reforms Transfer Scheme 2012 notified vide Notification No.17 dated 30.10.2012 of the Energy Department, Govt. of Bihar restructured the Bihar State Electricity Board with effect from 1<sup>st</sup> November, 2012. The Generation, Transmission and Distribution Businesses of the erstwhile Bihar State Electricity Board were transferred to four successor companies with one Holding Company as listed below:

- 1) Bihar State Power Holding Company Limited (BSPHCL)
- 2) Bihar State Power Generation Company Limited (BSPGCL)
- 3) Bihar State Power Transmission Company Limited (BSPTCL)
- 4) North Bihar Power Distribution Company Limited (NBPDC)
- 5) South Bihar Power Distribution Company Limited (SBPDCL)

The Government of Bihar vide notification dated 30<sup>th</sup> October, 2012, notified the provisional opening assets and liabilities of the transferee companies based on the audited account of erstwhile BSEB as on 1<sup>st</sup> April, 2011. The value of assets and liabilities stand transferred from the erstwhile Bihar State Electricity Board to the transferee companies, including the South Bihar Power Distribution Company Limited.

Assets and liabilities (gross block, loans and equity), as on the date mentioned in the notification, have been considered by the Commission in line with the Financial Restructuring Plan (FRP) as approved by the Government of Bihar.

#### **1.4 Commission's Orders issued earlier to SBPDCL**

BSPHCL has filed the Multi Year Tariff (MYT) petition on behalf of SBPDCL & NBPDC, BSPGCL and BSPTCL for provisional true-up for FY 2011-12, performance review for FY 2012-13 and MYT petition for Annual Revenue Requirement (ARR) for the control period of three years of FY 2013-14 to FY 2015-16 and retail supply tariff for FY 2013-14. Subsequently, the Petitioner filed the revised true-up for FY 2011-12 along with audited accounts for FY 2011-12. The Commission issued the Tariff Order on 15<sup>th</sup> March, 2013 approving Annual Revenue Requirement for the control period FY 2013-14 to FY 2015-16 for SBPDCL and NBPDC together and also determined retail supply tariff for FY 2013-14 effective from 1<sup>st</sup> April 2013.

SBPDCL has filed the petition for Annual Performance Review (APR) for FY 2013-14 and revised Annual Revenue Requirement for FY 2014-15 and determination of Tariff for FY 2014-15 on 15<sup>th</sup> November, 2013. The Commission has issued the Order on 28<sup>th</sup> February 2014 for approval of APR for FY 2013-14, determination of revised ARR for FY 2014-15 and Retail Supply Tariff for FY 2014-15.

#### **1.5 Admission of Current Petition and Public Hearing Process**

SBPDCL has filed the present petition on 15<sup>th</sup> November 2014 for True-up for FY 2013-14, Annual Performance Review (APR) for FY 2014-15, revised Annual Revenue Requirement (ARR) for FY 2015-16 and determination of Tariff for Retail sale of Electricity for FY 2015-16 under Section 62 of the Electricity Act 2003 read



with Bihar Electricity Commission (Terms and Conditions for Determination of Tariff) Regulations 2007.

On preliminary verification of the petition, the Commission has admitted the petition Case No.-49 of 2014. In accordance with section 64 of the Electricity Act, 2003 and sub clause 6(5) of BERC (Terms and Conditions of Determination of Tariff) Regulations, 2007, the Commission directed the SBPDCL to publish the petition in the abridged form in at least two daily newspapers, one in English and the other in Hindi, having wide circulation in the State inviting objections and suggestions from its stakeholders on the ARR and Tariff Petition filed by it.

SBPDCL was also directed to publish the schedule for Public Hearings along with the public notice inviting objections/suggestions.

The public notices were published in the following newspapers as given below:

Sl. No	Name of the News Paper	Language	Date of First Publication	Date of Second Publication
1	Hindustan	Hindi	4.12.2014	8.12.2014
2	Times of India	English	5.12.2014	8.12.2014

The tariff petition was also placed on the website of SBPDCL for inviting objections and suggestions on the petition and copies of the petition along with Annexure were also made available for sale in the office of the Chief Engineer (Commercial), SBPDCL. The interested parties/stakeholders were asked to file their objections/suggestions on the Petition on or before 4.2.2015.

The Commission has received 42 written objections/suggestions from consumers/ consumer organizations. The Commission directed the Petitioner to submit the replies/response to the suggestions/objections to the Commission vide Letter Nos. as mentioned below:

BERC Letter No	Date	No. of objection/ suggestion sent to SBPDCL	Date of submission of reply by SBPDCL
1208	22.12.2014	7	20.02.2015
83	14.01.2015	18	24.02.2015
125	24.01.2015	2	11.03.2015

BERC Letter No	Date	No. of objection/ suggestion sent to SBPDCL	Date of submission of reply by SBPDCL
152	02.02.2015	2	11.03.2015
172	06.02.2015	12	03.03.2015

The proposal of SBPDCL was also placed before the State Advisory Committee (SAC) in its meeting held on 13.01.2015 and various aspects of the petition was discussed by the Committee. The Commission took the advice of the State Advisory Committee on the petition filed by SBPDCL during the meeting of the Committee. The minutes of the meeting are given in **Annexure-I**.

The public hearings were conducted as scheduled as indicated below:

Sl. No.	Date	Place
1	17-12-2014	GAYA
2	06-01-2015	MUNGER
3	07-01-2015	BAGALPUR
4	02-02-2015	PATNA
5	03-02-2015	PATNA

The names of consumers/consumer organizations who filed their objections and the list of objectors participated in the public hearing for presenting their objections / suggestions are given in **Annexure-II**.

A note on the main issues raised by the objectors in the written submissions and also in the public hearing in respect of the petitions, along with the response of SBPDCL and the Commission's views on the response, are given in Chapter-3.

## 1.6 Approach of the order

The BERC (Terms and Conditions for Determination of Tariff) Regulations, 2007 provides for truing up of previous year (FY 2013-14), Review of current year (FY 2014-15).

The SBPDCL has now approached the Commission with the present petition for Truing-up for FY 2013-14, for Performance Review for FY 2014-15, revised Annual Revenue Requirement for FY 2015-16 and determination of Tariff for Retail Sales of Electricity for FY 2015-16.

The Commission has examined the petition and observed that certain additional data/information and clarifications are required for taking up detailed analysis of the Petition. The Commission directed the petitioner to submit the additional data/information and clarifications in the following letters:

1. 1122 dated 01.12.2014
2. 1135 dated 03.12.2014
3. 1212 dated 23.12.2014
4. 1240 dated 31.12.2014
5. 90 dated 16.01.2015
6. 179 dated 06.02.2015

The Petitioner has submitted additional information/data/clarifications in the following Letter Nos.

1. 2093 dated 02.12.2014
2. 2119 dated 09.12.2014
3. 92 dated 13.01.2015
4. 168 dated 30.01.2015
5. 177 dated 02.02.2015
6. 23 dated 04.02.2015
7. 311 dated 03.03.2015
8. 24 dated 11.03.2015
9. 61 dated 11.03.2015
10. 07 dated 12.03.2015
11. 277 dated 13.03.2015

The Commission has undertaken Truing-up for FY 2013-14, Annual Performance Review for FY 2014-15 and determination of Tariff for Retail Sale of Electricity for FY 2015-16 based on the BERC (Terms and Conditions for Determination of Tariff) Regulations, 2007.

**1.7 Contents of this order**

The order is divided into Thirteen (13) chapters for SBPDCL as detailed below:

1. The **First Chapter** provides a background of SBPDCL, Commission's Orders in earlier years, the Petition, details of public hearing process, and the approach adopted for this order.
2. The **Second Chapter** contains a summary of Tariff petition of SBPDCL.
3. The **Third Chapter** provides a brief account of the public hearing process, including the objections raised by stakeholders, Petitioner's response and Commission's views on the same.
4. The **Fourth Chapter** deals with the Truing-up for FY 2013-14 filed by SBPDCL.
5. The **Fifth Chapter** deals with the "Performance Review" for FY 2014-15 filed by SBPDCL.
6. The **Sixth Chapter** deals with the revised Annual Revenue Requirement for FY 2015-16.
7. The **Seventh Chapter** deals with the Government grant/subsidy for FY 2015-16.
8. The **Eighth Chapter** deals with the Voltage wise cost of supply.
9. The **Ninth Chapter** deals with the Tariff Principles, Design and Tariff Schedule for FY 2015-16.
10. The **Tenth Chapter** deals with the Fuel and Power Purchase Cost Adjustment.
11. The **Eleventh Chapter** deals with the Wheeling and Open Access Charges.
12. The **Twelfth Chapter** deals with the Compliance of Directives.
13. The **Thirteenth Chapter** deals with the Renewable Power Purchasing Obligation.

## 2. Summary of Petition filed by SBPDCL for Truing-up for 2013-14, Annual Performance Review for FY 2014-15 and Revised Annual Revenue Requirement for FY 2015-16

### 2.1 Summary of the petition for Aggregate Revenue Requirement (ARR) and Revenue Gap for 2015-16.

The summary of Aggregate Revenue Requirement (ARR) and Revenue Gap approved in MYT Order dated 15<sup>th</sup> March, 2013 and Tariff Order dated 28<sup>th</sup> February 2014 for FY 2013-14 and now claimed by SBPDCL in Truing-up for FY 2013-14, projected in Review for FY 2014-15 (RE) and revised ARR for FY 2015-16 are as given in Tables below:

**Table 2.1: ARR and Revenue Gap Claimed in Truing-up for FY 2013-14**  
(Rs. Crore)

Sl. No.	Item of Expenditure	Approved in MYT Order dated 15.03.2013*	Approved in Tariff Order Dated 28.02.2014 <sup>#</sup>	True Up for FY 2013-14
1	Power Purchase Expenses	5,806.00	3391.02	3208.75
2	PGCIL and Other Transmission Charges	190.00	269.21	190.11
3	BSPTCL - State Transmission Charges	213.00	145.09	137.42
4	Less: Surplus Energy sold outside the state	424.08	214.70	20.05
5	Net Power Purchase Cost	5,784.92	3590.62	3516.23
6	O&M Expenses	530.15	328.78	342.21
<i>a</i>	<i>Employee Expenses</i>	404.24	253.94	233.79
<i>b</i>	<i>Repair and Maintenance Expenses</i>	79.87	40.44	74.04
<i>c</i>	<i>Administrative and General Expenses</i>	46.04	21.06	29.76
<i>d</i>	<i>Holding Company Expenses Allocated</i>	-	13.34	4.62
7	Depreciation	77.60	69.68	104.20
8	Total Interest and Finance Charges	211.31	55.65	111.62
<i>a</i>	<i>Interest and Finance Charges</i>	211.31	55.65	34.44
<i>b</i>	<i>Other Interest and Finance Charges</i>	-	-	77.17
9	Interest on Working Capital	123.16	72.11	72.03

Sl. No.	Item of Expenditure	Approved in MYT Order dated 15.03.2013*	Approved in Tariff Order Dated 28.02.2014 <sup>#</sup>	True Up for FY 2013-14
10	Interest on Security Deposit	-	-	18.99
11	Return on Equity	123.06	69.16	87.01
12	Net Prior Period Credit/(Charges)	-	-	245.32
13	Deposit for RPO Obligation	-	-	-
14	Less: Interest During Construction	-	15.68	-
<b>A</b>	<b>Gross Annual Revenue Requirement</b>	<b>6,850.20</b>	<b>4170.32</b>	<b>4497.60</b>
15	Less: Non-Tariff Income	186.50	94.89	305.10
16	Less: Expenditure disallowed due to excess T&D losses	1,588.02	1050.84	1094.32
<b>B</b>	<b>Net Revenue Requirement</b>	<b>5,075.68</b>	<b>3024.59</b>	<b>3098.19</b>
17	Revenue at Existing Tariff	3,737.72	2328.86	2254.77
<i>g</i>	<i>Sale of Power</i>	3,482.52	2329.86	2254.77
<i>h</i>	<i>Revenue from sale of power to Nepal</i>	255.20	-	
<b>C</b>	<b>Revenue Gap/(Surplus) at Existing Tariff</b>	<b>1337.96</b>	<b>694.73</b>	<b>843.42</b>
<b>D</b>	<b>Opening FY Revenue Gap/(Surplus)</b>	<b>- 170.33</b>	<b>0</b>	<b>0</b>
<b>E</b>	<b>(Expected) Revenue Subsidy Available to bridge Revenue Gap</b>	<b>571.98</b>	<b>353.22</b>	<b>536.62</b>
<b>F</b>	<b>Current FY Revenue Gap/(Surplus)</b>	<b>1337.96</b>	<b>694.73</b>	<b>843.42</b>
<b>G</b>	<b>Revenue Gap/(Surplus) including past FY</b>	<b>595.65</b>	<b>341.51</b>	<b>306.79</b>
<b>H</b>	<b>Carrying Cost %</b>	<b>-</b>	<b>-</b>	<b>14.45%</b>
<b>I</b>	<b>Carrying Cost</b>	<b>-</b>	<b>-</b>	<b>22.17</b>
<b>J</b>	<b>Closing Revenue Gap/(Surplus)</b>	<b>595.65</b>	<b>341.51</b>	<b>328.96</b>

\* Combined for NBPDCCL & SBPDCL

# Segregated for SBPDCL

Table 2.2: ARR and Revenue Gap projected in Review for FY 2014-15

(Rs. Crore)				
Sl. No.	Item of Expenditure	Approved in MYT Order dated 15.03.2013*	Approved in Tariff Order Dated 28.02.2014 <sup>#</sup>	APR for FY 2014-15 (RE)
1	Power Purchase Expenses	8,719.00	5042.05	4267.57
2	PGCIL and Other Transmission Charges	190.00	282.67	310.33
3	BSPTCL - State Transmission Charges	262.00	175.89	160.33
4	Less: Surplus Energy sold outside the state	2,502.48	1045.24	21.65
5	Net Power Purchase Cost	6,668.52	4455.37	4716.58
6	O&M Expenses	573.85	364.05	375.41
A	<i>Employee Expenses</i>	438.26	282.33	258.06
B	<i>Repair and Maintenance Expenses</i>	86.01	44.17	80.14
C	<i>Administrative and General Expenses</i>	49.58	22.99	32.22
D	<i>Holding Company Expenses Allocated</i>	-	14.56	5.00
7	Depreciation	163.24	90.06	108.27
8	Total Interest and Finance Charges	395.92	92.94	41.84
A	<i>Interest and Finance Charges</i>	395.92	92.94	41.84
B	<i>Other Interest and Finance Charges</i>	-	-	-
9	Interest on Working Capital	158.09	95.84	102.20
10	Interest on Security Deposit	-	-	25.82
11	Return on Equity	123.06	69.16	57.01
12	Net Prior Period Credit/(Charges)	-	-	20.71
13	Deposit for RPO Obligation	-	13.70	-
14	Less: Interest During Construction	-	31.99	0.69
<b>A</b>	<b>Gross Annual Revenue Requirement</b>	<b>8,082.68</b>	<b>5149.14</b>	<b>5477.15</b>
15	Less: Non Tariff Income	183.11	<b>102.48</b>	335.61
16	Less: Expenditure disallowed due to excess T&D losses	1,827.49	<b>1283.79</b>	1400.69
<b>B</b>	<b>Net Revenue Requirement</b>	<b>6,072.08</b>	<b>3762.87</b>	<b>3740.85</b>
17	Revenue at Existing Tariff	4,374.95	<b>2706.02</b>	<b>2573.35</b>
G	<i>Sale of Power</i>	4,119.75	<b>2706.02</b>	<b>2573.35</b>
h	<i>Revenue from sale of power to</i>	255.20	-	-

Sl. No.	Item of Expenditure	Approved in MYT Order dated 15.03.2013*	Approved in Tariff Order Dated 28.02.2014#	APR for FY 2014-15 (RE)
	<i>Nepal</i>			
C	Revenue Gap/(Surplus) at Existing Tariff	1,697.13	1056.85	1167.50
D	Opening FY Revenue Gap/(Surplus)	-	-	328.96
E	(Expected) Revenue Subsidy Available to bridge Revenue Gap	(1823.49)	168.69	39.24
F	Current FY Revenue Gap/(Surplus)	1,697.26	1056.85	1167.50
G	Revenue Gap/(Surplus) including past FY	3524.62	888.16	1457.22
H	Carrying Cost %	-	-	14.75%
I	Carrying Cost	-	-	131.73
J	Closing Revenue Gap/(Surplus)	3524.62	888.16	1588.95

\* Combined for NBPDCCL & SBPDCL

# Segregated for SBPDCL

**Table 2.3: Revised ARR and Revenue Gap projected for FY 2015-16**

(Rs. Crore)

Sl. No.	Item of Expenditure	Approved in MYT Order dated 15.03.2013*	Revised ARR for FY 2015-16
1	Power Purchase Expenses	11,085.00	4759.16
2	PGCIL and Other Transmission Charges	190.00	346.14
3	BSPTCL - State Transmission Charges	304.00	172.64
4	Less: Surplus Energy sold outside the state	3,846.04	-
5	Net Power Purchase Cost	7,732.96	5277.95
6	O&M Expenses	621.24	411.34
a	<i>Employee Expenses</i>	475.22	284.32
b	<i>Repair and Maintenance Expenses</i>	92.63	86.74
c	<i>Administrative and General Expenses</i>	53.39	34.87
d	<i>Holding Company Expenses Allocated</i>	-	5.41
7	Depreciation	282.60	118.41
8	Total Interest and Finance Charges	646.05	29.66
a	<i>Interest and Finance Charges</i>	646.05	29.66
b	<i>Other Interest and Finance Charges</i>	-	-
9	Interest on Working Capital	204.37	88.34
10	Interest on Security Deposit	-	33.15
11	Return on Equity	123.06	87.01



Sl. No.	Item of Expenditure	Approved in MYT Order dated 15.03.2013*	Revised ARR for FY 2015-16
12	Net Prior Period Credit/(Charges)	-	-
13	Deposit for RPO Obligation	-	-
14	Less: Interest During Construction	-	1.88
<b>A</b>	<b>Gross Annual Revenue Requirement</b>	<b>9,610.27</b>	<b>6044.00</b>
15	Less: Non Tariff Income	179.27	369.17
16	Less: Expenditure disallowed due to excess T&D losses	2,038.72	1428.04
<b>B</b>	<b>Net Revenue Requirement</b>	<b>7,392.28</b>	<b>4246.79</b>
17	Revenue at Existing Tariff	5,134.35	2955.07
<i>g</i>	<i>Sale of Power</i>	4,879.15	2955.07
<i>h</i>	<i>Revenue from sale of power to Nepal</i>	255.20	-
<b>C</b>	<b>Revenue Gap/(Surplus) at Existing Tariff</b>	<b>2,257.93</b>	<b>1291.72</b>
<b>D</b>	<b>Opening FY Revenue Gap/(Surplus)</b>		1588.95
<b>E</b>	<b>(Expected) Revenue Subsidy Available to bridge Revenue Gap</b>	-2038.75	1151.40
<b>F</b>	<b>Current FY Revenue Gap/(Surplus)</b>	2257.90	1291.72
<b>G</b>	<b>Revenue Gap/(Surplus) including past FY</b>	4296.65	1729.26
<b>H</b>	<b>Carrying Cost %</b>	Not Applicable	
<b>I</b>	<b>Carrying Cost</b>		
<b>J</b>	<b>Closing Revenue Gap/(Surplus)</b>	<b>4296.65</b>	<b>1729.26</b>

\* Combined for NBPDCCL & SBPDCL

**Table 2.4: Additional Revenue from proposed Tariff**

Sl. No.	Particulars	(Rs. Crore) FY 2015-16
1	Revenue from Projected Tariff	3636.90
2	Revenue from Existing Tariff	2955.07
3	Additional Revenue from Projected Tariff	681.83

**Table 2.5: Revenue Gap carried forward**

Sl. No.	Particulars	NBPDCCL	SBPDCL	(Rs. Crore) Total
1	Net Revenue Gap till FY 2015-16	811.31	1729.26	2540.57
2	Gap Proposed to be Amortized	509.85	1230.15	1740.00
3	Carrying Cost of the Amortized Gap	75.20	181.45	256.65
<b>4</b>	<b>Total Gap to be bridged from Tariff Hike</b>	<b>376.66</b>	<b>680.56</b>	<b>1057.22</b>
5	Additional Revenue from Projected Tariff	377.19	681.83	1059.02
6	Revenue Gap to be forwarded	(0.53)	(1.27)	(1.80)

## 2.2 Request to the Commission

SBPDCL has requested the Commission to:

- a) Admit the Petition;
- b) Examine the proposal submitted by the Petitioner in the petition for a favourable dispensation;
- c) Approve the Segregation of ARR / MYT methodology for approved values for FY 2013-14, FY 2014-15 and FY 2015-16 as proposed in this petition for the purpose of comparison; however the final true-up may be done on the basis of total approved values of both the Discom's.
- d) Pass suitable orders with respect to the True-up for FY 2013-14 amounting Rs. 3,089.19 Crores, APR for FY 2014-15 amounting Rs. 3,740.85 Crores and Revised ARR for FY 2015-16 amounting Rs. 4,246.79 Crores;
- e) Approve tariff schedule along with open access and schedule of general and miscellaneous charges as proposed in this petition for different category of consumers to be applicable from 1<sup>st</sup> April 2015.
- f) Allow relaxation in MYT norms wherever sought for considering second year of independent operation.
- g) Pass separate order for the petitioner against the present petition.
- h) Permit to propose suitable changes to the respective ARRs, prior to the final approval by the Commission SBPDCL 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.
- i) Condone any inadvertent omissions /errors / shortcomings and permit SBPDCL to add / change / modify / alter this filing and make further submissions as may be required at a future date.
- j) Pass such Order, as the Commission may deem fit and appropriate keeping in view the facts and circumstances of the case.

### **3. Stakeholder's Objections / Suggestion, Petitioner's Response and Commission's Observations**

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#### **3.1 Introduction**

The Tariff petition evoked response from several stakeholders in response to the public notice inviting objections / suggestions of the stakeholders on the petition. A number of consumers / consumer organizations filed their submissions in writing. Some of these persons also participated in the public hearings held on the 17th December 2014 and 6<sup>th</sup>, 7<sup>th</sup> of January 2015 and 3<sup>rd</sup> , 4<sup>th</sup> of February 2015. Submissions and responses, pertaining to specific aspects of Tariff proposal, have been taken into account in the determination of ARR, formulation of tariff, balancing the interests of various stakeholders, even if they do not find place in the suggestions / objections of the stakeholders.

The public hearings were held at various locations across the State to ensure maximum public participation wherein stakeholders put forth their comments and suggestions before the Commission in the presence of the Petitioner. One hundred and nine (109) members of the public took part in the public hearing process. The list of the participants is attached as Annexure – II to this order. In the course of public hearings, the Commission also allowed persons/representatives of entities who had not submitted prior written representations to express their views on the ARR / tariff Petition for FY 2015-16.

The Commission has examined the issues and concerns voiced by various stakeholders in their written comments as well as in the public hearings and also the response of the Petitioner thereon. The comments/suggestions submitted by various stakeholders in response to the tariff petition, the replies given by the Petitioner and the views of the Commission have been summarised under various sub-heads as below:

### **3.2 Stakeholder's Objections / Suggestion, Petitioner's Response and Commission's Observations**

#### **3.2.1 Issue 1: Increase of Tariff Rates**

M/s. Natraj Engineers Pvt. Ltd, Patna, Bihar Industries Association, Patna, Shri. Acharya Chandra Kishore Parashar, Patna, Shri Doman Singh, Patna, M/s Balmukund Concast Ltd., Patna, M/s. Patwari Steels Pvt. Ltd., Patna, The Bihar Chamber of Commerce and Industries, Patna submitted that the prices of crude oil, coal and other fuel inputs have come down substantially in international market which should result in reduction of power purchase cost. Prices of manufactured goods have also come down and Industry has to compete against reduced prices of manufactured goods, hence, the tariff should not be increased.

Central Bihar Chamber of Commerce, South Bihar Industries Association and Eastern Bihar Industries Association have requested the Commission to examine the need for revising tariff within a period of eight months before allowing the further tariff fixation.

Shri. Brijnandan Pathak, Vidyut Upabhokta Sangharsh Samithi, Gaya has stated that; The number of consumers in NDS category are increasing day by day and hence the rate (Tariff) of NDS category should not be increased which will result in financial progress of the state and as the availability hours of power supply has improved, the rates (tariff) shall be kept as at present to enable the public of Bihar to raise their standard of living. The objector has also stated that when it is expected to reduce tariff in richer states, including Delhi, increase in the rates in a poor state like Bihar will not be proper.

Central Bihar Chamber of Commerce, South Bihar Industries Association and Eastern Bihar Industries Association have stated that the Discoms have proposed sharp increase in KVA charges and in some categories, like HT consumers, the increase is as high as 35%. Since the Discoms are mere power traders and purchase power which they can sell, there is no rationale for any KVA charges. Therefore, KVA charges for HT consumers shall be abolished and consider to reduce them sharply for LT consumers.

Shri Sirish Prakash, Chinmaya Cold Storage has stated that as the rate of coal is getting reduced in International market, the price of no commodity should be increased.

Shri Shailendra Kumar Sarat, Eastern Bihar Chamber of Commerce has stated that increase in Tariff will hamper growth of industries and the motive of Government in giving subsidy is to reduce the rate of electricity so as to improve growth of industries in the state and to facilitate general consumers.

Shri. Ashok Jiwrajka, Bhagalpur Zilla Nagrik Sangha, Bhagalpur, Bhojpur Chamber of Commerce and Industries has stated that If the proposed hike is accepted then there will an increase of 20% to 25% in all categories which will cause inflation and increase in other commodities. In the year 10-11, 11-12 and 12-13 there was a hike of 19%, 12% and 6.9% respectively. Hence the tariff rate shall be decreased.

Shri. Gautam Suman, Ang Uthanandolan Samithi, Bihar, has stated that if the distribution losses are controlled there will be no need to increase tariff and if tariff is hiked, theft of electricity will take place. In Kerala, Punjab and Tamil Nadu the farmers get free electricity and the same status be given to the farmers in Bihar. Upto 3 HP electricity is free in states like Madhya Pradesh, Chattisgarh and Gujarat. In Gujarat upto 5 HP bills are distributed at Rs. 1 per unit and the same should be followed in Bihar as well.

Shri. Pradeep Kumar, Kalpana Chawla Club, Munger has opposed the proposed increased in tariff.

**Petitioner's response:**

The petitioner would like to submit that Power purchase cost is the major constituent of ARR contributing around 80%-85% of total cost and Bihar is not different.

Presently, Bihar as a state doesn't have its own generation except for the 220 MW Kanti Bijlee Utpadan Nigam Ltd (jointly owned by NTPC and Bihar Govt. and small RE generation from small hydro station and sugar mills. Infact, it totally depends on

NTPC, NHPC, Open Market and Others to make the power available for its consumers. It is worth mentioning that the tariff of these sources is either determined by CERC (for NTPC/NHPC Stations) or competitive bidding (Case 1/Case-2) or is market determined (from IEX/PXIL).

It is worth mentioning that the primary fuel for thermal power stations is Coal and not oil. Thus even substantial variations in oil prices not necessarily impact the overall generation tariff in same way. As a matter of fact, apart from bills of current generation at prevailing tariffs, there is a considerable share of arrears also which arise on account of supplementary orders of CERC/APTEL which are to be paid to the generators and thus increase the overall purchase cost of power even when there is no hike in per unit tariff of current generation.

A review of trend of power purchase cost reveals that the last 5 FYs tariff has shown a considerable increase due to variation in coal price increase along with other inflationary costs. The average power purchase cost has increased to Rs 4.08/kWh in FY 2014-15 from Rs 3.62/kWh in FY 2011-12 i.e. 13% increase has been on account of power purchase cost only. Historically, the tariff for the CGS – NTPC/NHPC/NPCIL and others hasn't come down in the last five years.

However, keeping in view of the concerns of consumers and recent downward trend of fuel prices, the petitioner has not projected any hike whatsoever in the variable charges of power purchase from various stations. Infact, the latest billed per unit charges have been retained and considered for projections as in these charges, the recent downward variation in fuel costs have already been incorporated. However, there is consideration of nominal escalation of 5% in fixed costs, which is in line with CERC regulations which also have similar provisions of escalations in O&M Charges and capital related costs.

It is further submitted that any further reduction in variable charges due to variations in fuel prices will be passed on to the consumers by the FPPCA (Fuel and Power Purchase Cost Adjustment) mechanism already approved and notified by the Commission.

Apart from the power purchase costs, there are fixed costs also for the petitioner, such as O&M Expenses, Depreciation, Interest and Finance Charges, Interest on Working Capital, which are based on actual audited accounts duly certified by CAG and on norms specified in Tariff Regulations, 2007 and amendments issued by BERC from time to time. These cost are also increasing owing to increase in network, increase in employee costs, inflation in material costs over the years which too have to be passed on and recovered from consumers.

Finally, there are prior period revenue gaps also which have to be recovered from the ensuing year's tariff. In fact, even after above mentioned considerations, while a cumulative revenue gap of Rs 2,540.28 Crore was to be recovered through tariff (an anticipated hike of approx. 50%), the petitioner has proposed to amortize the revenue gap of Rs 1740 Crore to be recovered in next 3 years so as to restrict the tariff proposal to 20.66% approx.

While preparing the tariff proposal, the petitioner has tried to maintain the average tariff in +/-20% of average cost of supply. It has proposed increase in tariff in all category consumers to mitigate revenue gap as proposed. Also National Tariff Policy states that ABR should be +/- 20% of average cost of supply. The petitioner has proposed the tariff hike keeping in mind the provisions of the EA, 2003 and BERC Regulations as amended from time to time.

**Commissions' observations:**

The Commission has noted the objections/suggestions and the reply of the Petitioner. The Commission based on the Tariff petition filed by the Petitioner and on detailed analysis of the cost components of ARR as discussed in the relevant paragraphs and after prudence check has determined the Annual revenue Requirement for FY 2013-14 and FY 2015-16 and accordingly arrived at the revenue gap for FY 2015-16 and Tariffs for retails sale has been determined to bridge the revenue gap so determined.

**3.2.2 Issue 2: Transmission & Distribution Losses**

M/s. Natraj Engineers Pvt. Ltd, Patna, Bihar Industries Association, Patna, Bihar Rajya Kisan Sabha, Patna, Dina Iron & Steel Limited, Patna, Shri Doman Singh, Patna, M/s.Balmukund Concast Ltd., Patna, M/s.Patwari Steels Pvt. Ltd., Patna, The Bihar Chamber of Commerce and Industries, Patna, M/s.Kalyanpur Cements Ltd., Patna, Bhojpur Chamber of Commerce and Industries and Shri. Pramod Kumar R&B College submitted that the T&D losses are at 46% to 48% and half of the electricity purchased by Discoms are being given away for free in spite of T&D targets set by BERC. The targets for transmission and distribution losses have been fixed at 21.40% for 2014-15 and 20% for FY 2015-16 and as against this the distribution companies have shown actual losses as 44.65% for FY 2014-15 and 41.65% for FY 2015-16 (excluding 4% State Transmission Loss). This data is not authentic as 100% metering and energy audit is nowhere near completion. Instead of decreasing T&D losses the Companies are increasing them making the whole process of tariff fixation a futile exercise. It seems this has happened because BERC allowed higher T&D losses to set off against the Government Grant. Rewarding the licensees for their inefficiency instead of penalizing them would defeat the whole purpose of tariff fixation. The issue needs serious rethinking so that public and consumer interest is protected.

Shri. Pawan Kumar Agarwal, General Secretary, NWBCCL has stated that if the loss due to T&D is not controlled, the motive of providing subsidy will be a failure. The main reasons behind the loss is the theft of electricity with the help of load efficiency.

Shri. Shailendra Kumar, Eastern Bihar Industry Association has stated that the DISCOMs should control T&D losses by proper metering facility and improving hours of supply so that the grant received from Government is properly utilized.

Shri. Santhosh Kumar, Savodaya Samajik Samstana has stated that the loss incurred by the company is due to faulty transmission and distribution system. The company is trying to make up loss incurred due to their faults from consumer.



**Petitioner's response**

Petitioner would like to submit that it also appreciate that offset of power purchase cost for T&D losses more than BERC approved losses with Government grant is not a sustainable proposition in the long run and thus they are already working on the ways of reduction of T&D and AT&C losses which is evident from the fact that the AT&C losses have decreased by over 1% for SBPDCL in FY 2013-14 as compared to FY 2012-13. The petitioner would also like to submit that it is working towards improving operations and maintenance system and simultaneously also working to reduce its losses. However, the higher T&D losses for is on account of large network addition in course of rural electrification under RGGVY, BRGF and R-APDRP in urban areas. Further, these losses are on decreasing trend on actual basis. The petitioner has taken following initiatives for decreasing T&D Losses:

A circle wise loss reduction program is under preparation and will be implemented shortly. It has taken multiple measures to reduce the overall AT&C losses. Some of these measures are as follows:

- ✓ Re-conductoring of dilapidated conductors/ replacement of GI wires in 33 KV, 11 KV & LT lines with higher size conductors for reduction in line loss.
- ✓ Procurement of star rated distribution transformers for replacement as well as new D/S/S for reduction in transformation loss.
- ✓ Cent percent system metering and consumer metering by 31-10-2013 for proper accounting of energy & reduction in wastage.
- ✓ Engagement of urban distribution franchisee and rural franchisee scheme for reduction in AT & C losses in town and rural areas.
- ✓ Proper meter reading, bill distribution and bill generation in fixed cycle to boost revenues.
- ✓ Use of Ariel bunched cables in place of L.T. overhead lines in theft prone areas to prevent theft of electricity.
- ✓ Raid against power theft being conducted on regular basis at section/sub-division/ division level under supervision of DGM/ESE with its close monitoring at Apex Level.

- ✓ I.T. implementation & installation of system metering, Energy Accounting under R-APDRP (Part-A) for proper & accurate information/details of the entire activity of the Distribution System.
- ✓ Strengthening of distribution infrastructure under R-APDRP Part-B, ADB, BRGF, RGGVY Schemes for reduction of technical & commercial losses.

The petitioner would also like to clarify that the additional power purchase owing to the difference in T&D losses approved by the Commission and actually incurred by the Discoms is infact disallowed by the Commission and is not considered for the purpose of tariff determination. This disallowed power purchase is being funded through state govt. grant.

#### **Commissions' observations**

The concerns of the objectors and response of the petitioners are noted by the Commission. Several directives are issued to erstwhile BSEB and now the Discoms regarding reducing T&D losses which if implemented in true spirit will definitely reduce the T&D losses.

Substantial amounts are being invested to improve and strengthen the Transmission and distribution network in the state with the planned assistance from Central and State Governments under BRGF, R-APDRP, RGGVY and plan schemes of the State Government from 100% network and replacement of aged conductors. These steps should help the distribution licensee to reduce its technical loss.

The action taken by the distribution licensee to improve meter reading, billing actual consumption etc should also help the distribution licensee to reduce to its commercial costs. But the Commission noted that the distribution loss reduction target set by the Commission is not met during FY 2013-14 in truing up. The distribution licensee shall intensify its efforts for 100% metering and billing apart from curbing theft / pilferage of energy by intensive checks to reduce commercial losses. In view of this Commission considers that the distribution loss approved by the Commission in earlier tariff orders will only be allowed to the petitioner and burden of higher distribution loss will not be passed on to the consumers.

**3.2.3 Issue 3: Audited Accounts for FY 2013-14**

Bihar Industries Association, Patna, The Bihar Chamber of Commerce and Industries, Patna, M/s. Kalyanpur Cements Ltd., Patna submitted that the Audited Annual Accounts for the Discoms for FY 2013-14 were not made available along with the true up petitions.

**Petitioner's submission:**

The petitioner would like to submit that it has duly submitted the balance sheet to the Commission vide letter no. SBC/222/2014-42 dated 13<sup>th</sup> January, 2015. The copy of this balance sheet is also available on the website of the Discom.

**Commission's Observation:**

The Commission has noted the objection and response of the Petitioner and directs the Petitioner to make available the audited annual accounts, on its website.

**3.2.4 Issue 4: ARR and Revenue Gap for FY 2015-16**

M/s. Kalyanpur Cements Ltd., Patna submitted that the licensee's un-bridged deficit for FY 2015-16 is only 2.32% of its projected ARR and 3.3% of its net revenue requirement. For mobilisation of such a small funds, no licensee would ever seek a general revision of its tariff rates, as the same could be managed by simply tightening the operational norms to some extent.

Central Bihar Chamber of Commerce, South Bihar Industries Association, Western Bihar Chamber of Commerce and Industries and Eastern Bihar Industries Association have stated that;

1. As per the audited accounts for FY 2013-14 (Table 40/ P.3-54), the power purchase cost of both Discoms is Rs. 5777.44 Crore (Rs. 2261.17 Crore for NBPDCCL + Rs. 3516.23 Crore for SBPDCL) and even if the maximum infrastructure cost of Rs. 100 Crore per month is added the gross revenue requirement per month would be Rs. 580 Crore. This has been increased by almost 50% for FY 2015-16 to Rs. 8113 Crore per month without any proper explanation.

2. Apart from subsidy of Rs. 200 Crore per month additional subsidy of Rs. 150 Crore per month has been sought from the Government and the same has been considered in the ARR submitted. Thus the resource gap grant is projected to increase from 2400 Crore per year to Rs. 4200 Crore per year. Even after this increase the licensees are showing a deficit of Rs. 2540.57 Crore, instead of reducing the revenue requirement. After considering this revenue gap grant, the revenue requirement should be decreased significantly.
3. The total revenue at the existing tariff for FY 2013-14 is Rs. 3747.63 Crore (Rs. 1492.86 Crore for NBPDC + Rs. 2254.77 Crore FOR SBPDCL) i.e an average revenue of Rs. 312 Crore per month. If the monthly resource gap grant of Rs. 350 Crore is deducted from the gross revenue requirement of Rs. 580 Crore the revenue required by DISCOM would be only Rs. 230 Crore. Therefore, the benefit of enhanced Government grant should be passed on the consumers and the tariff should be reduced by 25%. Instead, the DISCOMS are trying to increase the burden on the Consumers by inflating the expenses without any proper explanation.
4. The projected revenue by DISCOMs has no relation to the quantum of power being purchased. Though there is sharp increase in the power purchased the increase in revenue is only 30% and the T&D losses of distribution companies will increase further in future, which needs to be checked.

Shri. Brijnandan Pathak, Vidyuth Upabhokta Sangharsh Samiti, Gaya; Shri. Sirish Prakash, Chinmaya Cold Storage stated that the amount of Rs. 1729.26 Crore shown as revenue gap for FY 2015-16 could be reduced if the T&D loss and R&M expenses and A&G are controlled.

Prof. Pramod Kumar Sharma, Ex Reader and HoD Department of English R&B College, has stated that the DISCOMs have proposed Rs. 2540.57 Crore as Revenue gap and out of this Rs. 1740 Crore is proposed for creation of regulatory assets and Rs. 800.57 Crore along with carrying cost of Rs. 256.65 Crore i.e. Rs. 1057.22 Crore is proposed to be adjusted with hike of 20% in the tariff.

**Petitioner's submission:**

The total revenue gap for both the Discoms is Rs. 2,540.28 Crores (Rs. 811.31 Crores for NBPDCCL and Rs 1,729.26 Crores for SBPDCL). To bridge this cumulative revenue gap, tariff hike of 49.65% is required, Since this tariff hike will lead to tariff shock, both the Discoms hereby propose to create a regulatory asset of Rs 1740 Crores out of total gap which to be amortized in three years starting FY 2016-17.

Further, the balance gap of (Rs 2540.57 Crores- Rs 1740 Crores) Rs 800.57 Crores along with the Carrying Cost of Rs 256.65 Crores i.e. total Rs. 1057.22 Crores of Regulatory asset is proposed to be recovered through the tariff hike of 20.66%.

It is submitted that up to FY 2014-15 the resource gap assistance being provided by Govt. is limited up to approx. Rs. 200 Cr per month only. It has also been clarified in the petition itself that the govt. has been requested to provide additional resource gap assistance of Rs. 150 Crores per month to meet the additional power purchase requirement by the Discoms. Further, the Gross Revenue Requirement per month for both the Discoms is more than Rs 950 Crores per month (including prior period gaps) as already detailed in the petitions of both the Discoms. Thus, the Commission is requested to kindly consider the submission of the Discoms allow appropriate tariff hike to bridge the approved revenue gap.

The petitioner would like to submit that their annual audited accounts are duly audited by CAG. The petitioner is constantly working to improve its efficiency towards proper metering, billing and collection of payment. The petitioner would also like to submit that it is conducting strict inspections of consumer premises on regular basis. Also posters, slogans as well as advertisement in prominent newspapers has been a regular practice to create public awareness against electricity theft. Moreover, a senior official is deputed during the raids on premises of consumers so as to ensure impartiality.

**Commission's observation:**

The Commission has noted the objections/suggestions and the reply of the Petitioner. The Commission based on detailed analysis of the cost parameters of ARR

has arrived at the net revenue requirement of the Petitioner for FY 2015-16 and accordingly, tariffs notified for FY 2015-16.

### **3.2.5 Issue 5: Trued up surplus of Rs. 1273.24 Crore upto FY 2012-13**

Bihar Industries Association, Patna, M/s.Kalyanpur Cements Ltd., Patna and Bihar Chamber of Commerce and Industrie submitted that the Trued up surplus of Rs.1273.24 Crore passed in the Order dated 28-02-2014 should have been carried forward which has not been done by the Petitioner.

#### **Petitioners' response:**

It is submitted that as per the notified transfer scheme no surplus was transferred to the Discoms and accordingly, not considered. However, the projected Government subsidy of Rs.4200 Crore includes Rs.1273.24 Crore of past surplus also.

#### **Commissions' observation:**

The objection and response of the petitioner are noted. The Commission has aptly addressed the issue in the true up for FY 2013-14 of the petitioner. The trued-up surplus upto FY 2012-13 has been considered in the truing-up of ARR for FY 2013-14 and in the computation of net gap/surplus for FY 2015-16. If the Discoms have not been transferred the surplus of FY 2012-13 by the State Government they may seek the amount from the Government.

### **3.2.6 Issue 6: Cross Subsidy**

M/s. Natraj Engineers Pvt. Ltd, Patna submitted that Industrial units, small and large shall not be asked to cross subsidise other sectors like Domestic, Kutir Jyoti or failure of Discoms. In fact, where line losses are less like HT consumers tariff should be reduced. Tariff charges to commercial and LTIS should be normal tariff and should not be made to subsidize other consumers.

#### **Petitioner's submission:**

It is the prerogative of the Commission to determine tariffs of various categories of consumers. Section 62 (3) of the Electricity Act, 2003 specify *"the appropriate Commission shall not, while determining the tariff under this Act, show undue preference to any consumer of electricity but may differential according to the*

*consumers load factor, power factor voltage, total consumption of electricity 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".* Further the provisions of the National Tariff Policy also mention the targeted range of cross subsidy as +/- 20% of average cost of supply.

The petitioner has submitted the current tariff proposal to mitigate revenue gap as arrived in FY 2013-14, FY 2014-15 and FY 2015-16 in terms of Tariff Regulations, 2007, various provisions of Electricity Act, 2003 and National Tariff Policy.

**Commission's observations:**

The Commission has noted the objections/suggestions and the reply of the Petitioner. Further, the Commission considers to allow reasonable tariff to meet the ARR of the petitioner cross subsidy is allowed in determination of tariff for different categories of consumers of the licensee, keeping in view the social responsibility and paying capacity of the consumers allowing lower tariff to low income consumers. Gradual reduction of cross subsidy has also been considered to the extent feasible.

**3.2.7 Issue 7: Demand Charges & MMC Charges**

M/s. Natraj Engineers Pvt. Ltd, Patna submitted that the industries and service units are set up in rural areas due to high land cost in urban areas and power supply is given from rural feeders where power supply is only for 8 to 9 hours/day. Due to demand charges, cost per unit is going up to Rs.15/kWh and many units have to pay MMC also. It is suggested that demand charges and MMC charges should be abolished and same should be added to energy charges. Otherwise the petitioner should be asked to supply electricity 24 hours a day and seven days a week without interruption.

**Petitioner's submission:**

The process of replacement of defective meters/electrical meters and installation of meters in un-metered connections in all categories are still under progress. As a result actual consumed units cannot be billed and accounted. Hence, MMC in various categories should not be abolished till such meters are replaced/installed.

The Fixed charges per KVA/HP/KW are as per BERC's prevailing Tariff Order only. The petitioner is not mere trader of power but have to operate and maintain (O&M) vast distribution network. The O&M expenses are fixed expenses and have to be borne by the petitioner irrespective of power handled by it. The petitioner has to pay the fixed charges (capacity charges) as approved by SERC/CERC to the generators with whom it has long term PPA irrespective of generation by the generators.

The fixed/KVA charges are considered by the Commission so as to ensure certain amount of continuous recovery of fixed cost incurred by the petitioner. This set up of two part tariff (fixed cost + Energy charges) has been progressively adopted by most of the State utilities.

The petitioner has requested the Commission to retain the fixed charges for the applicable categories.

**Commission's observations:**

The Commission has noted the objections/suggestions and the reply of the Petitioner. Monthly minimum charges, fixed charges and Demand charges are collected to recover the fixed costs (investments) of the petitioner and capacity charges in generation tariff to some extent. However, the Commission considers it is desirable to encourage billing on the basis of actual consumption and to gradually do away with MMC in a phased manner.

**3.2.8 Issue 8: Resource gap grant**

Bihar Industries Association, Patna, M/s.Patwari Steels Pvt. Ltd., Patna, The Bihar Chamber of Commerce and Industries, Patna, M/s.Kalyanpur Cements Ltd., Patna, M/s.Kalyanpur Cements Ltd., Patna submitted that even though the resource gap grant has increased by Rs.1800 Crore (from Rs.2400 Crore in FY 2013-14) to Rs.4200 Crore in FY 2015-16, still a deficit of Rs.2540.57 Crore is projected in the Petition.

The gap between ARR and revenues of Discoms has been a matter of concern. The primary reason for this is abnormally high AT&C loss.



The Commission may tentatively determine the amount of grant required by the licensee to be paid by the State Government, so that reasonable increase in tariff rates could be passed on to the consumers.

**Petitioner's submission:**

It is submitted that the total projected revenue gap for both the Discoms is at Rs.2540.28 Crore (NBPDC Rs.811.31 Crore and SBPDCL Rs.1729.26 Crore) for FY 2015-16 after adjusting resource gap grant of Rs.4200 Crore from GoB. To bridge the gap, the Discoms have proposed to create a regulatory asset of Rs.1740 Crore to be amortized in three years starting from FY 2016-17 and balance gap of Rs. 800.57 Crore (Rs.2540.57 Cr – Rs.1740 Cr) along with carrying cost of Rs.256.65 Crore is proposed to be recovered through the tariff hike of 20.66%.

**Commissions' observation:**

The Commission has noted the objections/suggestions and the reply of the Petitioner. The Commission based on detailed analysis of ARR & Tariff Petition filed by the petitioner has arrived at a revenue gap for FY 2015-16 which has been aptly discussed in the relevant chapter of ARR for FY 2015-16.

**3.2.9 Issue 9: Terms and conditions of tariff schedule**

Bihar Industries Association, Patna, M/s. Patwari Steels Pvt. Ltd, Patna submitted that the Discoms have proposed to continue with the existing terms and conditions of existing Tariff schedule, except some amendments proposed by way of additional submissions. It is more prudent to put such submissions in the public domain and such changes shall be provided in the Bihar Electricity Supply Code to maintain uniformity and prevent confusion. No terms and conditions should be specified in the Tariff Order and all the terms and conditions should be as per the Bihar Electricity Supply Code.

**Petitioner's submission:**

It is submitted that the proposed amendments in tariff schedule are available in public domain along with the tariff petitions which were presented and discussed during the public hearings.

The terms and conditions have to be mentioned in the Tariff Order also which is in line with the provision 2.2 of Bihar Electricity Supply Code, 2007. The provision 2.2 specifies that *"in case of any inconsistency between the Code and Tariff Order in force, the provisions and meanings contained in Tariff Order in force at that time shall prevail"*.

**Commissions' observation:**

The Commission has noted the objections/suggestions and the reply of the Petitioner. Wherever necessary, the Terms and Conditions of LT and HT tariff are suitably revised.

**3.2.10 Issue: Contract Demand for HTSS**

Bihar Industries Association, Bihar Steel Manufacturing Association, Patwari Steel Pvt. Limited, Balmukund Concast Ltd. submitted that the contract demand for HTSS consumers based on panel rating is allowed for new furnaces. However, old furnaces have to compulsorily take a contract demand of 600 KVA per MT irrespective of their actual consumption. The objectives stating that the clause has outlived its utility and requested to delete the same and HTSS consumers should also be allowed to take contract demand as per their actual requirement and transformer capacity as is the case with other HT consumers.

**Petitioner's submission**

The Petitioner submitted that the current submissions of the petition is in line with the provisions of prevailing tariff order. Further, any new provision has to be effective from prospective date and not from retrospective date as per law.

**Commission's observation:**

The Commission has examined the issue and not considered any change in determining the contract demand of HTSS.

### **3.2.11 Issue: Billing demand of HTSS**

Bihar Industries Association, Bihar Steel Manufacturers Association, Balmukund Concast Ltd. and Patwari Steels Pvt. Ltd. submitted that other HT consumers are charged at actual demand recorded or 85% of contract demand, HTSS consumers have to compulsorily pay 100% of their contract demand and requested that the HTSS consumers should also be charged only 85% of their contract demand.

#### **Petitioner's submission:**

The Petitioner submitted that the current submission of the petition is in line with the provisions of prevailing tariff order only. Further, submitted that these industries are power intensive and continuous industries, firm tie up of power has to be ensured even in the present power deficit scenario resulting into higher fixed charges of the generating stations and hence higher capacity have been considered for this category of consumers.

#### **Commission's observation**

The HTSS category comes under high tension specified services meant for induction furnaces and so have a special tariff.

### **3.2.12 Issue: Demand charges for HT consumers**

Bihar Industries Association, Bihar Steel Manufacturers Association, Balmukund Concast Ltd. and Patwari Steels Pvt. Ltd. submitted that the minimum contract demand charges should be reduced to 75% for all HT consumers.

#### **Petitioner's submission**

The Petitioner submitted the current submission of the petition is in line with the provisions of prevailing tariff order only. Further, the Petitioner submitted that as the consumers themselves is declaring his contract demand, which is further verified by the DISCOMs before releasing the connection, a buffer variation of 15% is adequate for the purpose of the billing.

**Commission's observation**

The Commission has noted the suggestion of the objectors and response of the Petitioners and decides not to change the minimum contract demand charges.

**3.2.13 Issue 13: Ferro Alloy and Re-rolling Mills**

Bihar Industries Association, Patna, M/s.Patwari Steels Pvt. Ltd., Patna submitted that the Ferro alloy and re-rolling mills are presently allowed to be included in HTSS tariff applicable primarily to induction furnaces and this clause should be amended to "including all loads in the same premises". This will lead to lot of rationalization and prevent unnecessary confusion and litigations.

**Petitioner's submission:**

It is submitted that Ferro Alloy units and re-rolling mills are co-related as the output of the Ferro alloy units is the input of the re-rolling mills but industries other than re-rolling mill is not related to Ferro alloy units. The present petition is filed in line with the provisions of prevailing tariff order.

**Commissions' observation:**

The Commission has examined the objections/suggestions and the reply of the Petitioner. The HTSS category comes under high tension specified services meant for induction furnaces and have special tariff. Hence, the Commission has decided not to consider proposed amendment.

**3.2.14 Issue 11: Transformer Capacity**

Bihar Industries Association, Patna, M/s. Patwari Steels Pvt. Ltd., Patna submitted that the transformer capacity is restricted to 150% of contract demand for all HT consumers. Now with introduction of high tech and remote reading meters, this clause has become entirely redundant. It is requested to delete this clause and allow HT consumers to keep transformers without any limit.

**Petitioner's submission:**

This is the prerogative of the Commission. Further any new provision shall be effective from a prospective date.

**Commissions' observation:**

The Commission has examined the objection and observed that high tech electronic meter and remote metering has now been provided in almost all HT consumers which enables to record the maximum demand correctly and also the most of the states do not have any restriction on the transformer capacity limited to contract demand, therefore, the Commission decided to remove this clause in Terms and conditions of HT supply.

**3.2.15 Issue 10: Power Factor**

Bihar Industries Association submitted that the minimum power factor shall be reduced to 0.85 instead of 0.90.

**Petitioner's submission:**

It is submitted that higher the power factor the better will be the utilisation of network. If the power factor ceiling is lowered the cost of the network will be increased to cater to the same amount of power resulting into increase in tariff. Hence, the ceiling of power factor is kept such that the consumers will attempt to keep continuous efforts for maintaining better power factor, thus ensuring network stability.

**Commissions' observation:**

The Commission has noted the objections/suggestions and Petitioner's reply. Maintaining power factor near unity by installing adequate and appropriate capacitors (one time) is advantageous for the consumer and also for stability of the grid. All industrial consumers particularly HT consumers should ensure to maintain power factor between 0.95 to 1.00 for their benefit. Further, to avoid burden on the consumers, the power factor rebate is withdrawn with effect from 1<sup>st</sup> April 2015.

**3.2.16 Issue 13: Load factor rebate**

Bihar Industries Association, Patna, M/s. Patwari Steels Pvt. Ltd, Patna submitted that the Load factor rebate shall be reintroduced to promote high value consumers.

**Petitioner's submission:**

It is submitted that the prevailing two part tariff has in built load factor rebate as the average per unit rate of the consumer decrease with increase in his load factor and hence no further load factor rebate is required.

**Commissions' observation:**

The Commission has noted the objections/suggestions and Petitioner's reply and agrees with the Petitioner's response.

**3.2.17 Issue 14: Time of Day (ToD) Tariff**

Bihar Industries Association submitted that under ToD, 120% of unit charges are levied in peak hours and only 15% rebate is given in peak hours. The same may be amended.

**Petitioner's submission:**

It is submitted that charges during peak and off peak have been kept keeping in view the consumption pattern and variations in cost of available power purchase during peak and off peak hours, thus these charges do not require any modification at present.

**Commissions' observation:**

The Commission has noted the objection and Petitioner's reply. To meet the demand during peak hours, the petitioner has to purchase power from other sources on short term basis, which may be more expensive. Therefore, the existing provision of ToD tariff is considered appropriate.

**3.2.18 Issue 15: Single category of HT**

Bihar Industries Association, Patna submitted that all categories in HT may be merged and a voltage rebate may be introduced.

**Petitioner's submission:**

It is submitted that the voltage wise tariff structure requires accurate level of voltage wise O&M cost, capital cost of assets, T&D losses, etc. The Discoms are still in the

reforming process and various reforming projects are continuing, hence, voltage wise tariff may not be possible.

**Commissions' observation:**

The three categories of HT consumers are served at different voltages – HT-I at 11/6.6 KV, HT-II at 33 KV and HT-III at 132 KV.

Normally the tariff for consumers availing supply at higher voltage shall be marginally lower. The Tariff for HT-I, HT-II and HT-III are structured accordingly.

**3.2.19 Issue 16: Distribution Franchisee**

Bihar Rajya Kisan Sabha submitted that the petitioner has provided power to distribution franchisee on 40% lesser than actual cost and apart from that authorization has been provided at no extra charges for using existing infrastructure which is causing financial loss to the petitioner. Rural feeders are franchised on 50% lesser than actual cost.

**Petitioner's submission:**

It is submitted that pursuant to Section 14 of the Electricity Act, 2003, the Distribution Franchisees were selected on competitive bidding, on input based model for distribution of electricity, to improve operational efficiencies and quality of services provided to its consumers in the area of operation. The Distribution Franchisees have been entrusted with the following responsibilities:-

- Undertake & discharge the responsibilities on behalf of BSEB in the franchisee area.
- Honour & undertake any activity as notified by BERC to BSEB in the Franchisee area
- Upgrade, renovate & maintain existing distribution network/assets
- Undertake distribution of power to existing & new consumers, installation/ calibration of meters, reading of meters, generation and distribution of bills and collection from consumers in franchisee area
- Establish consumers service centre

- Redressal of commercial and billing complaints

The agreements have been done strictly as per the provisions of the Electricity Act, 2003 and have been approved by the Hon'ble Commission also.

The Rural feeders are franchised to improve operational efficiencies and quality of services of the rural consumers accordingly to the provisions laid down in the Electricity Act, 2003.

**Commissions' observation:**

The Commission has noted the objection and Petitioner's reply. The Commission has not approved any input based tariff separately to the Distribution Franchisee nor has consented to the agreement between the distribution licensee and franchisee.

The Commission observes that the distribution licensee may appoint distribution franchisee on such terms and conditions as it deems fit and the Commission has no jurisdiction to approve or disapprove either the process of selection or the franchisee selected by the distribution licensee. Though the distribution franchisee is not directly regulated by the Commission, it is accountable to the distribution licensee and the regulatory mechanism is enforced through the licensee. Thus the distribution franchisee is bound to operate and perform in consonance with various regulations, orders, directives and performance standards approved by the Commission. The arrangement between the distribution licensee and the distribution franchisee does not absolve the licensee of its obligation to the consumers under the provisions of the act, various regulations notified by the Commission, conditions of the license and directives issued to the distribution licensee from time to time in the franchisee area.

**3.2.20 Issue 17: Tariff should not be increased to IAS - I, Kutir Jyoti and DS-I**

Bihar Rajya Kisan Sabha submitted that the tariff should not be increased to IAS category, Kutir Jyoti (Metered and Un-metered) and DS-1 (Rural and Urban) category consumers.



**Petitioner's submission:**

It is submitted that while preparing the tariff proposal, the petitioner has tried to maintain the average tariff in +/- 20% of average cost of supply in line with Tariff Policy. It has proposed increase in tariff in all category consumers to mitigate revenue gap as proposed.

**Commissions' observation:**

The Commission endeavors to allow reasonable tariff to meet the ARR of the Company keeping in view the paying capacity of the consumers of different categories allowing lower tariff to low income consumers.

**3.2.21 Issue 18: Shunt Capacitor Surcharge for Domestic Service – II**

Shri Doman Singh, Patna submitted that Shunt Capacitor Surcharge shall be abolished. The provision of 5% surcharge for drop from 0.90 power factor is atrocious and there is no such flat component for HT consumers. The Commission in case no.MISC-6/2014 has ruled the matter to be heard with regular tariff petition for FY 2015-16.

**Petitioner's submission:**

It is submitted that as mentioned in the terms and conditions of tariff for LT;

- (a) Every LT consumer including irrigation pump set consumers whose connected load includes induction motor(s) of capacity 3 HP and above and other low power factor consuming appliances shall arrange to install low tension shunt capacitors of appropriate capacity at his cost across terminals of his motor(s). The consumer shall ensure that the capacitors installed by him are properly matched with the actual rating of the motor so as to ensure power factor of 90%.
- (b) All LT consumers having welding transformers will be required to install suitable shunt capacitor(s) of adequate capacity so as to ensure power factor of not less than 90%.
- (c) The capacitor shall be of standard manufacture and meet the BIS specification.
- (d) Consumers not complying to above shall be liable to pay a surcharge of 5% of the billed amount excluding DPS till the capacitors are installed.

- (e) Any LT consumer in whose case, the meter installed has power factor recording feature and who fails to maintain power factor of 90% in any month shall pay a surcharge of 5% of the billed amount excluding DPS till the defective capacitors are replaced and power factor of 90% is maintained.
- (f) No new supply to LT installation having low power factor consuming equipment such as induction motor of 3 HP and above or welding transformers, etc., will be released unless shunt capacitors are installed to the satisfaction of the licensee.
- (g) The ratings of shunt capacitor to be installed on the motors of different ratings are provided in the "Electric Supply Code" notified by the Commission.

It is clear from the above provisions that installation of shunt capacitors is compulsory for only those consumers who have inductive load of 3 HP and above or have welding transformers so that power factor is maintained at 90% which is in line with the provisions of the Supply Code.

**Commissions' observation:**

The Commission has noted the objections/suggestions and the reply of the Petitioner. The Commission has suitably amended this condition in the Terms and Conditions of LT supply in this order.

Domestic category consumers are exempted from levy of LT capacitor surcharge. The flat rate of 5% power factor surcharge to LT consumers has been rationalized and it shall be chargeable on prorata basis.

**3.2.22 Issue 19: Prior Period Charges**

M/s. Balmukund Concast Ltd., Patna, M/s. Patwari Steels Pvt. Ltd., Patna, The Bihar Chamber of Commerce and Industries, Patna, M/s. Kalyanpur Cements Ltd., Patna submitted that the prior period charges should not be allowed. The revenue gap worked out by SBPDCL for FY 2013-14 needs to be properly scrutinized and verified with related documents. The annual accounts should be certified and validated by the C&AG.

**Petitioner's submission:**

It is submitted that the claims of various components of ARR and figures are supported by audited accounts. Further, justification of expenses has also been provided in detail in the relevant sections in the petition itself duly supported by additional information as requested by the Commission from time to time.

**Commissions' observation:**

The Commission has considered the prior period charges based on detailed verification of the bills as discussed in the relevant paragraphs in truing-up for FY 2013-14

**Issue 20: Interest on Security deposit**

M/s. Balmukund Concast Ltd., Patna submitted that the Interest on Security deposit has been proposed in the tariff petition which is not correct and should be disallowed.

Kalpana Chawla Science Club submitted that interest on SD not provided to LT consumers

**Petitioner's submission:**

It is submitted that the claim of interest on consumer security deposit is duly supported its figures with audited accounts. Further, justification of expenses has also been done in detail in the relevant sections in the petition itself duly supported by additional information as requested by the Commission from time to time.

Presently interest on SD to HT consumers are provided. The billing software is being developed under R-APDRP scheme and interest on SD to LT consumers also will be allowed when software is developed.

**Commissions' observation:**

The Commission has aptly discussed the issue in relevant paragraphs in this Tariff Order and disallowed interest on security deposit. The Commission directs the Discoms to allow interest on SD to all consumers and the same shall be adjusted in

the electricity consumption bill as per the provision in the Bihar Electricity Supply Code, 2007 and report compliance to the Commission.

### **3.2.23 Issue 21: Return on Equity (RoE)**

M/s. Balmukund Concast Ltd., Patna, The Bihar Chamber of Commerce and Industries, Patna, M/s.Kalyanpur Cements Ltd., Patna submitted that the Commission has allowed RoE in Tariff Order dated 28<sup>th</sup> February 2014 considering the equity notified in the Transfer Scheme. Discoms have claimed RoE on enhanced equity, where as there is no actual equity infusion. All the works are being done through grant and the asset created through grants cannot be treated as part of the equity.

#### **Petitioner's submission:**

It is submitted that the RoE has been claimed on approved equity as per the transfer scheme and actual equity addition in FY 2013-14 as per audited accounts.

#### **Commissions' observation:**

The Commission has aptly discussed the issue at relevant paragraph in the Tariff Order and Return on Equity has been allowed as per BERC Tariff Regulations, 2007.

### **3.2.24 Issue 22: Revenue Income**

M/s. Balmukund Concast Ltd., Patna submitted that the revenue at existing tariff has been worked out at lower amount to increase the revenue gap. The Commission should be justified enough to work out the revenue income at existing tariff taking into consideration the average tariff billing rate approved for FY 2014-15 in the tariff order dated 28.02.2014.

#### **Petitioner's submission:**

It is submitted that actual average billing rate of FY 2013-14 is considered for projection of revenue for FY 2014-15 and FY 2015-16. It may be noted that since the sales mix keeps on changing, more so when the petitioner has proposed large addition of Kutir Jyoti consumers in phased manner which co-incidentally has the

lowest Average Billing Rate, it is more appropriate to consider actual category wise average billing rate for the purpose of revenue projections.

**Commissions' observation:**

The Commission has computed the Revenue at existing tariff for FY 2015-16 based on the approved energy sales, number of consumers and connected load.

**3.2.25 Issue 23: Delayed Payment Surcharge (DPS)**

M/s. Balmukund Concast Ltd., Patna, M/s. Patwari Steels Pvt. Ltd, Patna submitted that the DPS is levied at one and half percent per month or part thereof on the outstanding principal amount of the bill from the original due date for payment until the payment is made in full. The word "until the payment is made in full" should be deleted and DPS shall be levied only on the outstanding dues on reducing balance system. DPS should be levied only if the outstanding of the consumer exceeds the security deposit.

**Petitioner's submission:**

The petitioner would like to submit that the current submission of the petitioner is in line with the provisions of prevailing tariff order only. However, it is clear from the existing provision itself wherein it is stated that:

*In case a consumer does not pay energy bills in full within 10 days grace period after due date specified in the bill, a delayed payment surcharge of one and half (1.5) percent per month or part thereof on the outstanding principal amount of bill will be levied from the due date for payment until the payment is made in full without prejudice to right of the licensee to disconnect the supply in accordance with Section 56 of the Electricity Act, 2003. The licensee shall clearly indicate in the bill itself the total amount, including DPS, payable for different dates after the due date after allowing for the grace period of 10 days. No DPS shall be charged on DPS arrear. The bill shall indicate the energy charges for the month, arrears of energy charges and DPS separately.*

That the DPS is levied on outstanding principle only. Further the word 'until the payment is made in full' should be retained as DPS cannot be charged for undefined time period.

**Commissions' observation:**

The Commission has noted the objection and the reply of the Petitioner. The Commission has not changed the existing provision regarding levy of DPS.

**3.2.26 Issue 24: Rebate for timely payment**

M/s.Balmukund Concast Ltd., Patna, M/s.Patwari Steels Pvt. Ltd, Patna submitted that Rebate for timely payment: The rebate for payment before or on due date should be increased from one paisa to two paisa per unit billed. Rate of one paisa is continuing from the year 2006 – 07 when the rate of energy charge was 135 paisa per unit only. Now the energy charge has been increased to the tune of more than double. Therefore the rebate of two paisa per unit billed is proper and justified.

**Petitioner's submission:**

The rebate allowed is an expenses and becomes a part of subsequent year's ARR. Hence, any increase in rebate of HT consumers will be an additional burden on the tariff of LT consumers as the HT consumption is substantial.

**Commissions' observation:**

The Commission has noted the objection and the reply of the Petitioner and has not considered any increase in the timely payment rebate.

**3.2.27 Issue 25: Exceeding the contract demand**

M/s.Balmukund Concast Ltd., Patna submitted that the petitioner has proposed that if the demand availed by a consumer exceeds 110% consecutively for three months, licensee may issue notice to get additional load sanction. The provision of "additional load sanction" is not proper and justified as the consumer is paying the excess demand charge at twice the normal rate and the distribution licensee is not put to any financial loss on demand charge.

**Petitioner's submission:**

It is submitted that it is agreed that there is no financial loss to the licensee but this does not entitle the consumer to use beyond contracted demand on regular basis. The contention of the petitioner is that since the consumer is exceeding contract demand on regular basis, it will be deemed that his actual requirement is more than the current contract demand and thus should be increased automatically.

**Commissions' observation:**

The Commission has noted the objections/suggestions and the reply of the Petitioner. It is the responsibility of the consumer to limit the maximum demand recorded in any month within the contracted demand or to get the contracted maximum demand get sanctioned as per their maximum demand requirement.

**3.2.28 Issue 26: a. Repair and Maintenance Expenses****b. Administrative & General Expenses****c. Depreciation**

The Bihar Chamber of Commerce and Industries, Patna, M/s.Kalyanpur Cements Ltd., Patna submitted that;

- a. The Petitioner has claimed R&M expenses of Rs.74.04 Crore against the R&M expenses considered in review for FY 2013-14 (RE) of Rs.40.44 Crore. The claim has been raised substantially which seems incorrect, hence, may not be allowed.
- b. The Petitioner has claimed A&G expenses of Rs.29.76 Crore against the A&G expenses considered in review for FY 2013-14 (RE) of Rs.21.06 Crore at an increase of 40%. The veracity and correctness of the claim could not be verified in the absence of audited balance sheet, Profit & Loss account, etc.
- c. The Petitioner has claimed depreciation of Rs.104.20 Crore for FY 2013-14. It is observed that opening GFA and Closing GFA together with opening and closing Grants for FY 2013-14 have been changed by the licensee without producing any authentic document, hence, may not be allowed.

**Petitioner's submission:**

The petitioner would like to submit that it has already detailed the reasons for variations of various costs/expenses from the Commission approved values. This is worth mentioning that while all the previous approvals were accorded by the Commission either when BSEB was an unbundled utility or in the initial months of the unbundled utility when the actual expenses for unbundled utilities could not be ascertained accurately in absence of the segregated information. As the balance sheet, duly audited by CAG is now available for 1<sup>st</sup> full year of operations of the petitioner, the petitioner requests the Commission to approve its financial position including expenses/revenue as per the audited balance sheet only as the previous approvals were based on certain assumptions while the current submission of the petitioner is as per the actuals.

**Commission's Observation:**

The Commission has examined the objection raised and reply of the Petitioner. Based on the Audited Annual Accounts for FY 2013-14 and on prudence check the Commission has approved the expenses while truing-up for FY 2013-14. The Commission has aptly addressed these issues while truing up for FY 2013-14 in relevant paragraph.

**3.2.29 Issue 27: Other Interest & Finance charges**

The Bihar Chamber of Commerce and Industries, Patna, M/s. Kalyanpur Cements Ltd., Patna submitted that the Petitioner has claimed Rs.77.17 Crore in truing up for FY 2013-14 towards other interest and finance charges comprising Discount/rebate to consumers (Rs.10.49 Cr), Power Factor rebate (Rs.37.36 Cr), Late payment surcharge to power suppliers (Rs.27.98 Cr) and other charges (Rs.1.35 Cr). The consumers can not be asked to fund the [penalty levied by power suppliers for delayed payment of power purchase bills. The rebate to consumers for timely payment of bills and power factor rebate are there for the past 30 to 40 years and no tariff petition had ever made such claims. The Commission may outright reject arbitrary and irrelevant claims of the licensee in true up.



**Petitioner's submission:**

The petitioner would also like to clarify that at the time of previous approvals the Financial Restructuring Plan was not finalized. However, as the Financial Restructuring Plan is now approved by the State Govt. with effect from 1.11.2012, the short term loans as per the provisions of FRP have now been converted into long term loans. The petitioner would like to submit that these restructured loans as per approved FRP are now eligible for pass through in tariff as per the provisions of FRP scheme notified by the Govt.

**Commission's Observation:**

The power factor rebate, discount/rebate to consumers for timely payment of electricity bills are notified by the Commission under Terms and Conditions in the Tariff Orders issued year on year in order to encourage the consumers to improve their power factor and to pay their bills promptly. Accordingly, the Commission has considered these expenses in the truing up for FY 2013-14 as considered for FY 2012-13. The Commission has aptly addressed the issue while truing up for FY 2013-14 in relevant paragraph.

**3.2.30 Issue 28: Interest on Security Deposit**

The Bihar Chamber of Commerce and Industries, Patna and M/s. Kalyanpur Cements Ltd., Patna stated that Security Deposit (SD) made by a consumer shall bear interest as specified in BESC 2007 payable at Bank rate. The licensee retain huge amount of the consumers in the form of security deposit and interest is payable as cost of the capital as per the provisions of BESC, 2007. The licensee is taking short term loan/over draft from the commercial bank at a very high rate of interest and the amount of SD is utilised to lessen such loans/over draft. The interest payable to consumer for their SD is only 5% to 6% and requested not to consider in the ARR.

**Petitioner's submission:**

It is submitted that collection of SD and payment of interest on SD has been provided in the Supply Code Regulations, 2007. The interest payable is at bank rate. The prevailing RBI rate is 9% and accordingly considered in the petition.

**Commission's Observation:**

The Commission has not considered the Interest on SD in the tariff order. The Commission has aptly discussed the issue at the relevant para. The Commission has retained the interest rate on SD.

**3.2.31 Issue 29: Interest During Construction (IDC)**

The Bihar Chamber of Commerce and Industries, Patna, M/s.Kalyanpur Cements Ltd., Patna, submitted that the Commission had approved Rs.15.68 Crore towards IDC in the review for FY 2013-14 (RE) in tariff order dated 28.2.2014. In the true up this amount has not been shown and no reasons have been given by the licensee. This is an omission and may be included by the Commission in true up for FY 2013-14.

**Petitioner's submission:**

The Petitioner would like to submit that interest and finance charges including IDC claimed in true-up are strictly as per the audited balance sheet only.

**Commission's observation:**

Regulation 22 of the BERC (Terms and Conditions for Determination of Tariff) Regulations, 2007 specify that true up shall be based on the audited accounts. The audited accounts of the petitioner show no IDC. The petitioner has not capitalised any interest during construction as majority of works are implemented through grants. Accordingly, the Commission has not considered IDC in true up for FY 2013-14.

**Issue 30: Formula of FPPCA**

The Bihar Chamber of Commerce and Industries, Patna, M/s. Kalyanpur Cements Ltd., Patna submitted that It may be considered to attach more importance to "Review" exercise and the surplus or deficit may be absorbed in the ARR of the ensuring year after prudent check. All the basis parameters of current year ARR be updated as a result of such a review and the FPPCA for the month of December to March of the current financial year be determined on the fuel and power purchase rates approved in the reviewed ARR of current year and not on the rates of the month of April.

The Commission may also consider adjusting arrears of power purchase bills and other O&M bill with the outstanding revenue arrears of the licensee including the arrears of delayed payment surcharge. The licensee on the one hand fail to realize revenue arrears running in to Rs.2000 Crore & more, on the other passing the arrear bills of NTPC, NHPC, PCIL through the FPPCA. Such a practice should be discontinued and relevant provisions be made in the Regulations.

Bhojpur Chamber of Commerce and Industries submitted that proposed system of FPPCA is suicidal for business and industrial consumers and collection is from retrospective effect which is entirely unfair. The Licensee is a power trader and collection of fuel cost like expenses is entirely unprincipled.

**Petitioner's submission:**

The petitioner would like to submit that the recovery through FPPCA is also included in the revenue from sale of power at the time of True-up. The petitioner would also like to submit that the petition is being prepared on accrual basis assuming 100% collection efficiency. The burden of uncollected revenue is not passed on to the consumers. Thus, it is submitted that any recovery from the arrears cannot be used to offset the projected revenue gap in the petition.

**Commission's Observation:**

The Commission has noted the objection and the reply of the Petitioner. Formula for computing FPPCA charges has already been provided in BEREC Tariff Regulations, 2007.

**3.2.32 Issue 31: Voltage-wise cost of supply**

M/s. Kalyanpur Cements Ltd., Patna and Bihar Chamber of Commerce and Industries, Patna have stated that the APTEL in its order dated 10.05.2012 on the Appeal No.14 of 2011 of Bihar Industries Association and Appeal No.27 of 2011 of Kalyanpur Cements Ltd has issued order on the alignment of tariff of cost of supply in accordance with the judgment of APTEL reported in ELR (APTEL) 1022 between Tata Steel Limited Vs. Orissa Electricity Regulatory Commission. It is requested that the

methodology indicated by the APTEL for determination of "Cost of Supply" may be incorporated in the Regulations.

**Petitioner's submission:**

The voltage-wise cost of supply has been computed as per the methodology approved in previous tariff order. However the final voltage-wise cost of supply would be determined by the Commission as per the approved ARR and distribution losses for FY 2015-16.

**Commission's Observation:**

The Commission has noted the objection and the reply of the Petitioner. The technical losses projected by the Petitioner at various voltage levels are based on data of very limited feeders. For want of reliable data for segregation of technical and commercial losses, the Commission has considered if appropriate to assume technical and commercial loss levels for realistic assessment of cost of supply within overall T&D loss level approved by the Commission. Accordingly, cost of supply has been computed keeping in view of the APTEL's guide lines on this issue.

**3.2.33 Issue 32: Electricity Bill on Unit Charges Only**

Shri. Doman Singh submitted that the fixed charges, energy charge, minimum charge should be abolished and only single account of charging on units consumed shall be introduced.

Bihar Industries Association, Natraj Engineer Pvt Ltd and Patwari Steel PvtLtd submitted that MMC charges enable the Discoms to realize revenue without supply of any power. The Discoms have proposed to sharply increase the KVA charges. As the Discoms are now power traders and they buy only energy which they can sell, there is no rational for any KVA charges and they requested to abolish MMC as well as KVA charges for all metered consumers.

Shri Brijan and Pathak, Vidyuth Upabhoktha Sangharsh Samithi has stated that the petitioner has proposed to increase fixed charges, energy charges and MMC to meet the revenue requirement. In Tariff Order for FY 2012-13 Commission has ordered to

slowly abolish MMC to all categories of consumers and hence this should be removed.

Central Bihar Chamber of Commerce, South Bihar Industries Association and Shri Pawan Kumar Agarwal G.S / NEEBCC have stated that the BERC has abolished MMC for HT and domestic consumers as MMC charges enable the DISCOM to realize the revenue without supplying power, the Commission should abolish MMC for all consumers in the present tariff order.

Shri. Sirish Prakash, Cinmaya Cold Storage has suggested that collection of fixed charge and MMC from the consumer is wrong and it should be stopped immediately and the consumers should only be billed as per the actual consumption. Instead of MMC, AMG could be an option, if necessary.

Shri Ashok Kumar Singhania, Advocate, Bhagalpur has stated that;

- Minimum charge for DS and NDS category should be abolished
- MM charges per KW on t he NDS category should be abolished just like DS category and the consumers should be billed on the basis of actual consumption

Shri. Gautam Suman, Ang Uttarandolan Samithi, Bihar stated that the MMC should be removed.

Shri. Mukutdhari, Eastern Bihar Industrial Association has stated that the hours of supply at present are about 14-16 hours or less and hence MMC collected from the consumers holds no meaning. The MMC may therefore be abolished from all categories of consumers.

Shri. Ashok Jivajka, Bhagalpur Zilla Nashik Sangha and Bhojpur Chamber of Commerce and Industries have requested for abolition of MMC charges

#### **Petitioner's submission**

##### **Justification of retaining of Monthly Minimum Charges**

The petitioner would like to submit that the process of replacement of significant nos. of defective meters/electrical meters and installation of meters in unmetered

connections in all categories are still under progress. As a result actual consumed units cannot be accounted and billed accordingly for substantial no. of connections. Thus, it is prayed that the MMC in various categories as applicable should not be abolished till such meters are replaced/installed. It is also worth mentioning that without considering the aforesaid fact, removal of MMC will create additional burden on tariff of metered consumers.

**Justification of retaining of Fixed Charges**

The petitioner would like to submit that the fixed charges per KVA/HP/KW is as per BERC's prevailing tariff order only. The proposed increase in tariff is based on revenue gap as arrived in FY 2013-14, FY 2014-15 and FY 2015-16 and methodology defined in Tariff Regulation, 2007 and amendments issued therein and the same would be validated by the Hon'ble Commission. However, it may be noted that the petitioner is not mere trader of power. They have to not only ensure procurement of power in cost effective manner but simultaneously operate and maintain the vast distribution network. It is worth mentioning that the expenses of operation and maintenance of distribution network have to be borne irrespective of the quantum of power handled by the network and is thus fixed in nature. Further, certain fixed charges (capacity charges) as approved by SERC/CERC have to be paid to the generators with whom the petitioner has the long term PPA irrespective of the quantum of generation by these generators.

Thus, in order to meet these fixed costs, the KVA/ fixed charges are considered by the Commission so as to ensure certain amount of continuous recovery by the petitioner to meet the fixed costs incurred by them.

Also, the levying of fixed charges motivate the consumers to effectively plan their load, which in turn results in better network planning by the Discoms.

Further, this set-up of two part tariff (Fixed Charges + Energy Charges) has been progressively adopted by most of the state utilities.

The petitioner thus would like to pray to the Commission to kindly retain the fixed charges for the applicable categories.

#### **Commission's observation**

Monthly minimum charges have to be gradually phased out after metering of all consumers. In the earlier Tariff Orders, the Commission has withdrawn MMC from HT category and urban domestic category DS – II. The Commission considers it desirable to bill the consumers on actual consumption and be gradually do away with MMC for different categories of consumers and now in this tariff order the Commission considers to remove MMC from NDS-I (rural) category.

#### **3.2.34 Issue 33: Contract Demand of HTSS Consumers**

Bihar Industries Association and Patwari Steels Pvt. Ltd submitted that;

- a. As per clause 2 of para 8.8.4 (Pg 119), contract demand based on panel rating is allowed for new furnaces. However, old furnaces have to compulsorily take a contract demand of 600 KVA per MT irrespective of their actual consumption. This is highly discriminatory and without any basis. As this clause has outlived its utility, the hon'ble commission should delete the same. HTSS consumers should also be allowed to take contract demand as per their actual requirements and transformer capacity as is the case with other HT consumers.
- b. HTSS consumers should also be charged only 85% of their contract demand.
- c. Presently the KVA charges for HTSS are 160% higher than HT consumers (Rs. 700 for HTSS against Rs.270 for HT) while unit charges are 80% lower. In the present highly competitive environment, this creates an extremely uneven field for steel units because of high fixed charges. We request you to rationalise the same and suggest that KVA charges should be drastically reduced even if it leads to proportionate increase in unit charges. This will provide some much needed breathing space to HTSS consumers.
- d. Currently, industrial units in Bihar is facing national and international competition. Thus, it is very necessary to keep electricity charges at a level comparable to other states. The regulator may consider making HTSS tariff optional for all HT consumers and not compulsory for any consumer. This will enable all industrial

units having continuous load to opt for the same, thus decreasing their overall cost.

- e. Minimum contract demand charges should be reduced to 75% for all HT consumers.

**Petitioner's submission**

The Discoms would like to submit that the current submissions of the petition is in line with the provisions of prevailing tariff order only. The Discoms would also like to submit that as the consumer is himself declaring his contract demand, which is further verified by the Discom before releasing the connection, added with the fact that these industries are highly power intensive and continuous industries, it is not appropriate to charge less than the contract demand.

The Discoms would also like to submit that since these industries are power intensive and continuous industries, firm tie-up of power has to be ensured even in the present power deficit scenario resulting into higher fixed charges of the generating stations and hence higher capacity charges have been considered for this category of consumers.

Further, the Discoms would also like to submit that as the consumer is himself declaring his contract demand, which is further verified by the Discom before releasing the connection, thus a buffer variation of 15% is adequate for the purpose of billing.

**Commission's observation:**

The HTSS category comes under high tension specified services meant for induction furnaces and so should have a special tariff.

**3.2.35 Issue 34: Government Resource Grant**

Bihar Industries Association submitted that;

Another important aspect having major impact on ARR is the method of appropriating govt. grant in spite of our serious objections and its own misgivings, the commission allowed a change in method of using govt. grant from its last tariff



order. Because of some important subsequent developments, we believe that this issue need to be revisited. In this regard, we beg to submit as below:

- a. This change in method of use of Govt. grant was done on the basis of a letter dated 19 Sep 2011 issued by the energy Dept., Govt. of Bihar. As the earlier decision of use of govt. grant against payment of NTPC dues was taken by the state cabinet and placed before the state legislature, any executive order cannot override the same.
- b. In the SAC meeting held on 14<sup>th</sup> Dec 2012, the addl. Secretary, energy dept. said that both the issues (related to use of govt. grant) have been placed before the govt. for consideration and the same will be communicated. Till date, for all practical purpose, the letter of energy dept has been kept in abeyance. Thus, the old method of using the govt. grant (i.e. deducting the same from the entire ARR) should be followed for all previous and current years till at least 2014-15.
- c. Even if the govt. advises the Commission to change the method of using govt. grant for subsequent years, we would request the commission to prudently verify if this decision has been taken by the state cabinet and has been placed before the state legislature. Also, as it is obvious that since allowing the licensees to set off extra T&D losses against govt. grant, there is a natural tendency on part of the licensees to show more and more T&D losses. This is likely to have a very far reaching effect and the whole purpose of tariff fixation may be defeated. Lastly, if the Commission decided to allow the change, it should only be prospective and not retrospective. Rather, we are of the opinion that if the petitions of the Discoms are examined prudently and the ARR is determined strictly on the basis of Electricity Act, tariff regulations and past directives and guidelines of BERC, there will be a minimum reduction of 20% in electricity rates. This will ultimately benefit the licensees also as low electricity rates will lead to higher consumption and higher revenue.

#### **Petitioner's submission**

Discoms would like to submit that they have considered the utilization of projected grant as per the provisions of prevailing tariff order only. Further, the Discoms also understand the fact that offset of power purchase cost for T&D losses more than

BERC approved losses with Government subsidy is not a sustainable proposition in longer run and thus they are already working on the ways of reductions of T&D and AT&C losses which is evident from the fact that the AT&C losses has decreased by more than 4.5% and 1% respectively for NBPDC and SBPDCL in FY 2013-14 as compared to FY 2012-13. The steps taken by the Discoms is detailed in preceding replies.

#### **Commission's observation**

Resource grant is extended by the Government of Bihar to the Discoms and has to be utilized as per the Governments decision and guidance only.

#### **3.2.36 Issue 35: DS – II (B) Category**

Shri. Doman Singh submitted that; In case of DS II (b) category the fixed charge should be on par with the single phase consumer up to 7 kW to avoid multiple connections in the same premises. Single phase consumer of 5 kW has fixed cost (existing) at Rs.115/- whereas the 5kW load three phase consumer presently pays Rs.250/- i.e. Rs.85/-. As such, fixed charge for three phase consumers of DS II category, be kept at Rs.115/- or abolished.

#### **Petitioner's submission**

The Discoms would like to submit that as per the Section 62 (3) (Determination of tariff) of Electricity Act 2003 which states that

*The Appropriate Commission shall not, while determining the tariff under this Act, show undue preference to any consumer of electricity but may differentiate according to the consumer's load factor, power factor, voltage, total consumption of electricity 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.*

Further, it is stated that as compared to single phase, three phase supply ensure quality power as it has better voltage as it has better voltage profile, voltage

fluctuation and power reliability and its fixed charges are kept high and more over from 5 KW to 7 KW it is optional to have single phase or three phase.

**Commission's observation**

Minimum contracted load for availing three phase domestic supply is 5.0 KW. Fixed charges for single phase and three phase connections cannot be at equal level.

**3.2.37 Issue 36: Demand Charges for DS– II (B) Category**

Shri. Doman Singh submitted that;

There is proposal for charging at twice the normal rate in case of DS II on demand supply if the consumption exceeds 110% of the contract demand. I submit that the cut-off point should be 150%. Also the enhanced rate should be applicable on the additional component and not the first unit kW load.

**Petitioner's submission.** The Discoms would like to submit that the current submissions of the petition is in line with the provisions of prevailing tariff order only. The Discoms would also like to submit that as the consumer is himself declaring his contract demand, which is further verified by the Discom before releasing the connection, thus a buffer variation of 10% is adequate for the purpose of billing. The Discoms would like to submit that it is already mentioned in clause itself that if in any month the recorded maximum demand exceeds 110% of the contract demand, that portion of the demand in excess of the contract demand will be billed at twice the normal rate.

**Commission's observation**

The objection and reply of the Petitioner are noted and the Commission opines that there is no need for any revision.

**3.2.38 Issue 37: Rural Supply Tariff**

Shri. Doman Singh submitted that; In NDS category, the disparity in the existing and also in proposed unit rate for rural and urban area be abolished and be made at par.

**Petitioner's submission**

The inclusion/removal of differential tariff across various categories of consumers in different regions is in purview of the Commission and the Commission may take independent view on same.

**Commission's observation**

Till such time the electricity supply in rural areas increases in respect of quality and quantity on par with urban areas, differential tariff rates have to be continued.

**3.2.39 Issue 38: Change of Category for Yoga Schools**

Bihar School of Yoga and Bihar Yoga Bharati requested to change their category from NDS – II to NDS – III.

Bhojpur Chamber of Commerce and Industries requested separate category for Nonprofit recognized charitable-cum-public institutions under the category NDS – II

**Petitioner's submission**

The Commission in MYT order dated 15-03-2013 has defined the applicability of non-domestic service – III to places of worship like temple, mosques, gurudwaras, Churches etc and burial / crematorium ground and if any portion of the premises is used for commercial purpose a separate connection should be taken for that portion and NDS – III tariff schedule shall be applicable for that services.

Bihar school of Yoga is an educational institution registered by Government of Bihar and nonprofit recognized charitable-cum-public institutions, does not fall among the places of worship like temples, mosques, gurudwaras, churches etc as assigned for NDS – III category tariff. Hence currently applied NDS – II category as per tariff schedule of recent tariff order.

**Commission's observation**

The Commission agrees with the response of SBPDCL.

**3.2.40 Issue 39: Electricity Duty**

Shri. Brijnandan Pathak, Secretary, Vidyuth Upabhokta Sangharsh Samiti Gaya has stated that when the units consumed as per meter reading are less than MMC,

electricity duty should be made applicable on the actual units consumed. This tax is the property of the State Government, which should be included in the actual utilization.

**Petitioner's submission**

Electricity duty is already billed on the consumed units

**Commissions observation**

The objection and the response of the Petitioner are noted.

**3.2.41 Issue: Separate Category to Bunkars**

Shri. Dabashish Banjerjee, Bunkar Sangharsh Samith has stated that the Chief Minister during his visit to Bhagalpur on 12-09-2014 announced to exempt bills of Bunkars and so requested the Commission to exempt all dues as early as possible and as against the subsidy of Rs. 4 per unit, there should be a separate category for Bunkars with 75% subsidy to them.

**Petitioner's Submission**

SBPDCL has sought for necessary check and balance mechanism required from Energy Department which is yet to come. Apart from this certain clarification regarding applicability of new subsidy rate of electricity bill not collected by Distribution Company is sought from Individual Department which is also yet to come.

**Commission's Observation**

The objection /suggestion and the response of the Petitioner are noted.

**3.2.42 Issue 41: Creation of New Category "Kutir Occupation" (Kutir Vyausya) for unemployed persons.**

Shri. Sanjay Keshri, Janadhikar Morcha, Munger, has stated that unemployed persons open up small shops in their residential premises and are forced to get commercial connection. Such consumers shall be given a category "Kutir Occupation" (Kutir Vyausya) upto a load of 75 watts (60 W fan and 15 W CFL) and should not be forced to take up Commercial Connections.

Bhojpur Chamber of Commerce and Industries requested that small shops like chaiwala, ration stores have minimum connected load of 200 watt instead of 1 KW

**Petitioner's submission**

Shop is a commercial operation and cannot be billed under domestic. The current tariff proposal is based on the categorization of consumers as per prevailing tariff order.

**Commission's observation**

The Commission proposes no change in the existing categories of consumers.

**3.2.43 Issue 42: Per Unit Rate of Power Purchase**

Shri. Brijnandan Pathak, Vidyut Upbhokta Sangharsh Samithi, Gaya; has stated that the power purchase rate indicates that a higher rate has been shown in order to increase the ARR.

Prof. Pramod Kumar Sharma, R&B College stated that in table 61 of petition, SBPDCL and NBPDCCL have shown the power purchase cost at Rs. 4.07 / unit in the petition. The actual power purchase for FY 2013-14 have shown as Rs. 3.93 / unit and Rs. 3.82 / unit by NBPDCCL and SBPDCL respectively. Since the cost of commodities have decreased, there should not be much increase in power purchase rate. The Commission is requested to investigate thoroughly by checking the bills of payment of Discoms.

**Petitioner's submission**

Power purchase costs are projected based on the actual average per unit rate during the first 5 months of FY 2014-15.

**Commission observation:**

After considering all aspects and after examining the trend of average per unit cost of power purchase from various sources during FY 2014-15, the Commission has approved the power purchase cost for FY 2015-16.

**3.2.44 Issue 43: Loss relating to previous years**

Shri. Brijnandan Pathak, Secretary, Vidyut Upabhokta Sangharsh Samiti , Gaya has suggested that the loss incurred in the previous eyars should be kept separate from the present years revenue.

Shri. Sirish Prakash, Chinmaya Cold Storage has stated that increasing rate in FY 2015-16 to make up loss incurred in the past period is incorrect.

**Petitioner's submission**

This is against the provisions of BERC Tariff Regulations, 2007 and amendment issued therein. The same methodology has been followed by BERC as well as in other State Commission.

**Commission's observation**

Annual Revenue Requirement determined for ensuing year is based on projections only. Actual revenue requirement and revenue realized is arrived only after the audited accounts of the year are available. Hence, the revenue gap/surplus arrived in truing-up of the year has to be accounted in the ARR of ensuing year.

**3.2.45 Issue 44: Timely Meter Reading and Issue of Correct Electricity Bills**

Mr. Harinarayan Jaiswal requested for timely reading, issue of bills and collection along with check on unauthorized consumer. It is also stated that the munger consumers are often harassed by the employees and officials of the distribution company by sending wrong bills and they are forced to pay the amounts.

M/s. Public Rights Front Bihar requested for improving system of issuing correct bills and developing proper system for covering bills issued for consumers.

**Petitioner's submission**

SBPDCL submitted that one Revenue Officer is posted in every supply division for resolving such billing disputes.

Improvement in cash flow through efficient meter reading, billing and collection is one of the foremost priorities of SBPDCL. In order to ensure this, multiple steps have been taken both at strategic and operational level.

1. Considering lack of manpower and investment constraints, task of meter reading, billing and collection has been outsourced to private sector out sourcing has been undertaken till section level with adequate empowerment so that efficiency can be improved through quick decision making.
2. Concerned AE of supply division / JE of supply section has been improved to select the agency at his own discretion on the specified commercial terms and conditions.
3. Multiple agencies could be engaged upto feeder level with emphasis on hiring of local personal.
4. Implementation of rural revenue franchise schemes for engaging collection based franchise in village / group of villages / 11 KV feeder having around 1000 consumers.
5. In order to improve the efficiency of meter reading, billing and collection, input based distribution franchisee in urban areas has been introduced in the licensee area. Viz Gaya and Bhagalpur. Impact based distribution franchisee require bidder to reduce AT&C loss through reduction of technical losses by system improvement, reduction in commercial losses and through efficient meter reading, billing and collection.
6. Further village rural revenue franchisee schemes 2013 has been introduced to improve meter reading, billing and collection in rural areas. The scheme shall be implemented by engaging local and capable individuals. Or persons working in village level enterprises or Village Vasudha Kendra or running a cyber in and around the franchisee.

#### **Commission's observation**

Action taken by SBPDCL is noted. SBPDCL is directed to furnish the performance of Distribution Franchisees in Gaya and Bhagalpur area regarding billing efficiency,



collection efficiency, timely serving of bills and reduction in distribution losses etc by 30<sup>th</sup> September, 2015.

### **3.2.46 Issue 45: Improvement of Efficiency of DISCOMs**

Central Bihar Chamber of Commerce and, South Bihar Industries Association have stated that there is an urgent need to improve the functioning of the Discoms as it is providing an essential service.

#### **Petitioner's submission**

##### **Operational level improvement measures:**

- Considering lack of manpower and investment constraints, task of meter reading, billing and collection has been outsourced to private sector. Outsourcing has been undertaken till section level with adequate empowerment so that efficiency can be improved through quick decision making. Following are the key features:
- Concerned AE of supply subdivision / JE of supply section has been empowered to select the agency at his own discretion on the specified commercial terms and conditions.
  - ✓ Compensation for such services has been kept quite remunerative to attract private sector.
  - ✓ Incentive scheme for meeting the target over and above certain level has been introduced so as to improve the productivity.
  - ✓ Multiple agencies could be engaged upto feeder level with emphasis on hiring of local personnel.
  - ✓ Implementation of Rural Revenue Franchisee Scheme for engaging collection based franchisee in village/group of villages/11 KV feeder having around 1000 nos. of consumers. With above measures, SBPDCL expect to be improved its billing to 80% by November 2013.

##### **Strategy level improvement measures:**

In order to improve the efficiency for meter reading, billing and collection, input based Distribution Franchise in urban areas has been introduced in the licensee area.

Following is the progress for award of Distribution Franchise for identified areas:

Area	Status
Patna	NIT Floated
Gaya	Handover on 1 <sup>st</sup> June 2014
Bhagalpur	Handover on 1 <sup>st</sup> January 2014

- ✓ Input based distribution franchise require bidder to reduce AT&C losses through reduction of technical losses by system improvement, reduction in commercial losses & through efficient meter reading, billing and collection. Private sector participation at strategic level is expected to improve the above parameters in long term.

Further, village Rural Revenue franchisee scheme 2013 has been introduced to improve meter reading, billing and collection in rural areas at village/ group of villages / 11kV feeder level. The scheme shall be implemented by engaging local and capable individuals or persons working in Village Level Enterprises or Village Vasudha Kendra or running a cyber I in and around the franchisee.

#### **Commission's observations**

Action taken by SBPDCL is noted is noted. SBPDCL shall expedite the metering of all domestic including Kutir Jyoti and non domestic consumers on priority. All the defective / non functioning meters shall be replaced. Intensive inspection shall be conducted to curb the theft / pilferage of electricity.

#### **3.2.47 Issue 46: Rate of sale of power to India Power Company Limited (Gaya DF)**

Shri. Brijnandan Pathak, Secretary Vidyut Upbhokta Sangharsha Samithi Gaya has stated that when the coal price is reducing in the international market the Board / Discoms sold power to India Power Company Limited (Gaya DF) at the rate of Rs. 1.694 / unit in the fresh year and Rs. 2.156 / unit in the second year respectively which is going to be at maximum of Rs. 4.726 / unit in the next 15 years.

#### **Petitioner's submission**

SBPDCL purchase power sources as per power purchase agreement and additional purchase through open market and at cheapest rate available. DF to IPCL has been

given based on input based tariff. The rate of billing for DF is as per DF agreement between DF and SBPDCL and same has been approved by BERC.

**Commission's observation**

The Commission has noted the objection and Petitioner's reply. The Commission has not approved any input based tariff separately to the Distribution Franchisee nor has consented to the agreement between the distribution licensee and franchisee.

The Commission observes that the distribution licensee may appoint distribution franchisee on such terms and conditions as it deems fit and the Commission has no jurisdiction to approve or disapprove either the process of selection or the franchisee selected by the distribution licensee. Though the distribution franchisee is not directly regulated by the Commission, it is accountable to the distribution licensee and the regulatory mechanism is enforced through the licensee. Thus the distribution franchisee is bound to operate and perform in consonance with various regulations, orders, directives and performance standards approved by the Commission. The arrangement between the distribution licensee and the distribution franchisee does not absolve the licensee of its obligation to the consumers under the provisions of the act, various regulations notified by the Commission, conditions of the license and directives issued to the distribution licensee from time to time in the franchisee area.

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## 4. Truing-up for FY 2013-14

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### 4.1 Background

The Commission issued the Tariff Order for FY 2013-14 dated 15<sup>th</sup> March, 2013 determining the Multi Year Aggregate Revenue Requirement (ARR) for three years control period of FY 2013-14 to FY 2015-16 separately for Bihar State Power Generation Company Limited (BSPGCL), Bihar State Power Transmission Company Limited (BSPTCL) and together for North Bihar Power Distribution Company Limited (NBPDC) and South Bihar Power Distribution Company Limited (SBPDCL). The approval was based on the estimates presented by Bihar State Power Holding Company Limited (BSPHCL) on behalf of SBPDCL & NBPDC for costs to be incurred during the control period FY 2013-14 to FY 2015-16.

SBPDCL had submitted the petition, independently for first time after unbundling of erstwhile BSEB, for Annual Performance Review (APR) for FY 2013-14 and Revised Aggregate Revenue Requirement (ARR) for FY 2014-15 on 14<sup>th</sup> November, 2013. The Commission carried out the "Review" exercise for FY 2013-14 in the Tariff Order dated 28<sup>th</sup> February, 2014.

SBPDCL has now submitted the present petition on 15<sup>th</sup> November, 2014 which includes truing-up for FY 2013-14 along with the audited annual accounts for FY 2013-14.

SBPDCL has requested to True up the ARR for 2013-14 based on the audited annual accounts and consider the revenue gap / surplus accordingly.

Truing-up for FY 2013-14 is to be done according to the Regulation 22 (1) & 2 of the BERC (Terms and Conditions for Determination of Tariff) Regulations, 2007 which is reproduced below:

*"The Commission shall undertake a review along with next Tariff Order of the expenses and revenues approved by the Commission in the current year Tariff Order.*

*While doing so, the Commission shall consider variations between approvals and revised estimates / pre-actuals of the sale of electricity, income and expenditure for the relevant year and permit necessary adjustments / changes in case such variations are for adequate and justifiable reasons. Such an exercise shall be called Review”.*

*“After audited accounts of the year are made available, the Commission shall undertake a similar exercise as in sub-clause (1) above based on the final actual figures as per the audited accounts. This exercise based on the audited accounts shall be called ‘Truing-up’. The Truing-up exercise for any year shall not ordinarily be considered after more than one year gap after “Review”.*

Accordingly, the “Truing-up” exercise for FY 2013-14 has been undertaken by the Commission on the basis of audited annual accounts for FY 2013-14 and BERC (Terms and Conditions for determination of Tariff) Regulations 2007. However, wherever deemed necessary, the Commission has considered expenses based on prudence check.

#### **4.2 Truing-up of ARR for FY 2013-14**

SPBDCL, in its petition for truing-up for FY 2013-14, has furnished the actual energy sales, revenue, expenditure for FY 2013-14 based on the audited annual accounts for FY 2013-14. Accordingly, the revised ARR, revenue and consequent revenue gap for FY 2013-14 have been claimed. The Commission has analyzed the components of actual energy sales, revenue, expenses and gap projected by Petitioner under truing-up for FY 2013-14 in the subsequent paragraphs.

#### **4.3 Number of Consumers, Connected Load and Energy Sales**

##### **4.3.1 Number of Consumers**

###### **Petitioner’s submission**

SBPDCL has submitted the category-wise actual number of consumers for FY 2013-14 as given in the Table below:

Table 4.1: Number of Consumers for FY 2013-14

Sl. No	Category	TO Dated 28.02.2014	No. of Consumers		
			SBPDCL Excluding DF	Bhagalpur. DF	Total SBPDCL (Actual)
1	KJY	6,31,332	4,43,182	-	4,43,182
2	DSI	2,66,857	2,97,781	25,743	3,23,524
3	DSII	10,34,322	8,21,797	51,561	8,73,358
4	DS III	34	25	11	36
5	NDS I Commercial	6,497	7,871	466	8,337
6	NDS II Commercial	1,91,698	1,58,479	8,720	1,67,199
7	NDS III Commercial	168	143	12	155
8	SS I	85	99	14	113
9	SS II	234	178	12	190
10	Irrigation and	53,215	45,969	1,211	47,180
11	Irrigation and	1,560	1,691	41	1,732
12	PWW	676	662	10	672
13	LTIS I	13,343	9,809	2,401	12,210
14	LTIS II	1,309	1,215	39	1,254
15	HT IS I	967	919	31	950
16	HT IS II	51	120	2	122
17	HT IS III	2	2	-	2
18	HT IS IV	18	15	-	15
19	RT	15	17	-	17
20	Sal e to Nepal		-	-	-
21	UI		1	-	1
22	DF		-	-	-
<b>23</b>	<b>Total</b>	<b>22,02,386</b>	<b>17,89,975</b>	<b>90,274</b>	<b>18,80,249</b>

SBPDCL has submitted that the Distribution Franchisee (DF) in Bhagalpur area is operational from 1<sup>st</sup> January, 2014 onwards and so the number of consumers of SBPDCL present in DF area are shown separately.

SBPDCL requested to approve number of consumers as per actuals i.e. 18,80,249.

#### Commission's analysis

The Commission has noted that SBPDCL has considered sales under UI as a consumer. The Commission has also noted that SBPDCL has shown sub-categories under HT as HTIS I, HTIS II, HTIS III and HTIS IV instead of HTS-I, HTS-II, HTS-III and HTSS. The Commission approves the number of consumers for SBPDCL at 18,80,248 (excluding UI which is shown as a consumer) for FY 2013-14 as detailed in the table below:

Table 4.1a: Number of Consumers approved for FY 2013-14

Sl. No	Category	TO Dated 28.02.2014	No. of Consumers		
			SBPDCL Excluding DF	Bhagalpur. DF	Total SBPDCL (Actual)
1	KJY	6,31,332	4,43,182	-	4,43,182
2	DSI	2,66,857	2,97,781	25,743	3,23,524
3	DSII	10,34,322	8,21,797	51,561	8,73,358
4	DS III	34	25	11	36
5	NDS I Commercial	6,497	7,871	466	8,337
6	NDS II Commercial	1,91,698	1,58,479	8,720	1,67,199
7	NDS III Commercial	168	143	12	155
8	SS I	85	99	14	113
9	SS II	234	178	12	190
10	Irrigation and	53,215	45,969	1,211	47,180
11	Irrigation and	1,560	1,691	41	1,732
12	PWW	676	662	10	672
13	LTIS I	13,343	9,809	2,401	12,210
14	LTIS II	1,309	1,215	39	1,254
15	HT IS I	967	919	31	950
16	HT IS II	51	120	2	122
17	HT IS III	2	2	-	2
18	HT IS IV	18	15	-	15
19	RT	15	17	-	17
<b>23</b>	<b>Total</b>	<b>22,02,386</b>	<b>17,89,975</b>	<b>90,274</b>	<b>18,80,248</b>

#### 4.3.2 Connected Load

##### Petitioner's submission

SBPDCL has submitted the category-wise actual connected load for FY 2013-14 as given in the Table below:

Table 4.2: Connected Load (kW) for FY 2013-14

Sl. No	Category	SBPDCL Excluding DF	Bhagalpur DF	Total SBPDCL (Actual)
1	KJY	3,28,210	-	3,28,210
2	DS I	2,99,005	25,795	3,24,800
3	DSI I	13,27,923	68,444	13,96,367
4	DS III	136	119	255
5	NDS I Commercial	8,806	491	9,297
6	NDS II Commercial	3,98,960	21,588	4,20,548
7	NDS III Commercial	1,021	36	1,057
8	SS I	816	14	830
9	SS II	3,415	112	3,527
10	Irrigation and Agriculture I	1,05,159	1,857	1,07,016

Sl. No	Category	SBPDCL Excluding DF	Bhagalpur DF	Total SBPDCL (Actual)
11	Irrigation and Agriculture II	19,268	526	19,795
12	PWW	12,530	58	12,588
13	LTIS I	67,057	8,118	75,176
14	LTIS II	42,523	1,219	43,742
15	HTIS I	2,07,566	6,902	2,14,469
16	HTIS II	73,629	2,700	76,329
17	HTIS III	14,400	-	14,400
18	HTIS IV	1,55,883	-	1,55,883
19	RT	1,51,022	-	1,51,022
20	Sale to Nepal	-	-	-
21	UI	-	-	-
22	DF	-	-	-
<b>23</b>	<b>Total</b>	<b>32,17,33</b>	<b>1,37,980</b>	<b>33,55,310</b>

SBPDCL has requested to approve the connected load for FY 2013-14 as 33,55,310 kW.

#### Commission's analysis

The Commission has noted that SBPDCL has shown sub-categories under HT as HTIS I, HTIS II, HTIS III and HTIS IV instead of HTS-I, HTS-II, HTS-III and HTSS. The Commission approves the connected load as 33,55,310 kW for FY 2013-14 as detailed in the table below:

**Table 4.2a: Connected Load (kW) approved for FY 2013-14**

Sl. No	Category	SBPDCL Excluding DF	Bhagalpur DF	Total SBPDCL (Actual)
1	KJY	3,28,210	-	3,28,210
2	DS I	2,99,005	25,795	3,24,800
3	DSI I	13,27,923	68,444	13,96,367
4	DS III	136	119	255
5	NDS I Commercial	8,806	491	9,297
6	NDS II Commercial	3,98,960	21,588	4,20,548
7	NDS III Commercial	1,021	36	1,057
8	SS I	816	14	830
9	SS II	3,415	112	3,527
10	Irrigation and Agriculture	1,05,159	1,857	1,07,016
11	Irrigation and Agriculture	19,268	526	19,795
12	PWW	12,530	58	12,588
13	LTIS I	67,057	8,118	75,176
14	LTIS II	42,523	1,219	43,742
15	HTS-I	2,07,566	6,902	2,14,469
16	HTS-II	73,629	2,700	76,329
17	HTS-III	14,400	-	14,400



Sl. No	Category	SBPDCL Excluding DF	Bhagalpur DF	Total SBPDCL (Actual)
18	HTSS	1,55,883	-	1,55,883
19	RT	1,51,022	-	1,51,022
<b>20</b>	<b>Total</b>	<b>32,17,33</b>	<b>1,37,980</b>	<b>33,55,310</b>

#### 4.3.3 Energy Sales

##### Petitioner's submission

SBPDCL has submitted the actual energy sale for FY 2013-14 as given in the Table below:

**Table 4.3: Energy Sales (MU) for FY 2013-14**

Sl. No	Category	TO Dated 28.02.2014	FY 2013-14 (Actual)
1	KJY	147.00	159.55
2	DS I	243.00	295.13
3	DSI I	1,172.00	1,217.91
4	DS III	-	0.54
5	NDS I Commercial	6.00	8.41
6	NDS II Commercial	546.00	509.98
7	NDS III Commercial	2.00	2.40
8	SS I	4.00	1.69
9	SS II	38.00	17.96
10	Irrigation and Agriculture I	315.00	146.31
11	Irrigation and Agriculture II	87.00	70.64
12	PWW	35.00	34.26
13	LTIS I	106.00	102.10
14	LTIS II	76.00	88.55
15	HTIS I	510.00	488.19
16	HTIS II	161.00	169.65
17	HTIS III	142.00	63.45
18	HTIS IV	451.00	480.78
19	RT	537.00	511.90
20	Sale to Nepal	-	-
21	UI	-	155.26
22	DF	-	112.01
<b>23</b>	<b>Total</b>	<b>4,578.00</b>	<b>4,636.66</b>

SBPDCL has further submitted that energy sales to consumers in Distribution Franchisee (DF) area is not shown consumer category wise separately as the revenue from DF area is being realized at the annualized input rate (along with indexation) on the input energy to the DF area.

SBPDCL has requested to approve energy sales as per actuals at 4636.66 MU for FY 2013-14.

**Commission's analysis**

The Commission, in the Tariff Order dated 28<sup>th</sup> February, 2014 had considered energy sales at 4578 MU for FY 2013-14 for SBPDCL in the Review as against 7593 MU approved for SBPDCL & NBPDCCL together in the MYT Order dated 15<sup>th</sup> March, 2013. The Petitioner has now submitted that the actual energy sale during FY 2013-14 is 4636.66 MU.

SBPDCL has shown the actual total sales for Kutir Jyoti for FY 2013-14 as 159.55 MU, which on an average works out to 30 Units/month/connection.

In the MYT Order dated 15<sup>th</sup> March, 2013 the Commission has considered a norm of 18 Units / month for Kutir Jyoti Rural consumer and 30 Units / month for Kutir Jyoti Urban consumer while approving sales for SBPDCL and NBPDCCL for the control period FY 2013-14 to FY 2015-16 based on the connected load and availability of power as most of the connections in this category were unmetered.

In the petition filed for Annual Performance Review for FY 2013-14, during November 2013, the Petitioner has not proposed any change in sales but simply segregated the approved sales for FY 2013-14 for SBPDCL & NBPDCCL combinedly in the MYT Order among SBPDCL & NBPDCCL based on certain assumed ratio.

On the instructions of the Commission, the consultant appointed for assisting the Commission, extensively inspected Kutir Jyoti connections and 33/11 KV substations in Rural areas and noted that availability of power in rural areas has been improved, and also many of the Kutir Jyoti consumers are having connected load more than the stipulated 60 watt/connection. On review of the readings where meters provided are functioning, it was noted that on an average the Kutir Jyoti consumer is consuming about 30 units/month. In view of this, as the DISCOMs are not revising the category of Kutir Jyoti into DS-I when either the stipulated connected load is exceeded or the stipulated consumption per month is exceeding, the Commission

has revised the Tariff of Metered Kutir Jyoti Rural consumer at 160 Ps/Unit for first 30 units/month and remaining units at the tariff rate of DS-I (Domestic Rural Consumers) for FY 2014-15 in the Tariff Order dated 28<sup>th</sup> February, 2014.

Hence, the Commission approves energy sales for Kutir Jyoti Category at 159.55 MU for FY 2013-14 as projected by the Petitioner.

SBPDCL has shown the actual sales for IAS – I category (unmetered category) for FY 2013-14 at 146.31 MU which works out to 1367 Units/kW, which is within the approved norm of 1485 Units/kW.

For DS - I and NDS - I category (some are with meters and some are without meters), SBPDCL has shown the actual consumption at 295.13 MU and 8.41 MU respectively which works out to 76 Units/Month to DS-I and 84 Units/Month for NDS-I categories, which are found to be reasonable and so accepted.

For other categories, the actual energy sales furnished are as per audited annual accounts, which are considered as reasonable and accepted.

The Petitioner has considered the input energy supplied to DF area as energy sale to Distribution Franchisee.

The Category wise Energy Sales approved for FY 2013-14 are as shown in the Table below:

**Table 4.4: Energy Sales (MU) approved for FY 2013-14**

Sl. No	Category	Approved in Tariff Order Dated 28.02.2014	Projected for FY 2013-14	Now approved for FY 2013-14
1	KJY	147.00	159.55	159.55
2	DS I	243.00	295.13	295.13
3	DSI I	1,172.00	1,217.91	1,217.91
4	DS III	-	0.54	0.54
5	NDS I Commercial	6.00	8.41	8.41
6	NDS II Commercial	546.00	509.98	509.98
7	NDS III Commercial	2.00	2.40	2.40
8	SS I	4.00	1.69	1.69
9	SS II	38.00	17.96	17.96
10	Irrigation and Agriculture I	315.00	146.31	146.31

Sl. No	Category	Approved in Tariff Order Dated 28.02.2014	Projected for FY 2013-14	Now approved for FY 2013-14
11	Irrigation and Agriculture II	87.00	70.64	70.64
12	PWW	35.00	34.26	34.26
13	LTIS I	106.00	102.10	102.10
14	LTIS II	76.00	88.55	88.55
15	HTS-I	510.00	488.19	488.19
16	HTS-II	161.00	169.65	169.65
17	HTS-III	142.00	63.45	63.45
18	HTSS	451.00	480.78	480.78
19	RT	537.00	511.90	511.90
20	Sale to Nepal	-	-	-
21	UI	-	155.26	155.26
22	DF	-	112.01	112.01
23	<b>Total</b>	<b>4,578.00</b>	<b>4,636.66</b>	<b>4,636.66</b>

The Commission approves the category wise energy sales for FY 2013-14 at 4636.66 MU in truing-up. The same would be used for approving the power procurement cost.

#### 4.4 Distribution Loss

##### Petitioner's submission

SBPDCL has submitted that in the MYT Order dated 15<sup>th</sup> March, 2013 the Commission has approved the distribution loss at 23% for FY 2013-14 for both the DISCOMs together and at 23% for SBPDCL in Tariff Order dated 28<sup>th</sup> February, 2014 for FY 2013-14. SBPDCL has submitted that the actual distribution loss for FY 2013-14 works out to 46.65%.

SBPDCL further stated that the distribution loss has been worked out on the methodology adopted by the Commission.

SBPDCL further submitted that the multiple measures taken to control the losses are provided in compliance status submitted on the Directive 9.

SBPDCL submitted that the actual distribution losses Vs. approved for FY 2013-14 are as given in the Table below:

**Table 4.5: Distribution Loss projected for FY 2013-14**

Sl. No	Particulars	Approved in MYT Order dated 15-03-2013	Approved in Tariff Order dated 28-02-2014	Projected in True-up
1	Distribution loss	23.00%	23.00%	46.65%

SBPDCL has requested to approve the actual distribution loss for FY 2013-14 i.e. at 46.65%.

#### Commission's analysis

The Commission has fixed the distribution loss for both DISCOMs combinedly for FY 2013-14 to FY 2015-16 in the MYT order dated 15<sup>th</sup> March, 2013 considering all aspects as given below:

**Table 4.6: Distribution Loss approved for FY 2013-14 to FY 2015-16**

Year	Distribution Loss (%)
2013-14	23.00
2014-15	21.40
2015-16	20.00

The Commission in the 'review' in the Tariff Order dated 28<sup>th</sup> February 2014 has retained the distribution losses at 23.00% for SBPDCL for FY 2013-14 and also directed SBPDCL to conduct month wise energy audit and arrive at month-wise distribution losses during FY 2013-14.

SBPDCL has not furnished the details of energy audit and details of distribution losses arrived at as per energy auditing during FY 2013-14.

SBPDCL has submitted as compliance to the directives given by the Commission that the following multiple measures were taken to control the loss:

- ✓ Reconductoring of dilapidated conductors/ replacement of GI wires in 33 KV, 11 KV & LT lines with higher size conductors for reduction in line loss.
- ✓ Procurement of star rated distribution transformers for replacement as well as new D/S/S for reduction in transformation loss.
- ✓ Cent percent system metering and consumer metering by 31-10-2013 for proper accounting of energy & reduction in wastage.

- ✓ Engagement of distribution franchisee for PESU Area, Bhagalpur Town & adjoining areas, Gaya Town and adjoining areas, Twin towns of Ara-Buxar, Biharshariff- Rajgir, Munger-Lakhisarai and Rohtas-Dehri-On-Sone for reduction in AT & C losses in town area.
- ✓ Proper meter reading, bill distribution and bill generation in fixed cycle to boost revenues.
- ✓ Use of Ariel bunched cables in place of L.T. overhead lines in theft prone areas to prevent theft of electricity.
- ✓ Raid against power theft being conducted on regular basis at section/sub-division/ division level under supervision of DGM/ESE with its close monitoring at Apex Level.
- ✓ I.T. implementation & installation of system metering, Energy Accounting under R-APDRP, Part-A for proper & accurate information/details of the entire activity of the Distribution System.
- ✓ Strengthening of distribution infrastructure under R-APDRP Part-B, ADB, BRGF, RGGVY Schemes for reduction of technical & commercial losses.

The Commission has noted that the above measures taken by NBPDCCL have not reduced the distribution losses to the required level. The Commission has also noted that Central Government sponsored schemes such as APDRP, R-APDRP and strengthening of transmission and distribution network of the DISCOM should have reduced the overall distribution loss of the DISCOMs. In addition, the State Govt. has also provided funds for 100% metering and replacement of old conductors. All these schemes should have helped the DISCOMs to reduce the distribution losses. Considering all these aspects, the Commission has fixed the distribution loss reduction trajectory for FY 2013-14 to FY 2015-16 in the MYT Order dated 15<sup>th</sup> March 2013.

The Commission is of the view that the distribution loss is a controllable parameter and it is the responsibility of the Distribution Licensee to take appropriate steps to bring down the distribution loss level. In this connection, the Commission has given a number of directives to improve the performance of distribution licensees, which if

implemented in true spirit, should have brought down the T&D loss level considerably.

The Commission cannot allow the burden of higher T&D loss due to the non-achievement of T&D loss reduction trajectory as approved by the Commission to be passed on to the consumers.

Accordingly, the Commission confirms the distribution loss at 23.00% for truing up purpose for FY 2013-14. The same has been considered for computation of the power purchase for FY 2013-14 in truing up.

The distribution loss level target set by the Commission, the distribution loss level projected by SBPDCL and the loss level approved by the Commission in truing up for FY 2013-14 is summarised in the table below:

**Table 4.6a: Approved Distribution Loss (%) for FY 2013-14**

Particulars	Approved in T.O dated 15.3.2013	Considered in Review for FY 2013-14 in the T.O. dated 28.2.2014	Projected by NBPDCCL for FY 2013-14	Now approved for FY 2013-14
Distribution loss for FY 2013-14	23.00%	23.00%	46.65%	23.00%

#### 4.5 State Transmission Loss

##### Petitioner's submission

SBPDCL has submitted that the Petitioner has taken transmission loss as per actual for BSPTCL i.e. at 4.38% taken from the BSPTCL audited accounts for FY 2013-14.

##### Commission's analysis

The Commission has considered the state transmission loss at 4.02% as approved in truing-up for FY 2013-14 in Tariff Order of BSPTCL for FY 2015-16.

#### 4.6 Central Transmission Loss

##### Petitioner's submission

SBPDCL has submitted that the Petitioner has considered weighted average transmission loss of actual 52 weeks (From 01-04-2013 to 30-03-2014) in FY 2013-14

of Eastern Region at 2.30%. The data of transmission loss is taken from ERLDC website.

#### Commission's analysis

The Commission has noted from ERLDC website that the average scheduling loss percentage of Eastern Regional Transmission during FY 2013-14 was 2.30%. The Commission considered the transmission system loss in Eastern Region Transmission System at 2.30% for FY 2013-14 as projected by SBPDCL.

### 4.7 Energy Requirement

#### Petitioner's submission

Based on the energy sales and transmission and distribution losses projected. SBPDCL has projected the energy requirement at its transmission periphery as given in the Table below:

**Table 4.7: Energy requirement projected for FY 2013-14**

Sl. No	Particulars	Considered in Tariff Order dated 28-02-2014	Projected for FY 2013-14 (MU)
1	Energy sales within the state	4579.00	4636.66
2	Distribution Losses (%)	23.00%	46.65%
3	Distribution Losses (%)	1368.00	4053.62
4	Energy required at Distribution Periphery	5947.00	8690.28
5	Transmission Loss (%)	4.00%	4.38%
6	Transmission Loss (MU)	248.00	393.18
7	Energy required at Transmission Periphery	6195.00	9083.46

#### Commission's analysis

The Commission has approved distribution loss at 23.00% for SBPDCL and state transmission loss for BSPTCL at 4.02% for FY 2013-14. Based on the approved sales, distribution loss and state transmission loss, the energy requirement at state transmission periphery is as given in the Table below:



Table 4.8: Energy requirement approved for FY 2013-14

Sl. No	Particulars	Approved in review in Tariff Order dated 28-02-2014	Projected in true-up for FY 2013-14	(MU) Now Approved for FY 2013-14
1	Energy sales within the state	4579.00	4636.66	4636.66
2	Less: Energy supplied to DF area	-	-	112.01
3	Less: sale under UI			155.26
4	Net energy sale excluding DF and UI	4579.00	4366.66	4369.39
5	Distribution Losses (%)	23.00%	46.50%	23.00%
6	Distribution Losses	1367.75	4053.62	1037.87
7	Energy required ( 4+ 6)	5946.75	8690.28	5674.53
8	Add: Energy supplied to DF	-	-	112.01
9	Add: 33 kV distribution loss @6% on the input to DF			7.15
10	Total energy required at Distribution periphery (7 + 8+9)	5946.75	8690.28	5793.69
11	Transmission Loss (%)	4.00%	4.38%	4.02%
12	Transmission Loss (MU)	247.78	393.18	242.66
13	Energy required at Transmission Periphery ( 10+12)	6194.53	9083.46	6036.35
14	Add: UI sales			155.26
15	Total energy required at Transmission periphery (13+14)	6194.53	9083.46	6191.61

#### 4.8 Power Purchase

SBPDCL has submitted that the DISCOMs rely on allocation from Central Generating Stations, State Generating Projects, Independent Power Producers etc. for procuring power for sale in the State. The power procured has been proposed to be allocated between SBPDCL and NBPDC in the proportion as determined by the Board Resolution. SBPDCL submitted that the power purchase has been allocated in the ratio 42:58 between NBPDC and SBPDCL as per the decision of the Board of Directors

##### i. NHPC, NTPC and PTC

SBPDCL submitted that the power purchase from NTPC, NHPC and PTC has been considered for FY 2013-14 based on the actual quantum with adjustments to capture overall power purchase in a reasonable manner.

**ii. Medium / Short Term**

SBPDCL submitted that the power purchase from these sources namely Adani, IEX, NEA, UI etc. are also considered as per actual power purchase.

**iii. Renewable Power Purchase**

SBPDCL submitted that it has purchased 106.68 MU of Renewable Power (Non – Solar) during FY 2013-14.

SBPDCL has submitted the power purchased from various sources for FY 2013-14, which are as per actuals from the audited annual accounts are as given in the Table below:

**Table 4.9: Power Purchase projected for FY 2013-14**

Sl. No	Source	Units Purchased (MU)
<b>A</b>	<b>Central Sector Stations</b>	<b>7,955.26</b>
<b>I</b>	<b>NTPC Stations</b>	<b>6,568.82</b>
<i>a</i>	<i>Farakka 1,2&amp;3</i>	2,782.51
<i>b</i>	<i>Talchar</i>	1,822.52
<i>c</i>	<i>Kahalgoan 1 &amp;2</i>	1,963.79
<b>II</b>	<b>NHPC Stations</b>	<b>378.62</b>
<i>a</i>	<i>Rangit</i>	75.29
<i>b</i>	<i>Teesta</i>	303.33
<b>III</b>	<b>PTC Stations</b>	<b>914.20</b>
<i>a</i>	<i>Chukka</i>	335.84
<i>b</i>	<i>Tala</i>	578.37
<b>IV</b>	<b>DVC</b>	<b>93.62</b>
<b>B</b>	<b>State Generating Stations</b>	<b>170.14</b>
<i>I</i>	<i>KBUNL Stage 1 U# 1</i>	170.14
<b>C</b>	<b>Medium/ Short Term/ Others</b>	<b>1,034.34</b>
<i>I</i>	<i>Adani</i>	714.73
<i>II</i>	<i>NEA</i>	0.01
<i>III</i>	<i>IEX/PXIL</i>	212.94
<i>IV</i>	<i>Open Market Purchase</i>	0.42
<i>V</i>	<i>UI</i>	<b>102.20</b>
<i>VI</i>	<i>PVVNL</i>	<b>4.05</b>
<b>D</b>	<b>Renewable Power Purchase</b>	<b>106.68</b>
<i>I</i>	<i>BSHPC</i>	26.59
<i>II</i>	<i>Sugar Mills</i>	80.09
<b>E</b>	<b>Total</b>	<b>9,266.43</b>

**Commission's analysis**

The Commission recognizes the source of power purchase as outlined by SBPDCL based on audited annual accounts for FY 2013-14. However, the quantum of power purchase and the cost associated with the same would be approved after taking into cognizance the approved energy sales and the transmission and distribution loss trajectories approved by the Commission

The summary of the approved power purchase quantum from various sources for FY 2013-14 is given in the Table below:

**Table 4.10: Source wise Power Purchase quantum approved for FY 2013-14**

Sl. No	Source	Approved in Tariff Order Dated 28.02.2014	Projected for FY 2013-14	Now approved for FY 2013-14
<b>A</b>	<b>Central Sector Stations</b>		<b>7,955.26</b>	<b>7,955.26</b>
<b>I</b>	<b>NTPC Stations</b>	<b>6234</b>	<b>6,568.82</b>	<b>6,568.82</b>
A	<i>Farakka 1,2&amp;3</i>	2472	2,782.51	2,782.51
B	<i>Talchar</i>	1780	1,822.52	1,822.52
c	<i>Kahalgoan 1 &amp;2</i>	1867	1,963.79	1,963.79
<b>II</b>	<b>NHPC Stations</b>	<b>584</b>	<b>378.62</b>	<b>378.62</b>
A	<i>Rangit</i>	94	75.29	75.29
B	<i>Teesta</i>	490	303.33	303.33
<b>III</b>	<b>PTC Stations</b>		<b>914.20</b>	<b>914.20</b>
a	<i>Chukka</i>	474	335.84	335.84
b	<i>Tala</i>	930	578.37	578.37
<b>IV</b>	<b>DVC</b>	<b>96</b>	<b>93.62</b>	<b>93.62</b>
<b>B</b>	<b>State Generating Stations</b>	<b>187</b>	<b>170.14</b>	<b>170.14</b>
I	KBUNL Stage 1 U# 1	187	170.14	170.14
<b>C</b>	<b>Medium/ Short Term/ Others</b>	<b>1078</b>	<b>1,034.34</b>	<b>1,034.34</b>
I	Adani	938	714.73	714.73
II	NEA	33	0.01	0.01
III	IEX/PXIL	108	212.94	212.94
IV	Open Market Purchase	-	0.42	0.42
V	UI	-	102.20	102.20
VI	PVVNL	-	4.05	4.05
<b>D</b>	<b>Renewable Power Purchase</b>	<b>93</b>	<b>106.68</b>	<b>106.68</b>
I	BSHPC	29	26.59	26.59
II	Sugar Mills	52	80.09	80.09
III	Solar	12	-	-
<b>E</b>	<b>Total</b>	<b>9678</b>	<b>9,266.43</b>	<b>9,266.43</b>

The Commission approves the total quantum of power purchase of 9266.43 MU for the purpose of working out the energy balance and computation of the power

purchase cost as part of the truing-up exercise for FY 2013-14.

#### 4.9 Energy Balance

##### Petitioner's submission

SBPDCL has submitted the energy balance for FY 2013-14 based on the actual energy sales and transmission and distribution losses as given in the Table below:

**Table 4.11: Energy Balance projected for FY 2013-14**

(MU)				
Sl. No	Particulars	MYT Order Dated 15.03.2013*	Tariff Order Dated 28.02.2014	Projected for FY 2013-14
A	Energy sales including sales to Nepal, UI and DF	7,593.00	4,579.00	4,636.66
B	Distribution Losses (%)	23.00%	23.00%	46.65%
C	Distribution Losses	2,268.04	1,367.75	4,053.62
D	Energy required at Distribution periphery	9,861.04	5,946.75	8,690.28
E	State Transmission Loss (%)	4.00%	4.00%	4.38%
F	State Transmission Loss	410.88	247.78	393.18
G	Energy Required at Transmission periphery	10,271.92	6,194.53	9,083.46
H	Total Available Power	15,774.00	9,678.00	9,266.43
i	Central Generating Station		8,318.00	7,955.26
ii	State Generating Stations	15,774.00		170.14
iii	Others			1,141.02
I	CTU Transmission Losses on CGS Power	2.73%	2.49%	2.30%
J	CTU Transmission Losses	331	207.12	182.97
K	Net Power available after CTU Losses	15,443.00	9,470.88	9,083.46
L	Surplus/ (Deficit) Energy at state periphery	5,171.08	3,276.35	-

\* For both DISCOMs together.

##### Commission's analysis

In the energy balance projected by the Petitioner in the above Table, the Commission has noted that the distribution losses are considered on UI sale and input energy supplied to Bhagalpur Distribution Franchisee (DF). The Bhagalpur DF is based on input energy which is mainly supplied at 11 kV voltage and so the distribution losses of LT and 11 kV in DF area would be to the account of DF. The Commission has considered only 33 kV distribution loss at 6% on the input energy to DF.

It is also noted that CTU loss on power procured from Adani is not considered. The Commission has estimated the CTU loss at 199.41 MU considering CTU loss at 2.30% on power purchased from Central Stations and from Adani.

For estimating the additional power purchase to be disallowed due to excess distribution loss, the total purchases from various sources has been worked out considering the impact of average regional transmission loss at 2.15% [ $2.15\% = (199.41 / 9266.43) \times 100$ ] applicable on the total power purchase. The reason for applying the average regional transmission loss is that the power purchase quantum also includes sources of power on which the regional transmission losses are not applicable i.e. Nepal, BSHPC, Sugar Mills, etc. Accordingly, the gross power purchase required to be done in FY 2013-14 is 6327.66 MU with regional transmission loss of 136.04 MU.

The energy balance for FY 2013-14 has been computed based on the approved sales in true-up during the year, considering the approved level of distribution, state transmission and central transmission losses and the power purchase to meet the demand from the consumers.

The details of energy requirement and energy availability during FY 2013-14 are as given in the Table below:

**Table 4.12: Energy Balance approved for FY 2013-14**

(MU)				
Sl. No	Particulars	Approved in review in T O dated 28.02.2014 for FY 2013-14	Projected in true-up for FY 2013-14	Approved in true-up for FY 2013-14
<b>A</b>	<b>Energy Requirement</b>			
1	Total Energy sales	4579.00	4636.66	4636.66
2	Less: Energy supplied to DF area	-	-	112.01
3	Less: Sales outside state (UI etc.)	-	-	155.26
4	Net energy sales	4579.00	4636.66	4369.39
5	Distribution Losses (%)	23.00%	46.65%	23.00%
6	Distribution Losses (MU)	1368.00	4053.62	1037.87
7	Energy required (4+6)	5947.00	8690.28	5674.53
8	Add: Energy supplied to DF	-	-	112.01
9	Add: 33 kV Distribution losses @ 6%			7.15

Sl. No	Particulars	Approved in review in T O dated 28.02.2014 for FY 2013-14	Projected in true-up for FY 2013-14	Approved in true-up for FY 2013-14
	on Energy input to DF			
10	Total energy required at Distribution periphery (7+8+9)	5947.00	8690.29	5793.69
11	Transmission Loss (%)	4.00%	4.38%	4.02%
12	Transmission Loss (MU)	248.00	393.18	242.66
13	Energy Requirement at State Periphery (10+ 12)	6195.00	9083.46	6036.35
14	Add: UI sales			155.26
15	Total energy required at Transmission periphery	6195.00	9083.46	6191.61
16	Regional transmission loss (%)	2.49%	2.30%	2.15%
17	Regional transmission loss (MU)	207.00	182.97	136.04
<b>18</b>	<b>Total Energy Requirement</b>	<b>6402.00</b>	<b>9266.43</b>	<b>6327.66</b>
<b>B</b>	<b>Energy Availability</b>			
19	Own generation	-	-	-
20	Power Purchased	9678.00	9266.43	9266.43
<b>21</b>	<b>Total energy available from all sources</b>	<b>9678.00</b>	<b>9266.43</b>	<b>9266.43</b>
<b>22</b>	<b>Surplus energy (21-18)</b>	<b>3276.00</b>	<b>0</b>	<b>2938.77</b>

#### 4.10 Power Purchase Cost

##### Petitioner's submission

SBPDCL has submitted that the power purchase cost mainly comprises of fixed charges and energy charges for two part tariff stations i.e. NTPC and NHPC and single part tariff for DVC, PTC, Adani, BSHPC and Sugar Mills and projected Rs. 3208.76 Crore excluding transmission charges towards the power purchase cost from all sources.

SBPDCL has projected Rs. 190.11 Crore towards PGCIL charges (including POSCO & ERLDC charges for use of transmission facilities enabling power drawal from Eastern Region. SBPDCL also projected Rs. 137.42 Crore towards transmission charges payable to the BSPTCL.

SBPDCL has submitted that the above projections are actuals, based on audited annual accounts for FY 2013-14.

This SBPDCL has projected power purchase cost at Rs. 3536.29 Crore including intra-state and PGCIL transmission charges for FY 2013 -14 as given in the Table below:

**Table 4.13: Power Purchase Cost claimed for FY 2013-14**

Sl. No	Source	Units Purchased (MU)	Total Cost (Rs Crores)	Average Cost (Rs/kWh)
<b>A</b>	<b>Central Sector Stations</b>	<b>7,955.26</b>	<b>2,653.98</b>	<b>3.34</b>
<b>I</b>	<b>NTPC Stations</b>	<b>6,568.82</b>	<b>2,334.83</b>	<b>3.55</b>
<i>a</i>	<i>Farakka 1,2&amp;3</i>	<i>2,782.51</i>	<i>1,138.65</i>	<i>4.09</i>
<i>b</i>	<i>Talchar</i>	<i>1,822.52</i>	<i>437.36</i>	<i>2.4</i>
<i>c</i>	<i>Kahalgaoan 1 &amp;2</i>	<i>1,963.79</i>	<i>758.82</i>	<i>3.86</i>
<b>II</b>	<b>NHPC Stations</b>	<b>378.62</b>	<b>100.7</b>	<b>2.66</b>
<i>a</i>	<i>Rangit</i>	<i>75.29</i>	<i>22.59</i>	<i>3</i>
<i>b</i>	<i>Teesta</i>	<i>303.33</i>	<i>78.11</i>	<i>2.58</i>
<b>III</b>	<b>PTC Stations</b>	<b>914.2</b>	<b>179.22</b>	<b>1.96</b>
<i>a</i>	<i>Chukka</i>	<i>335.84</i>	<i>62.39</i>	<i>1.86</i>
<i>b</i>	<i>Tala</i>	<i>578.37</i>	<i>116.83</i>	<i>2.02</i>
<b>IV</b>	<b>DVC</b>	<b>93.62</b>	<b>39.22</b>	<b>4.19</b>
<b>B</b>	<b>State Generating Stations</b>	<b>170.14</b>	<b>60.93</b>	<b>3.58</b>
<i>I</i>	<i>KBUNL Stage 1 U# 1</i>	<i>170.14</i>	<i>60.93</i>	<i>3.58</i>
<b>C</b>	<b>Medium/ Short Term/ Others</b>	<b>1,034.34</b>	<b>450.77</b>	<b>4.36</b>
<i>I</i>	<i>Adani</i>	<i>714.73</i>	<i>365.55</i>	<i>5.11</i>
<i>II</i>	<i>NEA</i>	<i>0.01</i>	<i>0.01</i>	<i>4.79</i>
<i>III</i>	<i>IEX/PXIL</i>	<i>212.94</i>	<i>66.19</i>	<i>3.11</i>
<i>IV</i>	<i>Open Market Purchase</i>	<i>0.42</i>	<i>0.16</i>	<i>3.75</i>
<i>V</i>	<i>UI</i>	<i>102.2</i>	<i>18.61</i>	<i>1.82</i>
<i>VI</i>	<i>PVVNL</i>	<i>4.05</i>	<i>0.26</i>	<i>0.63</i>
<b>D</b>	<b>Renewable Power Purchase</b>	<b>106.68</b>	<b>43.08</b>	<b>4.04</b>
<i>I</i>	<i>BSHPC</i>	<i>26.59</i>	<i>6.62</i>	<i>2.49</i>
<i>II</i>	<i>Sugar Mills</i>	<i>80.09</i>	<i>36.46</i>	<i>4.55</i>
<b>E</b>	<b>PGCIL Charges</b>		<b>190.11</b>	-
<b>F</b>	<b>BSPTCL Charges</b>		<b>137.42</b>	-
<b>I</b>	<b>Total</b>	<b>9,266.43</b>	<b>3,536.29</b>	<b>3.82</b>

### Commission analysis

The Commission has approved the gross power purchase cost of Rs. 3805.32 Crore for purchase of 9678 MU for FY 2013-14 in the Tariff Order dated 28<sup>th</sup> February, 2014 in the "Review" as per the estimate submitted by the Petitioner.

The Commission noted that according to audited annual accounts for FY 2013-14, SBPDCL has incurred total power purchase cost of Rs. 3536.29 Crore which include

intra-state transmission charges of Rs. 137.42 Crore and PGCIL charges of Rs. 190.11 Crore for purchase of 9266.43 MU which is in line with that claimed in true-up for FY 2013-14.

The source-wise power purchase cost from different sources, intra-state transmission charges and PGCIL transmission charges approved for FY 2013-14 based on the actual power purchase cost as per audited annual accounts is given in the Table below

**Table 4.14: Approved Power Purchase cost for FY 2013-14**

Sl. No	Source	Units Purchased (MU)	Projected for FY 2013-14 (Rs Crores)	Approved in Truing-up for FY 2013-14 (Rs. Crores)
<b>A</b>	<b>Central Sector Stations</b>	<b>7,955.26</b>	<b>2,653.98</b>	<b>2,653.98</b>
<b>I</b>	<b>NTPC Stations</b>	<b>6,568.82</b>	<b>2,334.83</b>	<b>2,334.83</b>
<i>a</i>	<i>Farakka 1,2&amp;3</i>	<i>2,782.51</i>	<i>1,138.65</i>	<i>1,138.65</i>
<i>b</i>	<i>Talchar</i>	<i>1,822.52</i>	<i>437.36</i>	<i>437.36</i>
<i>c</i>	<i>Kahalgoan 1 &amp;2</i>	<i>1,963.79</i>	<i>758.82</i>	<i>758.82</i>
<b>II</b>	<b>NHPC Stations</b>	<b>378.62</b>	<b>100.7</b>	<b>100.7</b>
<i>a</i>	<i>Rangit</i>	<i>75.29</i>	<i>22.59</i>	<i>22.59</i>
<i>b</i>	<i>Teesta</i>	<i>303.33</i>	<i>78.11</i>	<i>78.11</i>
<b>III</b>	<b>PTC Stations</b>	<b>914.2</b>	<b>179.22</b>	<b>179.22</b>
<i>a</i>	<i>Chukka</i>	<i>335.84</i>	<i>62.39</i>	<i>62.39</i>
<i>b</i>	<i>Tala</i>	<i>578.37</i>	<i>116.83</i>	<i>116.83</i>
<b>IV</b>	<b>DVC</b>	<b>93.62</b>	<b>39.22</b>	<b>39.22</b>
<b>B</b>	<b>State Generating Stations</b>	<b>170.14</b>	<b>60.93</b>	<b>60.93</b>
<i>I</i>	<i>KBUNL Stage 1 U# 1</i>	<i>170.14</i>	<i>60.93</i>	<i>60.93</i>
<b>C</b>	<b>Medium/ Short Term/ Others</b>	<b>1,034.34</b>	<b>450.77</b>	<b>450.77</b>
<i>I</i>	<i>Adani</i>	<i>714.73</i>	<i>365.55</i>	<i>365.55</i>
<i>II</i>	<i>NEA</i>	<i>0.01</i>	<i>0.01</i>	<i>0.01</i>
<i>III</i>	<i>IEX/PXIL</i>	<i>212.94</i>	<i>66.19</i>	<i>66.19</i>
<i>IV</i>	<i>Open Market Purchase</i>	<i>0.42</i>	<i>0.16</i>	<i>0.16</i>
<i>V</i>	<i>UI</i>	<i>102.2</i>	<i>18.61</i>	<i>18.61</i>
<i>VI</i>	<i>PVVNL</i>	<i>4.05</i>	<i>0.26</i>	<i>0.26</i>
<b>D</b>	<b>Renewable Power Purchase</b>	<b>106.68</b>	<b>43.08</b>	<b>43.08</b>
<i>I</i>	<i>BSHPC</i>	<i>26.59</i>	<i>6.62</i>	<i>6.62</i>
<i>II</i>	<i>Sugar Mills</i>	<i>80.09</i>	<i>36.46</i>	<i>36.46</i>
	<b>Total Power Purchase Cost</b>	<b>9266.43</b>	<b>3208.76</b>	<b>3208.76</b>
<b>E</b>	<b>PGCIL Charges</b>		<b>190.11</b>	<b>190.11</b>
<b>F</b>	<b>BSPTCL Charges</b>		<b>137.42</b>	<b>137.42</b>
<b>I</b>	<b>Total</b>	<b>9,266.43</b>	<b>3,536.29</b>	<b>3,536.29</b>



The Commission approves the power purchase cost of Rs. 3536.29 Crore including transmission charges for purchase of 9266.43 MU for FY 2013-14 truing-up.

#### 4.11 Disallowance of Power Purchase cost due to excess Distribution Loss

##### Petitioner's submission

SBPDCL submitted that as per methodology approved by the Commission in previous tariff orders, the power purchase cost due to excess distribution loss is computed as given in the Table below:

**Table 4.15: Projected disallowance of Power Purchase cost due to excess distribution loss for FY 2013-14**

Sl. No	Particulars	MYT Order Dated 15.03.2013*	Tariff Order Dated 28.02.2014	Projected in True-up
1	Additional Power purchase by DISCOM due to excess Distribution loss (MUs)	4,179.00	2,780.51	2,867.54
2	Average power purchase rate (Rs. / kWh)	3.80	3.78	3.82
3	Total Disallowed Power Purchase Cost ( = 1 x 2)	1,588.02	1,050.84	1,094.32

\* For both DISCOMs together.

SBPDCL stated that the support for the disallowance cost has been provided by the State Government.

##### Commission's analysis

The difference in the actual power purchase and the power purchase requirement approved by the Commission for FY 2013-14 is disallowed at the average power purchase rate and is treated as "Disincentive for non-achievement of Distribution Loss Target".

As per the approved trajectory, the maximum permissible distribution loss level for FY 2013-14 was set to 23.00%, which the Petitioner was not able to achieve.

The Commission, while computing the Energy Balance has noticed that 2938.77 MU of energy (gross) was additionally purchased due to not achieving the distribution loss trajectory of 23.00%, approved for FY 2013-14. Accordingly, the Commission has computed the disincentive for non-achievement of distribution loss reduction target at Rs. 1077.92 Crore, for FY 2013-14, considering average power purchase rate at

Rs. 3.67 per kWh as shown in the Table below.

**Table 4.16 Disincentive for Non-achievement of Distribution loss reduction target for FY 2013-14**

Sl. No	Particulars	Unit	Projected for FY 2013-14	Approved in Truing-up for FY 2013-14
1	Gross Power Purchase disallowed	MU	2867.54	2938.77
2	Average Power Purchase cost	Rs./kWh	3.82	3.67*
3	Cost of Power Purchase disallowed	Rs. Crore	1094.32	1077.92

\*Power Purchase Cost = Rs. 3208.76 Crore  
 PGCIL Charges = Rs. 190.11 Crore  
 Power Purchase Cost incl. PGCIL charges = Rs. 3398.87 Crore  
 Power Purchased = 9266.43 MU  
 Avg. Power Purchase Cost =  $(3398.87/9266.43*10) = \text{Rs. } 3.67/\text{kWh}$   
 (incl. PGCIL+POSOCO Charges)

#### 4.12 Renewable Energy Purchase Obligation (RPO)

As per the BERC (Renewable Purchase Obligation, its compliance and REC Framework implementation) Regulations 2010, it is made obligatory for SBPDCL to purchase the following percentage of average of their total energy consumption from Renewable Energy sources during FY 2013-14 as shown in the Table below:

**Table 4.17: Percentage of RPO for FY 2013-14**

Sl. No	Particulars	Percentage
1	Renewable Power Purchase Obligation (RPO)	4.50%
2	% Share of Solar Power in RPO	0.50%
3	% Share of non-solar power in RPO	4.00%

The Commission noted that SBPDCL has not met the RPO during FY 2013-14. The purchase of Renewable Energy from BSHPC and Co-generation plants by SBPDCL during FY 2013-14 and shortfall in RPO and requirement of RE certificate are given in the Table below:

**Table 4.18: Percentage of RPO for FY 2013-14**

Sl. No	Particulars	Quantity Purchased (MU)
1	Solar purchase	0
2	Non-solar purchase	
	a. co-generation	80.09

Sl. No	Particulars	Quantity Purchased (MU)
	b. Small Hydro (BSHPC)	26.59
3	Total purchase from non solar (a+b)	106.68
4	Total purchase (Solar +Non-solar)	106.68
5	Total energy purchase	9,266.43
6	Losses	1423.72
7	Disallowed power + sale of surplus power (UI)	3,094.03
8	Energy consumption (5-6-7)	4,748.68
9	Total RPO requirement (4.50%)	213.69
10	Solar RPO requirement (0.50%)	23.74
11	Non-solar RPO requirement (4.00%)	189.95
12	Captive consumption of RE generators (non-solar)	25.92
13	Shortfall in solar RPO (10-1)	23.74
14	Shortfall in non-solar RPO (11-3-12)	57.35
15	Forbearance price of solar REC (Rs /KwH)	5.80
16	Forbearance price of non solar REC (Rs /KwH)	3.30
17	Cost of solar REC	13.77
18	Cost of non-solar REC	18.93
<b>19</b>	<b>Total cost of certificate</b>	<b>32.70</b>

#### 4.13 Solar RPO

The above table indicates that SBPDCL has not met the RPO during FY 2013-14 as per truing-up based on audited annual accounts of FY 2013-14. As per the Regulation, the RE certificates purchase or deposit of an equivalent amount shall be made at the forbearance price which is at Rs. 5.80/kWh as per CERC Order dated 30<sup>th</sup> December 2014 and so the solar RE Certificates to be purchased to fulfill the RPO in respect of solar energy shortfall of 23.74 MU comes to Rs. 13.77 Crore. The Commission directs SBPDCL to deposit an amount of Rs. 13.77 Crore into a separate fund with a bank as per BERC RPO Regulations during FY 2015-16 and submit the details of such deposit made to the Commission. These expenses are factored in the ARR for FY 2015-16.

#### 4.14 Non Solar RPO

Further, the above table indicates that SBPDCL has not met the non-solar RPO during FY 2013-14 as per truing-up based on audited annual accounts for FY 2013-14. The non-solar RPO compliance is worked out based on the power purchased from BHPC, Sugar Mills and Biomass based power plants. Additionally, the captive consumption by the Sugar Mills furnished by the BREDA has also been taken into account. Still

there is a shortfall of 57.35 MU in FY 2013-14. The Commission directs SBPDCL to deposit an amount of Rs.18.93 Crore in a separate fund created with a bank as per provisions of RPO Regulations during FY 2015-16 and submit proof of such deposit to the Commission.

Bihar Policy for promotion of New and Renewable Energy Sources, 2011 in its clause 4.2.3 provides that capital cost of transmission system for evacuation of power to the nearest grid/substation including all metering and protective instruments shall be borne by BSEB, which shall be reimbursed to BSEB by the State Government, provided that the project developer offer to supply BSEB/Distribution Licensee at least 50%, subject to a minimum of 2 MW of power generated from New and Renewable Energy Projects. Else, the entire project cost of transmission system for evacuation of power to the nearest grid/substation including all metering and protective instruments shall be borne by the project developer.

The above provision provides incentive for reimbursement of capital cost of transmission line for evacuating power only to those developers who offer at least 50% or a minimum of 2 MW generated capacity to the licensee. In order to provide further incentive for promotion of grid interactive renewable energy based power generation in the State, the Commission decides that even for such projects which are not covered for reimbursement of cost of evacuation and transmission line upto point of interconnection with the grid under clause 4.2.3 of the policy, the capital cost of the transmission system for evacuation of power to the nearest grid/substation shall be met from this fund created under the provisions of BERC (RPO, its compliance and REC Framework Implementation) Regulations, 2010, with approval of the Commission.

In the Tariff Order for FY 2014-15 dated 28.02.2014, the Commission has observed that the erstwhile BSEB and segregated entities have not met the Solar RPO from FY 2010-11 to FY 2012-13 as per the truing up based on the audited annual accounts. The total shortfall in solar purchase obligation from FY 2010-11 to FY 2012-13 is 15.73 MU by both Discoms.

Accordingly, the Commission has factored Rs.21.08 Crore in the ARR for FY 2014-15 and directed the DISCOMs to deposit the same in to a separate fund with a bank. The amount of Rs.21.08 Crore has been allocated among the DISCOMs in their power purchase sharing ratio amounting to Rs.7.38 Crore for NBPDC and Rs.13.70 Crore for SBPDCL. This amount shall also be used with the approval of the Commission for meeting the cost of evacuation and transmission to the nearest interconnection point of the grid of power generated from renewable energy projects which are not covered under clause 4.2.3 of Bihar Policy for Promotion of New and Renewable Energy Sources, 2011.

#### 4.15 Capital Expenditure

##### Petitioner's submission:

SBPDCL has submitted that for the purpose of capital expenditure, capitalisation and funding, it has considered the actual expenditure as per audited accounts for FY 2013-14. The opening CWIP, GFA, Grants, etc., are taken from the audited annual accounts ending March 2014.

SBPDCL has submitted the details of opening CWIP, investment during the year, capitalisation and funding of CAPEX for FY 2013-14 as detailed in the Table below:

**Table 4.19: CWIP, Capex, Capitalisation and Funding of capitalisation projected for FY 2013-14**

(Rs. Crore)				
Sl. No.	Particulars	Approved in MYT order dated 15.03.2013	Approved for FY 2013-14 (RE) in Tariff Order dated 28.02.2014	Claimed by SBPDCL in truing up
1	Opening CWIP	3192.00	541.26	540.90
2	Add: New Investment	5585.00	1756.42	439.40
<b>3</b>	<b>Total (1+2)</b>	<b>3044.00</b>	<b>689.30</b>	<b>105.95</b>
4	<b>Less: Capitalisation</b>	889.00	162.38	58.46
a	CWIP capitalisation	2155.00	526.93	47.49
b	New Investment capitalisation	<b>5733.00</b>	<b>1608.38</b>	<b>874.34</b>
<b>5</b>	<b>Closing CWIP (3-4)</b>			
6	<b>Funding of Capitalisation</b>	<b>889.00</b>	<b>162.38</b>	<b>58.46</b>
a	<b>CWIP capitalisation</b>	699.00	105.55	55.54

Sl. No.	Particulars	Approved in MYT order dated 15.03.2013	Approved for FY 2013-14 (RE) in Tariff Order dated 28.02.2014	Claimed by SBPDCL in trueing up
i	Grant	190.00	56.83	2.92
ii	Loans	<b>2155.00</b>	<b>526.93</b>	<b>47.49</b>
<b>b</b>	<b>New Investment capitalisation</b>	1260.00	342.50	45.12
i	Grant	895.00	184.42	2.37
ii	Loans	<b>3044.00</b>	<b>689.30</b>	<b>105.95</b>
<b>7</b>	<b>Total Grants</b>	<b>1959.00</b>	<b>448.05</b>	<b>100.65</b>
<b>8</b>	<b>Total Loans</b>	<b>1085.00</b>	<b>241.26</b>	<b>5.30</b>

SBPDCL has requested the Commission to approve the capital expenditure, capitalisation and funding of capitalisation for FY 2013-14 as per above Table.

**Commission's analysis:**

The Commission has approved, for Distribution system (for both Discoms) as a whole, a total capital investment of Rs.5585 Crore with a capitalisation of Rs.3044 Crore for FY 2013-14 in the MYT order dated 15<sup>th</sup> March 2013.

The Distribution business was unbundled and the Discoms viz. SBPDCL and NBPDCCL have been formed and started independent functions with effect from 1<sup>st</sup> November 2012. The Commission in the Tariff order dated 28<sup>th</sup> February 2014 has considered the true up for FY 2012-13 for the entire power sector of Bihar i.e. Generation, Transmission and Distribution functions. However, the Commission based on the independent tariff petitions filed by the SBPDCL and NBPDCCL has reviewed the performance of the companies for FY 2013-14 and accordingly, the performance review has been approved in the Tariff Order dated 28.02.2014 along with Tariffs for FY 2014-15.

The Commission has approved a total capital expenditure of Rs.1756.42 Crore with capitalisation of Rs.689.31 Crore for FY 2013-14 (RE) for SBPDCL.

The Petitioner has projected the capital investment and capitalisation for FY 2013-14 as per the audited annual accounts of FY 2013-14.

The Petitioner has considered the opening CWIP as on 1<sup>st</sup> April 2013 at Rs.540.90 Crore as reflected in the audited annual accounts of the Petitioner for FY 2013-14. However, as per the audited annual accounts of the Petitioner for FY 2012-13, the closing CWIP is at Rs.541.26 Crore. There is a difference of Rs.0.36 Crore (Rs.541.26 Crore – Rs.540.90 Crore) in the closing CWIP as on 31-3-2013 and Opening CWIP as on 1-4-2013 for which no details were furnished by the Petitioner.

The Commission has addressed the Petitioner vide letter dated 07.01.2015 to look into the discrepancy and furnish the details for the difference and how the difference is adjusted in the accounts, etc. The Petitioner has not furnished any reply in this regard.

The Commission observed that the annual accounts of FY 2013-14 were audited by the Statutory Auditors and issued their report on the accounts. They have certified the accounts and made no comments on the difference in opening balances adopted for FY 2013-14 vis-à-vis the closing balances as per the audited accounts of FY 2012-13.

The Commission further opines that the closing balances of FY 2013-14 as appearing in the audited accounts of FY 2013-14 shall be carried forward for FY 2014-15 while preparing the accounts for FY 2014-15 onwards. Hence, the Commission has considered the opening CWIP at Rs.540.90 Crore as appearing in audited accounts for FY 2013-14.

The Petitioner has not provided the details of progress of capex schemes vis-à-vis source-wise funds drawn/utilised during FY 2013-14. In the absence of capex details, the Commission has no option other than to consider the capex, capitalisation and funding of capitalisation as per the audited annual accounts of FY 2013-14.

As per the audited accounts for FY 2013-14, the capital investment is at Rs.439.40 Crore and capitalisation at Rs.105.95 Crore. The Grants received during FY 2013-14 is at Rs..1163.66 Crore representing consumers' contributions (25.88 Crore) and

capital grants/reserve (1137.78 Crore). The Commission has considered entire capitalisation of Rs.105.95 Crore as funded through Grants.

Accordingly, the Commission considers the capitalisation of opening CWIP, new investment and funding as detailed in the Table below:

**Table 4.20: Capitalisation and funding Considered for FY 2013-14**

(Rs. Crore)

Sl. No.	Particulars	DISCOMs ARR approved in MYT order for FY 2013-14	Approved for FY 2013-14 (RE) in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2013-14	Now approved in true up for FY 2013-14
1	Opening CWIP	3192.00	541.26	540.90	540.90
2	New Investment	5585.00	1756.42	439.40	439.40
<b>3</b>	<b>Less: Capitalisation</b>	<b>3044.00</b>	<b>689.30</b>	<b>105.95</b>	<b>105.95</b>
	(i) Opening CWIP	889.00	162.38	58.46	58.46
	(ii) New Investment	2155.00	526.93	47.49	47.49
<b>4</b>	<b>Closing CWIP</b>	<b>5733.00</b>	<b>1608.38</b>	<b>874.34</b>	<b>874.35</b>
	<b>Funding</b>				
<b>5</b>	<b>CWIP Capitalisation</b>	<b>889.00</b>	<b>162.38</b>	<b>58.46</b>	<b>58.46</b>
	(i) Grant	699.00	105.55	55.54	58.46
	(ii) Loan	190.00	56.83	2.92	0.00
<b>6</b>	<b>New Investment</b>	<b>2155.00</b>	<b>526.93</b>	<b>47.49</b>	<b>47.49</b>
	(i) Grant	1260.00	342.50	45.12	47.49
	(ii) Loan	895.00	184.42	2.37	0.00
<b>7</b>	<b>Total Capitalisation</b>	<b>3044.00</b>	<b>689.30</b>	<b>105.95</b>	<b>105.95</b>
<b>8</b>	<b>Total Grant</b>	<b>1959.00</b>	<b>448.05</b>	<b>100.65</b>	<b>105.95</b>
<b>9</b>	<b>Total Loan</b>	<b>1085.00</b>	<b>241.26</b>	<b>5.30</b>	<b>0.00</b>

#### 4.16 Gross Fixed Assets

##### Petitioner's submission

The Petitioner has submitted that Opening GFA is considered as per the audited annual accounts as on 31<sup>st</sup> March 2013.

SBPDCL has submitted the computation of GFA for FY 2013-14 based on the capitalisation for FY 2013-14 as detailed in the Table below:



Table 4.21: Gross Fixed Assets projected for FY 2013-14

(Rs. Crore)				
Sl. No.	Particulars	DISCOMs ARR approved in MYT order for FY 2013-14	Approved for FY 2013-14 in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2013-14 in truing up
1	Opening GFA	4827.36	4007.99	4007.93
2	Less: Assets revalued		1478.84	
3	Original value of GFA (1-2)	4827.36	2529.15	4007.93
4	Additions during the year	3044.00	689.31	105.95
5	Add : IDC	70.53	15.68	0.00
<b>6</b>	<b>Closing GFA (3 to 5)</b>	<b>7941.89</b>	<b>3234.14</b>	<b>4113.88</b>

SBPDCL has requested the Commission to approve the GFA as per above Table for FY 2013-14.

**Commission's analysis:**

The Commission in True up for FY 2012-13 in the Tariff Order dated 28<sup>th</sup> February 2014 has considered closing GFA of Rs.4007.99 Crore based on the audited annual accounts of the Petitioner for FY 2012-13.

As per the audited annual accounts of SBPDCL the closing GFA as on 31<sup>st</sup> March 2013 is at Rs,4007.99 Crore, however, the Petitioner has adopted opening GFA of Rs.4007.93 Crore as on 1<sup>st</sup> April 2013 with a difference of Rs.0.06 Crore. The Petitioner neither disclosed the fact nor furnished any reasons/details for the difference in GFA in the petition and also in the audited annual accounts for FY 2013-14.

The Commission observed that the annual accounts of FY 2013-14 were audited by the Statutory Auditors and issued their report on the accounts for FY 2013-14. They have certified the accounts and made no comment on the difference in opening balances adopted for FY 2013-14 vis-à-vis the closing balances as per the audited accounts of FY 2012-13.

The Commission further opines that the closing balances of FY 2013-14 as appearing in the audited accounts of FY 2013-14 shall be carried forward for FY 2014-15 while preparing the accounts for FY 2014-15 onwards. Hence, the Commission has considered the opening CWIP at Rs.4007.93 Crore as appearing in audited accounts for FY 2013-14. Further, the Commission has considered the capitalisation based on the audited annual accounts for FY 2013-14.

The opening GFA, additions to assets during the year and closing GFA for FY 2013-14, arrived at by the Commission is as detailed in the Table below:

**Table 4.22: Gross Fixed Assets considered for FY 2013-14**

(Rs. Crore)

Sl. No.	Particulars	DISCOMs ARR approved in MYT order for FY 2013-14	Approved for FY 2013-14 (RE) in tariff order dated 28.02.2014	Projected by SBPDCL in truing up for FY 2013-14	Now approved for FY 2013-14 in true up
1	Opening GFA	4827.36	4007.99	4007.93	4007.93
2	Additions during the year	3044.00	689.30	105.95	105.95
3	Add : IDC	70.53	15.68	0.00	0.00
4	<b>Closing GFA (1+2+3)</b>	<b>7941.89</b>	<b>4712.97</b>	<b>4113.88</b>	<b>4113.88</b>

#### 4.17 Depreciation

##### Petitioner's submission:

SBPDCL has submitted that depreciation is computed annually on straight line method by applying weighted average rate of depreciation on the average GFA adopting the approach considered by the Commission in MYT order dt.15<sup>th</sup> March 2013 in Tariff Order for FY 2013-14. SBPDCL has further submitted that the depreciation on assets created out of grants and consumer contribution is reduced from the gross depreciation to arrive at the depreciation to be charged in truing up for FY 2013-14.

The Petitioner has projected the depreciation for FY 2013-14 as detailed in the Table below:

Table 4.23: Depreciation projected for FY 2013-14

				(Rs. Crore)
Sl. No.	Particulars	DISCOMs ARR approved in MYT order for FY 2013-14	Approved for FY 2013-14 (RE) in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2013-14 in truing up
1	Opening GFA (on 1-4-13)	4827.36	4007.99	4007.93
2	Less: Assets Revalued / Value of Land	0.00	1514.52	0.00
3	Original value of GFA (1-2)	4827.36	2493.47	4007.93
4	Additions during the year	3044.00	689.30	105.95
5	IDC	70.53	15.68	
6	Closing GFA (3+4+5)	7941.89	3198.46	4113.88
7	<b>Average GFA {(3+6)/2}</b>	<b>6384.63</b>	<b>2845.96</b>	<b>4060.90</b>
8	Weighted average rate of depreciation	5.22%	5.22%	2.88%
9	Depreciation (7*8)	333.28	148.56	116.89
10	Opening Grants	3918.50	1287.14	1150.62
11	Grants during the year	1959.00	448.05	100.65
12	Total Grants (10+11)	5877.50	1735.19	1251.27
13	<b>Average Grants {(10+12)/2}</b>	<b>4898.00</b>	<b>1511.16</b>	<b>1200.95</b>
14	Weighted average rate of depreciation	5.22%	5.22%	1.06%
15	Depreciation. on assets created out of grants (13*14)	255.68	78.88	12.69
16	<b>Net Depreciation claimed in ARR (9-15)</b>	<b>77.60</b>	<b>69.68</b>	<b>104.20</b>

SBPDCL has requested the Commission to approve the computation of depreciation for FY 2013-14

**Commission's analysis:**

The Commission has examined the computation of depreciation for FY 2013-14. The Petitioner has computed the depreciation adopting the CERC rates of depreciation. The Commission has computed the weighted average rate of depreciation based on the audited annual accounts for FY 2013-14 as detailed hereunder:

Sl. No.	Particulars	Amount (Rs. Crore)
1	Opening GFA	4007.93
2	Less: Opening land value	1514.52
3	Opening GFA (Opening depreciable assets) (1-2)	2493.41
4	Additions during the year	105.95
5	Less: Value of land added during the year	1.82
6	Closing GFA (Closing depreciable assets) (3+4-5)	2597.54
7	Average GFA (3+6)/2	2545.47
8	Depreciation as per accounts	116.89
9	<b>Weighted average rate of Depreciation (8/7)*100</b>	<b>4.59%</b>

The Commission has considered the opening GFA, additions to assets and closing GFA as detailed in paragraph 4.16 above. The Commission has considered the weighted average rate of depreciation as worked out above for computing depreciation in the true up for FY 2013-14.

The Petitioner has computed the depreciation on the GFA which includes value of Land amounting to Rs.1516.34 Crore (Rs.1514.52 cr opening land value + Rs.1.82 cr addition during the year), as per audited annual accounts for FY 2013-14.

Regulation 73 (2) (a) (i) of the BEREC (Terms and Conditions for Determination of Tariff) Regulations 2007, specifies that ***“the value base for the purpose of depreciation shall be the historical cost of the asset”***.

The Regulation 73 (2) (a) (ii) specifies that ***“Land is not a depreciable asset and its cost shall be excluded from the capital cost”***.

The Commission, accordingly, has not considered the value of land amounting to Rs.1516.34 Crore as per the audited annual accounts for FY 2013-14 of the Petitioner.

As per the audited annual accounts of SBPDCL for FY 2012-13, the closing Grants as at 31<sup>st</sup> March 2013 is at Rs,1287.14 Crore (Consumer contribution – Rs.67.95 Crore, Grants towards capital assets Rs.1214.70 Crore and Grant in aid for Kutir Jyoti

Rs.14.70 Crore). The Commission has considered the same in the True up order for FY 2012-13, However, the Petitioner has adopted opening Grants at Rs.1160.83 Crore (consumers contribution Rs.67.95 Crore and Capital Reserve Rs.1092.88 Crore) as on 1<sup>st</sup> April 2013. The Commission observed there is difference of Rs.126.31 Crore. The Petitioner neither disclosed the fact nor furnished any reasons/details for the difference in Grants in the petition and also in the audited annual accounts for FY 2013-14.

The Commission observed that the annual accounts of FY 2013-14 were audited by the Statutory Auditors and issued their report on the accounts for FY 2013-14. They have certified the accounts and made no comment on the difference in opening balances adopted for FY 2013-14 vis-à-vis the closing balances as per the audited accounts of FY 2012-13.

The Commission opines that these grants received are for capital expenditure/capital assets. Hence, the Commission has considered the opening grants in line closing grants considered in the true up order for FY 2012-13 for computation of normative depreciation in truing up for FY 2013-14. The additions to grants during the FY 2013-14 is considered based on the audited accounts of the Petitioner for FY 2013-14 at Rs.1163.66 Crore (Consumers contributions Rs.25.88 Crore and Capital Reserve Rs.1137.78 Crore).

The opening GFA, additions to GFA, closing GFA, rate of depreciation and depreciation on assets created out of grants and depreciation considered by the Commission for computation of depreciation for FY 2013-14 is as detailed in the Table below:

Table 4.24: Depreciation considered for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	DISCOMs ARR approved in MYT order for FY 2013-14	Approved for FY 2013-14 (RE) in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2013-14 in truing up	Now approved in true up for FY 2013-14
1	Opening GFA	4827.36	4007.99	4007.93	4007.93
2	Less: Value of Land	0.00	1514.52	0.00	1514.52
3	<b>Value of Depreciable GFA (1-2)</b>	4827.36	2493.47	4007.93	2493.41
4	Additions during the year	3044.00	689.30	105.95	105.95
5	Less: Value of land added during the year				1.82
6	IDC	70.53	15.68		
7	Closing GFA (3+4-5+6)	7941.89	3198.46	4113.88	2597.54
8	<b>Average GFA {(3+7)/2}</b>	<b>6384.63</b>	<b>2845.96</b>	<b>4060.90</b>	<b>2544.57</b>
9	Weighted average rate of depreciation	5.22%	5.22%	2.88%	4.59%
10	Depreciation (8*9)	333.28	148.56	116.89	116.80
11	Opening Grants	3918.50	1287.14	1150.62	1287.14
12	Grants during the year	1959.00	448.05	100.65	1163.66
13	<b>Total Grants (11+12)</b>	5877.50	1735.19	1251.27	2450.80
14	Average Grants {(11+13)/2}	<b>4898.00</b>	<b>1511.16</b>	<b>1200.95</b>	<b>1868.97</b>
15	Weighted average rate of depreciation	5.22%	5.22%	1.06%	4.59%
16	Depreciation. on assets created out of grants (14*15)	255.68	78.88	12.69	85.79
17	<b>Net Depreciation (10-16)</b>	<b>77.60</b>	<b>69.68</b>	<b>104.20</b>	<b>31.01</b>

The Commission, accordingly, considers the depreciation of Rs.31.01 Crore in true up for FY 2013-14

#### 4.18 A. Interest on Loans

##### Petitioner's submission:

SBPDCL has submitted that the opening loan balance as on 1<sup>st</sup> April 2013 is considered as per audited annual accounts for FY 2013-14.

SBPDCL has submitted that the actual weighted average rate of interest for existing as well as new loans as per the agreements executed between the Petitioner and lender is considered. SBPDCL has projected the interest charges for FY 2013-14 as detailed in the Table below:

**Table 4.25: Interest on loans projected for FY 2013-14**

(Rs. Crore)				
Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2013-14	Approved for FY 2013-14 (RE) in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2013-14 in truing up
1	<b>Opening loan balance</b>	1121.73	342.32	469.58
2	Additions during the year	1085.00	241.26	5.30
3	Normative Repayment	77.60	69.68	104.20
4	Closing Loans (1+2-3)	<b>2129.13</b>	<b>513.90</b>	<b>370.68</b>
5	<b>Average Loans {(1+4)/2}</b>	<b>1625.43</b>	<b>428.11</b>	<b>420.13</b>
6	Interest rate	13.00%	13.00%	8.20%
7	<b>Interest &amp; Finance Charges (5 * 6)</b>	<b>211.31</b>	<b>55.65</b>	<b>34.44</b>

SBPDCL has requested the Commission to approve the interest on loans for FY 2013-14 as per above Table.

**Commission's analysis:**

The Commission has examined the computation of projected interest on loans for FY 2013-14 in truing up. The Petitioner has considered opening loan balance as on 1<sup>st</sup> April 2013 at Rs.469.58 Crore, whereas as per the audited annual accounts as at 31<sup>st</sup> March 2013, the closing balance of loans as on 31-03-2013 is at Rs.620.06 Crore (Institutional (REC, PFC & ADB) loans – Rs.342.32 Crore and State Government Loans – Rs.277.74 Crore). Further, as per the transfer scheme, the State Government has taken over all the State Government loans appearing in the books of BSEB and accordingly, the State Government loans were not considered.

The Commission has addressed the Petitioner to furnish the details of Opening balance of project loans, project loans drawn during the year 2013-14, Rate of

Interest, Interest charges for the year and Repayment of loans during the year 2013-14. The Petitioner has not furnished any information sought for by the Commission.

The Commission, in the absence of scheme-wise capex, capitalisation and funding details, has considered the opening loans at Rs.342.32 Crore based on the closing loans considered in true up for FY 2012-13 for computation of interest on loan for FY 2013-14. The loans are further updated based on the capitalisation during FY 2013-14. Since grants received are higher than the capitalisation no addition to loan is considered for FY 2013-14.

As per CERC (Terms and Conditions for Determination of Tariff) Regulations 2009, repayment of loan shall be equal to the depreciation allowed for the year. Accordingly, the Commission has considered repayment of loan equal to the depreciation allowed for the year.

The Petitioner has considered rate of interest on loans for computing interest on loans @8.20% in true up for FY 2013-14. The Commission in Tariff order dated 28<sup>th</sup> February 2014 has considered rate of interest on loans at 13% in review for FY 2013-14. The Commission observes that the rate of interest projected by the Petitioner is lower than the rate of interest considered in review for FY 2013-14 in Tariff Order dated 28<sup>th</sup> February 2014. Accordingly, the Commission has considered the rate of interest on loans at 8.20% in truing up for FY 2013-14 and computed interest on loans for FY 2013-14 as detailed in the Table below:

**Table 4.26: Approved Interest on loan for FY 2013-14**

(Rs. Crore)					
Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2013-14	Approved for FY 2013-14 (RE) in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2013-14 in truing up	Now approved in truing up for FY 2013-14
1	<b>Opening loan balance</b>	1121.73	342.32	469.58	342.32
2	Additions during the year	1085.00	241.26	5.30	0.00
3	Normative Repayment	77.60	69.68	104.20	31.01
4	Closing Loans (1+2-3)	<b>2129.13</b>	<b>513.90</b>	<b>370.68</b>	<b>311.31</b>



5	Average Loans {{(1+4)/2}}	1625.43	428.11	420.13	326.82
6	Interest rate	13.00%	13.00%	8.20%	8.20%
7	Interest & Finance Charges ( 5 * 6 )	211.31	55.65	34.44	26.80

The Commission, accordingly, considered Rs. 26.80 Crore towards interest on loans for FY 2013-14 in true up.

#### B. Other Interest and Finance Charges

##### Petitioner's submission:

SBPDCL has claimed actual other interest and finance charges as per audited annual accounts for FY 2013-14 as detailed in the Table below.

**Table 4.27: Other Interest and Finance Charges projected for FY 2013-14**

(Rs. Crore)

Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2013-14	Approved for FY 2013-14 (RE) in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2013-14 in true up
1	Discount/Rebate to consumers for timely payment of bills			10.49
2	Power Factor Rebate			37.36
3	Late payment surcharge to power suppliers/interest to suppliers and contractors			27.98
4	Other charges			1.35
5	<b>Total</b>			<b>77.17</b>

SBPDCL has requested the Commission to approve the other interest and finance charges for FY 2013-14 as per above Table.

##### Commission's analysis:

#### Discount to consumers for timely payment of bills (Rebate)

The BERG (Terms and Conditions for Determination of Tariff) Regulation 2007, Regulation 85 – Definitions of Income and Expenditure specify;

(1) Definitions of Income:

“Income shall include all income from any source but shall not be limited to (1) *sale of energy or gross receipts from sale of energy less discounts / rebates given based on the orders of the Commission*” for determination of tariffs.

Further, the Commission in the Tariff Orders issued year on year, specifies in the Tariff Principles, Design and Tariff Schedule that *Rebate for prompt payment of energy bills on or before due date by the LT and HT consumers* shall be allowed as per the rates prescribed in the tariff orders.

**Power Factor Rebate**

The Commission in the Tariff Orders issued year on year specifies in the Tariff Principles, Design and Tariff Schedule that *Power factor Rebate to the HT consumers* shall be allowed as per the rates prescribed in the tariff orders.

**Interest to suppliers/contractors (Late Payment Surcharge to Power Suppliers)**

As per Clause 85 (ii) (5) of the BERC (Terms and Conditions for Determination of Tariff) Regulations 2007, specify *“financing cost excluding penal interest/charges”*.  
**Hence, the penal charges are not considered.**

**Other Charges**

The other charges were considered by the Commission as they represent the other finance charges towards bank collection charges etc.

Accordingly, the Commission approves the Discount allowed to consumers for timely payment of energy bills and the power factor rebate, which were specified by the Commission in the Tariff Orders issued year on year and cost of raising finance and other charges as detailed in the table below:

Table 4.28: Approved other finance charges for FY 2013-14

(Rs. Crore)			
Sl. No.	Particulars	Projected by SBPDCL for FY 2013-14 in truing up	Approved in truing up for FY 2013-14
1	Discount/Rebate to consumers for timely payment of bills	10.49	10.49
2	Power Factor Rebate	37.36	37.36
3	Late payment surcharge to power suppliers/interest to suppliers and contractors	27.98	--
4	Other charges	1.35	1.35
5	<b>Total</b>	<b>77.18</b>	<b>49.20</b>

The Commission approves Rs.49.20 Crore towards other interest and finance charges for FY 2013-14 in the truing up.

The Commission approves total interest and finance charges at Rs.76.00 Crore (Rs.26.80 + Rs.49.20) in the truing up for FY 2013-14.

#### 4.19 Employee Costs

##### Petitioner's submission:

SBPDCL has submitted that the employee expenses comprises of salaries, dearness allowance, bonus, staff welfare, medical benefits, leave travel and earned leave encashment and the terminal benefits in the form of pension, gratuity, etc.

The Petitioner has projected the employee expenses for FY 2013-14 as detailed in the Table below:

Table 4.29: Employee Cost for FY 2013-14 proposed by the Petitioner

(Rs. Crore)				
Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2013-14	Approved for FY 2013-14 (RE) in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2013-14 in truing up
1	Previous year employee cost		227.95	
2	Inflationary index %		9.21%	
3	Add: Inflationary increase		20.99	

Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2013-14	Approved for FY 2013-14 (RE) in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2013-14 in truing up
4	Employee Cost (1+3)	394.24	248.94	233.79
5	Add: New Manpower cost	10.00	5.00	
6	Total Employee Cost (4+5)	404.24	253.94	233.79

#### Commission's analysis:

The Petitioner has considered the total employee cost as per the audited annual accounts for FY 2013-14, which includes payment towards terminal benefits.

As per the transfer scheme, the Government support is expected towards payment of Pension to the retired employees of the erstwhile BSEB up to date of transfer scheme i.e. 31<sup>st</sup> October 2012. Post unbundling the segregated entities shall contribute to the Bihar State Electricity Employees Master Trust (BSEE Master Trust) at the rates approved by the Board of Trustees of the BSEE Master Trust. The Board of Trustees of BSEE Master Trust in their 3<sup>rd</sup> Meeting held on 21-06-2013 has approved the rate of contribution to be made for existing employees towards Gratuity, Pension and Leave encashment from 1<sup>st</sup> November 2012 as detailed hereunder:

Particulars	Rate of Contribution as on 31.3.2012
Gratuity	@ 2.50% of Basic + GP + DA
Pension (Existing employees)	@ 2.50% of Basic + GP + DA
Leave Salary (per Month)	SBPDCL – Rs. 1,01,68,750/- NBPDCCL – Rs. 62,70,850/- BSPTCL- Rs. 33,10,400/- BSPGCL – Rs. 10,83,333/-

The segregated entities shall make remittance of contributions for existing employees towards Gratuity, Pension and Leave Salary to BSEE Master Trust by 7<sup>th</sup> of every month and delay in remittance attract interest @18% as per the provisions of the Trust Deed. The LIC of India is appointed as Fund Manager of BSEE Master Trust for Pension, Gratuity and Leave salary.

The Commission has examined the employee cost computations of the Petitioner. The employee cost includes the Company's contribution for existing employees' future terminal benefits. It was informed by the Petitioner that Actuary Report of valuation of terminal benefits of employees as at 31<sup>st</sup> March 2014 is yet to be finalised by the Actuary i.e. M/s.PFC Consulting Ltd.

The Employee cost projected by the Petitioner is based on actual expenditure as per audited annual accounts for FY 2013-14, which is within the approved level. Hence, the Commission has considered the employee cost as detailed in the Table below:

**Table 4.30: Employee Cost considered for FY 2013-14**

(Rs. Crore)

Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2013-14	Approved for FY 2013-14 (RE) in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2013-14 in trueing up	Now approved for FY 2013-14 in trueing up
1	Previous year employee cost		227.95		
2	Inflationary index %		9.21%		
3	Add: Inflationary increase		20.99		
<b>4</b>	<b>Employee Cost</b>	<b>394.24</b>	<b>248.94</b>	<b>233.79</b>	<b>233.79</b>
5	Add: New Manpower cost	10.00	5.00		
<b>6</b>	<b>Total Employee Cost</b>	<b>404.24</b>	<b>253.94</b>	<b>233.79</b>	<b>233.79</b>

The Commission, accordingly, considered the employee cost at Rs. 233.79 Crore for FY 2013-14 in true up.

#### 4.20 Repairs and Maintenance (R&M) Expenses

##### Petitioner's submission:

SBPDCL has submitted that R&M expenses primarily include costs related to repair of different class of fixed assets, etc. The R&M expense projected by the Petitioner is as given in the Table below:

Table 4.31: Repairs and Maintenance expenses projected for FY 2013-14

(Rs. Crore)				
Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2013-14	Approved for FY 2013-14 (RE) in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2013-14 in truing up
1	Previous year R&M expenses		37.03	
2	Inflationary index %		9.21%	
3	Add: Inflationary increase		3.41	
4	<b>Total R &amp; M Cost</b>	<b>79.87</b>	<b>40.44</b>	<b>74.04</b>

SBPDCL has requested the Commission to approve the R&M expenses for FY 2013-14 as projected in the Table above.

#### Commission's analysis

The Commission has examined the R&M expenses projected by SBPDCL. The Petitioner has projected R&M expenses as per the audited annual accounts for FY 2013-14. As per the annual accounts of SBPDCL for FY 2013-14, the petitioner has incurred Rs.74.04 Crore towards R&M expenses during FY 2013-14.

The Commission observed that the Petitioner has incurred huge R&M expenditure in FY 2013-14 and addressed the Petitioner to furnish the breakup details of R&M expenses incurred during FY 2013-14. The Petitioner has communicated that it has incurred R&M expenses towards Plant & Machinery (Rs.1.25 cr), repair of burnt/failed/damaged Transformers (Rs.27.73 cr), replacement of overhead lines (Rs.36.96 cr), Substation, switchgear, metering equipment, etc. and communicated that the R&M expenses do not include cost of any new asset.

The Commission has considered the R&M expenditure based on actual expenses reported in the audited accounts of FY 2013-14, being the first year of independent operations as detailed in the Table below:

Table 4.32: R&amp;M expenses considered for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2013-14	Approved for FY 2013-14 (RE) in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2013-14 in truing up	Now approved for FY 2013-14 in truing up
1	Previous year R&M expenses		37.03		
2	Inflationary index %		9.21%		
3	Add: Inflationary increase		3.41		
4	<b>Total R &amp; M Cost</b>	<b>79.87</b>	<b>40.44</b>	<b>74.04</b>	<b>74.04</b>

The Commission, accordingly, considers R&M expenses at Rs. 74.04 Crore in true up for FY 2013-14.

#### 4.21 Administrative and General (A&G) Expenses

##### Petitioner's submission

SBPDCL has submitted that Administration and General expenses mainly comprise of rents, telephone and other communication expenses, professional charges, conveyance and travelling expenses etc.

The SBPDCL has projected the A&G expenses for FY 2013-14 in truing up as furnished in Table below:

Table 4.33: Administration and General Expenses projected for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2013-14	Approved for FY 2013-14 (RE) in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2013-14 in truing up
1	Previous year A&G Expenses		19.28	
2	Inflationary index %		9.21%	
3	Add: Inflationary increase		1.78	
4	<b>Total A &amp; G Cost</b>	<b>46.04</b>	<b>21.06</b>	<b>29.76</b>

SBPDCL has requested the Commission to approve the A&G expenses for FY 2013-14 in true up as detailed in the Table above.

**Commission analysis:**

The Commission has examined the A&G expenses projected by SBPDCL. As per the audited annual accounts of SBPDCL for FY 2013.-14 A&G expenses incurred is at Rs.29.76 Crore.

The Administration and General expenses include Rs.2.05 Crore towards preliminary expenses amortised. The Commission observed that the expense represent the Company Registration charges incurred for SBPDCL by BSPHCL during FY 2012-13. The Commission has considered the total Registration charges paid to Registrar of Companies for registration of BSPGCL, BSPTCL, NBPDC and SBPDCL and allowed the same under Administration and General charges in the truing up for FY 2012-13. Accordingly, the Commission disapproves Rs.2.05 Crore included in the Administration and General charges towards preliminary expenses amortised in the truing up for FY 2013-14.

The Commission has considered the Administration & General Expenses based on actual expenses reported in annual accounts for FY 2013-14 as detailed in the Table below:

**Table 4.34: Administration & General Expenses considered for FY 2013-14**

(Rs. Crore)

Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2013-14	Approved for FY 2013-14 (RE) in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2013-14 in truing up	Now approved for FY 2013-14 in truing up
1	A&G Expenses		19.28	29.76	29.76
2	Inflationary index %		9.21%		
3	Add: Inflationary increase		1.78		



Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2013-14	Approved for FY 2013-14 (RE) in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2013-14 in true up	Now approved for FY 2013-14 in true up
4	Less: Preliminary expenses				2.05
5	<b>Total A &amp; G Cost</b>	<b>46.04</b>	<b>21.06</b>	<b>29.76</b>	<b>27.71</b>

Accordingly, the Commission considered Rs.27.71 Crore towards A&G expenses for FY 2013-14 in true up.

#### 4.22 Allocation of Holding Company Expenses

##### Petitioner's submission

SBPDCL has submitted that the Schedule 'D' Holding undertaking Part-III of the Bihar State Electricity Reforms Transfer Scheme, 2012 defines the Functions and Duties of Bihar State Power (Holding) Company Limited. As per Clause (i) of the schedule 'D', the Holding Company shall handle all issues relating to the subsidiary companies in respect of;

Business of purchasing, importing, exporting and trading of power subject to the provision of Electricity Act, 2003 and to supply electric power generated by other plants to transmission companies, distribution companies, trading companies, other generation companies and other persons, and in this regard execute agreements with Central and State Generating authorities, departments or companies, independent Power Producers and other persons.

SBPDCL has further submitted that BSPHCL provides common services to all the segregated entities and as per the Transfer Scheme "operating expenses incurred by the Holding Company like administration and general expenses, legal and consulting fees, etc. would be shared by the BSPGCL, BSPTCL, NBPDC and SBPDCL in the ratio of their respective equity".

SBPDCL has also submitted that as per Schedule 'F', the Holding Company shall handle all issues relating to the subsidiary companies in respect of the testing divisions, training department at Headquarter and all the departments of the Corporate head office viz. General Administration, Accounts and Finance, IT, Stores & Purchase, Transmission/Distribution/Generation, Personnel, Publicity, Legal, Vigilance & Security, Commercial, Planning, Civil Engineers, Transmission (O&M), Rural Electrification, shall constitute "Common Services" which shall continue to provide services to all successor entities during the interregnum period, until issue of further transfer notifications allocating the employees to respective companies.

The SBPDCL has projected the allocation of Holding Company expenses for FY 2013-14 as furnished in Table below:

**Table 4.35: Allocation of Holding Company Expenses projected for FY 2013-14**

(Rs. Crore)

Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2013-14	Approved for FY 2013-14 (RE) in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2013-14 in true up
1	Employee expenses		9.86	3.41
2	Repairs & Maintenance expenses		0.19	0.07
3	Administration & General expenses		3.29	1.14
4	<b>Total</b>	--	<b>13.34</b>	<b>4.62</b>

SBPDCL has requested the Commission to approve the expenditure as part of overall O&M expenditure for FY 2013-14.

#### **Commission's analysis:**

The Commission has considered Rs.13.34 Crore toward holding company expenses in the review for FY 2013-14 (RE) in the Tariff Order dated 28<sup>th</sup> February 2014.

The audited annual accounts of the SBPDCL for FY 2013-14 include Rs.4.62 Crore towards holding company expenses. Accordingly, the Commission considers the holding company expenses of Rs.4.62 Crore in true up for FY 2013-14 as detailed in the Table below:

Table 4.36: Holding Company expenses considered for FY 2013-14

(Rs. Crore)					
Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2013-14	Approved for FY 2013-14 (RE) in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2013-14 in trueing up	Now approved for FY 2013-14 in trueing up
1	Employee expenses		9.86	3.41	3.41
2	Repairs & Maintenance expenses		0.19	0.07	0.07
3	Administration & General expenses		3.29	1.14	1.14
4	<b>Total</b>	--	<b>13.34</b>	<b>4.62</b>	<b>4.62</b>

Accordingly, the Commission considered Rs.4.62 Crore towards Holding Company Expenses for FY 2013-14 in true up.

#### 4.23 Summary of Operations and Maintenance

The summary of the revised O & M expenses considered in true up for FY 2013-14 are as tabulated below:

Table 4.37: Total O&amp;M cost considered by the Commission for FY 2013-14

(Rs. Crore)					
Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2013-14	Approved for FY 2013-14 (RE) in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2013-14 in trueing up	Now approved for FY 2013-14 in trueing up
1	Employee cost	404.24	253.94	233.79	233.79
2	R&M expenses	79.87	40.44	74.04	74.04
3	A&G Expenses	46.04	21.06	29.76	27.71
4	Holding company expenses		13.34	4.62	4.62
5	<b>Total O&amp; M cost</b>	<b>530.15</b>	<b>328.78</b>	<b>342.21</b>	<b>340.16</b>

The Commission has considered total O&M costs at Rs.340.16 Crore for FY 2013-14 in true up.

#### 4.24 Interest on working capital

##### Petitioner's submission:

SBPDCL has submitted that it has arrived at the working capital requirement according to applicable norms for Distribution function provided in the BERC (Terms and Conditions of Tariff) Regulations, 2007 which are reproduced in the following Table:

**Table 4.38: Norms for working capital requirement**

Sl. No.	Particulars	Norm
1	O&M expenses	One month
2	Maintenance spares	@1% of historical cost of GFA escalated @6% per annum
3	Receivables	Two months of charges for sale of energy
4	Rate of interest on working capital	Short-term PLR of SBI as on 1 <sup>st</sup> April of the year

The Petitioner has submitted that the State Government is extending financial support in the form of tariff subsidy and cost of power disallowed due to excess distribution loss over and above the loss trajectory allowed by the Commission. The total support received is at Rs.1630.95 Crore by the SBPDCL out of total State Government support of Rs.2655.60 Crore for FY 2013-14 to the Discoms (i.e. SBPDCL and NBPDCCL). The government is releasing the funds on monthly basis for which no working capital is required. Accordingly, the amount equivalent to two months of financial support from the State Government amounting to Rs.271.83 Crore is reduced from the working capital requirement.

The rate of interest applied on the proposed working capital is @14.45% as per the SBI PLR as on 1<sup>st</sup> April 2013.

SBPDCL has claimed interest on working for FY 2013-14 computed on the above norms as detailed in the Table below:

**Table 4.39: Interest on working capital projected for FY 2013-14**  
(Rs. Crore)

Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2013-14	Approved for FY 2013-14 (RE) in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2013-14 in truing up
1	O&M exp. (1 month)	44.18	27.40	28.52
2	Maintenance spares @1% of opening GFA with 6% escalation	51.17	26.43	43.01
3	Receivables - 2 months	1116.98	679.24	698.75
4	<b>Total working capital</b>	<b>1212.33</b>	<b>733.07</b>	<b>770.28</b>
5	Less: Govt. assistance for power purchase	360.00	234.01	271.82
6	<b>Net working capital requirement</b>	<b>852.33</b>	<b>499.06</b>	<b>498.46</b>
7	Rate of interest	14.45%	14.45%	14.45%
8	<b>Interest on working capital</b>	<b>123.16</b>	<b>72.11</b>	<b>72.03</b>

The Petitioner has requested the Commission to approve the computation of interest on working capital and the interest charges for FY 2013-14 as detailed in the Table above.

#### **Commission analysis**

The Commission has examined the computation of interest on working capital submitted by the Petitioner. The Petitioner has considered maintenance spares @1% of the opening GFA. The opening GFA includes the assets revalued by Rs.1478.84 Crore.

The Commission has adjusted the GFA to its original value and considered maintenance spares @1% of GFA (adjusted) with escalation at 6% in its computations. Accordingly, the GFA is considered at Rs.2529.09 Crore (GFA Rs.4007.93 Crore – land revalued Rs.1478.84 Crore) and the maintenance spares @

1% with escalation of 6% on GFA at Rs.26.81 Crore in the working capital requirement for FY 2013-14.

The Petitioner has considered the working capital as per Regulations and the rate of interest as per SBI PLR as on 1<sup>st</sup> April 2013. The Petitioner has computed the interest on working capital as per the norms prescribed in Regulation 85 (ii) (8) of the BERC Regulations, 2007. The rate of interest applied on the proposed working capital is @14.45% as per the SBI PLR as on 1<sup>st</sup> April 2013.

The State Government is extending financial support in the form of tariff subsidy and cost of power disallowed due to excess distribution loss over and above the loss trajectory allowed by the Commission. The petitioner has projected a total support of Rs.1630.95 Crore for the petitioner for FY 2013-14 out of the total Government support of Rs.2655.60 Crore for FY 2013-14 to the DISCOMs. The Government is releasing the funds on monthly basis. The Commission has considered the State Government funding/financial support to the DISCOMs on monthly basis, for which no working capital is required. Accordingly, the amount equivalent to two months of financial support from the State Government to the DISCOMs is reduced from the working capital requirement of the DISCOMs. The two months support to SBPDCL works out to Rs.271.83 Crore and same is reduced from the working capital requirement of SBPDCL.

The Commission has considered the rate of interest as per the SBI PLR @14.45% as on 1<sup>st</sup> April 2013 and based on the expenses/costs approved for FY 2013-14, has computed the working capital and interest on working capital for FY 2013-14 as detailed in the Table below:

Table 4.40: Interest on working capital considered for FY 2013-14

(Rs. Crore)					
Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2013-14	Approved for FY 2013-14 (RE) in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2013-14 in truing up	Now approved for FY 2013-14 in truing up
1	O&M exp. (1 month)	44.18	27.40	28.52	28.35
2	Maintenance spares @1% of opening GFA with 6% escalation	51.17	26.43	43.01	26.81
3	Receivables - 2 months	1116.98	679.24	698.75	681.96
4	<b>Total working capital</b>	<b>1212.33</b>	<b>733.07</b>	<b>770.28</b>	<b>737.11</b>
5	Less: Govt. assistance for power purchase	360.00	234.01	271.82	271.83
6	<b>Net working capital requirement</b>	<b>852.33</b>	<b>499.06</b>	<b>498.46</b>	<b>465.29</b>
7	Rate of interest	14.45%	14.45%	14.45%	14.45%
8	<b>Interest on working capital</b>	<b>123.16</b>	<b>72.11</b>	<b>72.03</b>	<b>67.23</b>

The Commission, accordingly, considered interest on working capital at Rs. 67.23 Crore for FY 2013-14 in true up.

#### 4.25 Return on Equity

##### Petitioner's submission:

SBPDCL has submitted that computation of Return on Equity is considering the equity excluding revaluation of reserves and subsidies and is claimed as per Regulation 72 (2) of BERC Tariff Regulations 2007.

SBPDCL has further submitted that it has considered opening equity as per approved transfer scheme and along with actual equity addition in FY 2013-14 to arrive at the closing equity for FY 2013-14.

SBPDCL has computed the return on equity for FY 2013-14 as detailed in the Table below:

Table 4.41: Return on Equity projected for FY 2013-14

				(Rs. Crore)
Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2013-14	Approved for FY 2013-14 (RE) in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2013-14 in truing up
1	Opening Equity	879.00	494.00	621.53
2	Rate of Return per annum %	14.00%	14.00%	14.00%
3	<b>Return on Equity</b>	<b>123.06</b>	<b>69.16</b>	<b>87.01</b>

SBPDCL has requested the Commission to consider the RoE as per the computations furnished in the Table above for FY 2013-14 in truing up.

#### Commission's analysis

The Commission has examined the computation of RoE claim of SBPDCL. The Petitioner has computed RoE on the enhanced Equity. However, no details were furnished for the equity amount.

The Regulation 84 (Principles for fixation of tariff for a Distribution Licensee) of the BERG (Terms and Conditions for Determination of Tariff) Regulations 2007, specify *“the tariff for a distribution licensee shall be fixed in such a manner that the licensee in a financial year shall ordinarily earn a return, which shall comprise of 14% on equity invested in the capital expenditure (apportioned to the quantum for the purpose of performing the electricity business in the present debt – equity structure). .....* The definition of equity thus would involve all net worth deployed in the capital of the unit but does not include any revaluation of reserves and subsidies. The paid up equity capital for this purpose shall be the average of the opening and closing balances of paid up equity capital for that year”.

Regulation 71 (1) specifies that;

***(a) in case of all projects, the Debt : Equity ratio as on the date of commercial operation shall be 70 : 30 for determination of tariffs. .***



The Commission, in view of the above Regulations, for the purpose of computation of Return on Equity, has considered opening equity as on 1st April 2013 as per transfer scheme and @30% of capitalisation (net of grants) in respect of new investment capitalised based on the audited accounts of the Petitioner for FY 2013-14. The Commission considered the Grants for FY 2013-14 as per the audited annual accounts for FY 2013-14. As per the audited accounts, the investment capitalised is at Rs.105.95 Crore and the grants received is at Rs.1163.66 Crore (Rs.25.88 Crore consumer contribution + Rs.1137.78 Crore capital reserve). The grants are higher than the investment capitalised in FY 2013-14, hence, no equity addition is considered in FY 2013-14.

Accordingly, in view of the above, the Commission has computed return on equity for FY 2013-14 as detailed in the Table below:

**Table 4.42: Return on Equity considered for FY 2013-14**

(Rs. Crore)					
Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2013-14	Approved for FY 2013-14 (RE) in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2013-14 in truing up	Now approved for FY 2013-14 in truing up
1	Equity	879.00	494.00	621.53	494.00
2	Rate of Return on Equity %	14.00%	14.00%	14.00%	14.00%
3	Return on Equity (1*2)	<b>123.06</b>	<b>69.16</b>	<b>87.01</b>	<b>69.16</b>

The Commission, accordingly, approved Return on Equity at Rs.69.16 Crore in true up for FY 2013-14.

#### 4.26 Interest on Security Deposit

##### Petitioner's submission:

SBPDCL has submitted that interest on Security Deposit amount has been claimed as per the provisions of BERC Supply Code. The interest for security deposit has been considered as per prevailing RBI Bank Rate of 9.00 %. The Petitioner has projected interest on security deposit for FY 2013-14 as detailed in the Table below:

Table 4.43: Interest on security deposit projected for FY 2013-14 (RE)

(Rs. Crore)

Sl. No.	Particulars	Projected by SBPDCL for FY 2013-14
1	Opening Security Deposit	177.65
2	Addition / (Deletion)	70.50
3	Closing Security Deposit (1+2)	248.15
4	Average Security Deposit (1+3)/2	212.90
5	RBI Bank Rate	8.92%
6	Interest on Security Deposit (4*5)	18.99

The Petitioner has requested the Commission to approve the computation of interest on security deposit for FY 2013-14 as detailed in the Table above.

**Commission's analysis:**

*Section 47(1)(a) of the Electricity Act, 2003 specifies that any person who requires a supply of electricity to give reasonable security in respect of the electricity supplied to such person.*

*BERC Supply Code Regulations 2007 specifies that the distribution licensee shall pay interest at the RBI Bank rate, applicable on security deposits taken from the consumers. The interest amount of previous financial year shall be adjusted in the energy bill issued in May/June of each financial year depending on billing cycle.*

*The Commission in the Tariff Order for FY 2011-12 has opined that the consumer security deposits provided to the distribution licensees by the consumers should be either be used for funding working capital requirement or should be kept with the Bank and interest earned on the amount should be passed on to the consumers.*

The Commission is of the view that the Petitioner has utilised and invested these consumer deposits in the Regulated business. In such a scenario, there is no additional financial implication on distribution licensee because it is compensated for its working capital funding on a normative basis or the interest earned can be passed on to the consumers. However, the Commission following the principle of prudence and consistency has not considered any notional normative income on consumers'

security deposit, but disallowed the actual interest paid towards the interest on consumers' security deposits in the true up for FY 2013-14. ***If interest paid on consumers security deposit is allowed as pass through in tariffs, it tantamount to recovery of the interest from consumers itself.***

**In view of the above, the Commission disapproves interest on Consumer's Security Deposit for FY 2013-14 in true up.**

#### **4.27 Net Prior Period Charges / (Credits)**

##### **Petitioner's submission:**

SBPDCL has projected net prior period charges of Rs.245.32 Crore for truing up for FY 2013-14 based on the audited annual accounts of FY 2013-14 as detailed in the Table below.

**Table 4.44: Net Prior period charges / (Credits) projected for FY 2013-14**

**(Rs. Crore)**

<b>Sl. No.</b>	<b>Particulars</b>	<b>Projected by SBPDCL for FY 2013-14</b>
1	Prior period income	(20.29)
2	Prior Period expenses	224.37
3	Miscellaneous charges / write offs	0.66
4	<b>Total</b>	<b>245.32</b>

##### **Commission analysis:**

The Commission has addressed the Petitioner through letter dated 16<sup>th</sup> December 2014 to furnish the complete particulars of the claims giving details of nature of claim, period for which the claim relates to, source of claim i.e. from whom the claim is received and whether the claims are fully discharged as on date.

The Petitioner vide Letter No.296 dated 24.02.2015 has communicated that during the course of reconciliation, it was found the some of the duplicate bills of power purchase has been taken in account and some of the bills has not been taken as prior period power purchase in the accounts of FY 2013-14. The Petitioner has furnished the actual prior period power purchase cost to be considered for FY 2013-14 as detailed hereunder:

Particulars	Amount (Rs. Crore)
Prior period power purchase as per audited accounts for FY 2013-14	228.41
<b>Less:</b> prior period power purchase bills wrongly taken into accounts	132.57
<b>Sub-total</b>	<b>95.84</b>
<b>Add:</b> Prior period power purchase bills not taken into accounts	35.90
<b>Add:</b> Prior period power purchase bills relating to FY 2012-13	53.42
<b>Total prior period power purchase to be considered for FY 2013-14</b>	<b>185.16</b>

The Commission has examined the details of prior period power purchase bills and observed that these claims relates to NTPC, NHPC and PGCIL relating to fixed and variable cost. The Petitioner has intimated that the prior period bills have been admitted/paid.

The Commission considers Rs.149.26 Crore (Rs.95.84 cr + Rs.53.42 cr) in truing up for FY 2013-14. The Commission has not considered Rs.35.90 Crore as the same is not taken into the accounts of FY 2013-14.

The Commission has not considered the negative prior period income of Rs.20.29 Crore as the same represent correction of consumer bills and withdrawal of DPS, etc. accumulated over the past years and has no bearing on the operational performance and cash flows of the company for FY 2013-14.

Further, the Commission in Case No.20/2014 has allowed additional amount on account of Net prior period charges for FY 2012-13. Accordingly, the same is considered in FY 2013-14 along with true up of FY 2013-14 and allowed Rs.20.71 Crore in FY 2013-14.

Table 4.45: Net Prior period charges / (Credits) considered for FY 2013-14

(Rs. Crore)			
Sl. No.	Particulars	Projected by SBPDCL for FY 2013-14	Now approved for FY 2013-14
1	Prior period income	(20.29)	
2	Prior Period expenses	224.37	
3	Miscellaneous charges / write offs	0.66	
4	<b>Total</b>	<b>245.32</b>	<b>149.26</b>
5	Prior period charges allowed in Case No.20/2014 for FY 2012-13		20.71
6	<b>Total Prior Period charges</b>	<b>245.32</b>	<b>169.97</b>

The Commission, accordingly, considered net prior period charges at Rs.169.97 Crore for FY 2013-14 in true up.

#### 4.28 Non Tariff Income

##### Petitioner's submission:

SBPDCL has submitted that non tariff income is considered as per the audited annual accounts for FY 2013-14 and requested the Commission to approve the Non-tariff income as detailed in the Table below

Table 4.46: Projected Non-tariff Income for FY 2013-14

(Rs. Crore)				
Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2013-14	Approved for FY 2013-14 (RE) in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2013-14 in trueing up
1	Meter / Service Rent			28.60
2	Late Payment surcharge			133.32
3	Miscellaneous Receipts			0.38
4	Rebate and Discount Received			1.41
5	Wheeling charges			0.16
6	Miscellaneous charges from consumers			123.96
7	Interest on Advance to suppliers / contractors			0.59
8	Incentive for timely payment of			11.17

Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2013-14	Approved for FY 2013-14 (RE) in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2013-14 in truing up
	power purchase bills			
9	Interest on investment & Bank balances			3.53
10	Sale of tender papers			1.97
11	<b>Total Non-tariff income</b>	<b>186.50</b>	<b>94.89</b>	<b>305.10</b>

#### Commission analysis:

The Non-Tariff income as per the audited annual accounts of SBPDCL for FY 2013-14 is at Rs.305.10 Crore.

The Petitioner has not claimed financing cost of delayed payment of outstanding dues by the consumers. However, following the principle of prudence, the Commission has considered the financing cost of outstanding dues in line with the judgement of the Hon'ble Appellate Tribunal for Electricity (APTEL) dated 12.07.2011 in case No.142 & 147 of 2009.

As per the audited annual accounts for FY 2013-14, the Non-tariff income is at Rs.152.54 Crore which includes Rs.133.32 Crore towards Delayed Payment Surcharge (DPS) from consumers. As the Petitioner charges DPS @ 18% per annum (1.5% per month), the principal amount works out to Rs.740.67 Crore on which DPS has been charged.

The Commission has allowed 14.45% being the prevailing SBI PLR as on 1<sup>st</sup> April 2013 towards the financing cost for DPS. The financing cost approved by the Commission is shown in the Table below:

Table 4.47: Financing cost of DPS

(Rs. Crore)

Particulars	Now approved for FY 2013-14
DPS as per audited accounts (@1.5% pm)	133.32
Principal amount on which DPS charged	740.67
Interest rate for funding Principal of DPS	14.45%
Interest on funding of Principal DPS	107.03

Accordingly, the Commission has computed the Non-tariff income for FY 2013-14 as detailed in the Table below.

Table 4.48: Non-tariff Income considered for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2013-14	Approved for FY 2013-14 in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2013-14 in trueing up	Now approved for FY 2013-14 in true up
1	Net Non-tariff income	186.50	94.89	305.10	305.10
2	Less: Interest on funding of principal amount of DPS				107.03
3	<b>Total non-tariff income</b>	<b>186.50</b>	<b>94.89</b>	<b>305.10</b>	<b>198.07</b>

The Commission, accordingly, considered non-tariff income at Rs.198.07 Crore for FY 2013-14 in true up.

#### 4.29 Revenue from sale of power at existing tariff

##### Petitioner submission

SBPDCL has submitted the category wise revenue based on the existing tariff for FY 2013-14 as detailed in the Table below:

Table 4.49: Revenue from Sale of Power for FY 2013-14

Sl. No.	Category	Sales (MU)	Revenue (Rs. Crore)
1	Kutir Jyoti (Rural)	159.55	27.36
2	DS-I	295.13	61.70
3	DS-II	1217.91	498.91
4	DS-III	0.54	0.24
5	NDS I Commercial	8.41	2.07
6	NDS II Commercial	509.98	361.81
7	NDS III Commercial	2.40	0.95
8	SS I	1.69	1.06
9	SS II	17.96	11.28
10	Irrigation and Agriculture I	146.31	15.35
11	Irrigation and Agriculture II	70.64	34.97
12	PWW	34.26	20.75
13	LTIS I	102.10	63.28
14	LTIS II	88.55	56.43
15	HTIS-I	488.19	316.33
16	HTIS-II	169.65	118.82
17	HTIS-III	63.45	38.71
18	HTIS-IV	480.78	257.61
19	RT	511.90	328.17
20	UI	155.26	20.05
21	DF	112.01	18.94
<b>22</b>	<b>Total</b>	<b>4636.66</b>	<b>2254.77</b>

#### Commission's analysis

The Petitioner has claimed the Revenue from sale of power at Rs.2254.77 Crore as per the Audited annual accounts for FY 2013-14. The Commission computed the Revenue from sale of power considering the sales approved for FY 2013-14 in truing up and considering the category-wise billing rate as per the audited annual accounts for FY 2013-14 at Rs.2254.77 Crore as detailed in the Table below:



Table 4.50: Revenue from sale of power at existing tariff approved for FY 2013-14

Sl. No.	Category	Sales (MU)	Average Billing Rate (Rs / kWh)	Revenue (Rs. Crore)
1	Kutir Jyoti (Rural)	159.55	1.71	27.36
2	DS-I	295.13	2.09	61.70
3	DS-II	1217.91	4.10	498.91
4	DS-III	0.54	4.44	0.24
5	NDS I Commercial	8.41	2.46	2.07
6	NDS II Commercial	509.98	7.10	361.81
7	NDS III Commercial	2.40	3.95	0.95
8	SS I	1.69	6.27	1.06
9	SS II	17.96	6.28	11.28
10	Irrigation and Agriculture I	146.31	1.05	15.35
11	Irrigation and Agriculture II	70.64	4.95	34.97
12	PWW	34.26	6.06	20.75
13	LTIS I	102.10	6.20	63.28
14	LTIS II	88.55	6.37	56.43
15	HTIS-I	488.19	6.48	316.33
16	HTIS-II	169.65	7.00	118.82
17	HTIS-III	63.45	6.10	38.71
18	HTIS-IV	480.78	5.34	257.61
19	RT	511.90	6.41	328.17
20	UI	155.26	1.29	20.05
21	DF	112.01	1.69	18.94
<b>22</b>	<b>Total</b>	<b>4636.66</b>	<b>4.86</b>	<b>2254.77</b>

#### 4.30 Resource gap funding from State Government for FY 2013-14

##### Petitioner's submission

The Petitioner has submitted that the total subsidy received for FY 2013-14 is Rs.2655.60 Crore and the share of SBPDCL is at Rs.1024.65 Crore for FY 2013-14 The Petitioner has furnished utilization of subsidy amount and balance amount be adjusted against revenue gap as detailed in the Table below:

Table 4.51: Resource Gap utilization projected for FY 2013-14

Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2013-14	Approved for FY 2013-14 (RE) in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2013-14 in truing up
1	Proposed resource gap grant from State Govt.	2160.00	1404.06	1630.95
2	Less: Disallowed power purchase funded through State Govt. grant/subsidy	1588.02	1050.84	1094.33
3	Available Revenue Subsidy	571.98	353.22	536.62

**Commission's analysis:**

The Commission has considered the resource gap assistance for FY 2013-14 at Rs.2655.60 Crore for both DISCOMs out of which the SBPDCL share is considered at Rs.1630.95 Crore as per projected by the SBPDCL and as per audited annual accounts for FY 2013-14.

The Commission has adjusted the cost of additional power purchase requirement on account of difference in actual distribution loss of SBPDCL and distribution loss approved by the Commission, from resource gap funding by the State Govt. as detailed in the Table below:

Table 4.52: Resource Gap utilization considered for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2013-14 (RE) in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2013-14 in truing up	Now approved for FY 2013-14 in true up
1	Proposed resource gap assistance from State Govt.	1404.06	1630.94	1630.95
2	Less: Disallowed power purchase funded through State Govt. grant	1050.84	1094.32	1077.92
3	<b>Available balance resource gap assistance</b>	<b>353.22</b>	<b>536.62</b>	<b>553.03</b>

#### 4.31 Annual Revenue Requirement and Revenue Gap at existing tariff projected for FY 2013-14

##### Petitioner's submission:

The Petitioner has submitted that the gross ARR consists of the power purchase costs, interest and finance cost, O&M cost, depreciation and interest on working capital duly adjusted for non-tariff income and other income. The Petitioner has computed the total revenue requirement for FY 2013-14 against allocation from total approved revenue requirement by the Commission for FY 2013-14, as detailed in the Table below:

**Table 4.53: ARR and Revenue Gap/ (Surplus) projected for FY 2013-14**

(Rs. Crore)

Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2013-14	Approved for FY 2013-14 (RE) in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2013-14 in truing up
1	Purchase of power	5381.92	3176.32	3208.76
2	PGCIL & Other transmission charges	190.00	269.21	190.11
3	BSPTCL transmission charges	213.00	145.09	137.42
<b>4</b>	<b>O &amp; M Expenses (A+B+C+D)</b>	<b>530.15</b>	<b>328.78</b>	<b>342.21</b>
A	Employee expenses	404.24	253.94	233.79
B	R&M expenses	79.87	40.44	74.04
C	A&G expenses	46.04	21.06	29.76
D	Holding company expenses	0.00	13.34	4.62
5	Depreciation	77.60	69.68	104.20
6	Interest & Finance charges	211.31	55.65	34.44
7	Other interest and finance charges			77.17
8	Return on equity	123.06	69.16	87.01
9	Interest on SD			18.99
10	Prior period charges			245.32
11	Interest on working capital	123.16	72.11	72.03
12	<b>Less: IDC</b>		15.68	
<b>13</b>	<b>Total Revenue requirement (1 to 12)</b>	<b>6850.20</b>	<b>4170.32</b>	<b>4518.16</b>
14	<b>Less:: Non-tariff income</b>	186.50	94.89	305.10

Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2013-14	Approved for FY 2013-14 (RE) in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2013-14 in truing up
15	Less: Expenditure disallowed due to excess T&D losses	1588.02	1050.84	1094.32
16	<b>Net Revenue requirement (13-14-15)</b>	<b>5075.68</b>	<b>3024.59</b>	<b>3118.75</b>
17	Revenue from Existing tariff	3723.70	2329.86	2254.77
18	Revenue from sale of power-Nepal	255.20	0.00	
19	<b>Gross Gap / (Surplus) (16-17-18)</b>	<b>1096.78</b>	<b>694.73</b>	<b>863.98</b>

#### Commission analysis:

The Commission noted that in the above table the Petitioner has not considered the balance grant available while arriving at the gap.

The Commission has computed the net annual revenue requirement based on the costs approved in the preceding paragraphs in the review as detailed in the Table below:

**Table 4.54: ARR and Revenue Gap / (Surplus) approved by the Commission for FY 2013-14 (Rs. Crore)**

Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2013-14	Approved for FY 2013-14 (RE) in Tariff Order dated 28.02.2014	Projected by SBPDCL in truing up for FY 2013-14	Now approved for FY 2013-14 in truing up
1	Purchase of power	5381.92	3176.32	3208.76	3208.76
2	PGCIL & Other transmission charges	190.00	269.21	190.11	190.11
3	BSPTCL transmission charges	213.00	145.09	137.42	137.42
4	<b>O &amp; M Expenses (A+B+C+D)</b>	<b>530.15</b>	<b>328.78</b>	<b>342.21</b>	<b>340.16</b>
A	Employee expenses	404.24	253.94	233.79	233.79
B	R&M expenses	79.87	40.44	74.04	74.04
C	A&G expenses	46.04	21.06	29.76	27.71
D	Holding company expenses	0.00	13.34	4.62	4.62
5	Depreciation	77.60	69.68	104.20	31.01
6	Interest & Finance charges	211.28	55.65	34.44	26.80
7	Other interest and finance charges			77.17	49.20
8	Return on equity	123.06	69.16	87.01	69.16
9	Interest on SD			18.99	--
10	Prior period charges			245.32	169.97
11	Interest on working capital	123.16	72.11	72.03	67.23

12	Less: IDC		15.68		--
13	<b>Total Revenue requirement (1 to 12)</b>	<b>6850.20</b>	<b>4170.32</b>	<b>4518.16</b>	<b>4289.82</b>
14	Less:: Non-tariff income	186.50	94.89	305.10	198.07
15	Less: Expenditure disallowed due to excess T&D losses	1588.02	1050.84	1094.32	1077.92
16	<b>Net Revenue requirement (13-14-15)</b>	<b>5075.68</b>	<b>3024.59</b>	<b>3118.75</b>	<b>3013.83</b>
17	Revenue from Existing tariff	3723.70	2329.86	2254.77	2254.77
18	Revenue from sale of power-Nepal	255.20	0.00		--
19	<b>Gross Gap / (Surplus) (16-17-18)</b>	<b>1096.75</b>	<b>694.73</b>	<b>863.98</b>	<b>759.06</b>
20	Add: Recovery Gap / (Surplus) of revenue gap of past filing (FY2011-12)	-170.33			
21	<b>Net Gap / (Surplus) before subsidy</b>	<b>926.42</b>	<b>694.73</b>	<b>863.98</b>	<b>759.06</b>
22	Subsidy from State Government	2160.00	1404.06	1630.95	1630.95
23	Subsidy used for disallowed power	1588.02	1050.84	1094.32	1077.92
24	<b>Net Gap / (Surplus) after subsidy</b>	<b>354.44</b>	<b>341.51</b>	<b>327.35</b>	<b>206.03</b>

Commission approves the net revenue gap of Rs. 206.03 Crore for FY 2013-14 in true up, as against revenue gap of Rs.327.35 Crore projected by the Petitioner in the truing up petition for FY 2013-14.

#### 4.32 Past recoveries and Regulatory Asset for FY 2015-16

The Commission has issued true up orders for FY 2006-07 to FY 2011-12 for BSEB and the summary of the true up orders is as detailed below:

Year	Particulars	Amount (Rs. Crore)
2006-07	Revenue Gap / (Surplus)	7.23
2007-08	Revenue Gap / (Surplus)	86.56
2008-09	Revenue Gap / (Surplus)	123.41
2009-10	Revenue Gap / (Surplus)	274.67
2010-11	Revenue Gap / (Surplus)	(639.93)
2011-12	Revenue Gap / (Surplus)	(149.94)
<b>Total</b>		<b>(298.00)</b>

The Commission issued truing up order for FY 2012-13 for BSPHCL and the truing up has resulted in a revenue surplus of Rs.801.51 Crore.

The Commission based on true up for FY 2013-14 has arrived at the consolidated Revenue gap of Rs.307.67 Crore (NBPDC Rs.101.64 cr and SBPDCL Rs.206.03 cr).

The Commission considered the revenue surplus available up to FY 2012-13 shall be adjusted against the trued up revenue gap of FY 2013-14 and balance surplus available to be carried forward for adjustment in ARR for FY 2015-16. Accordingly, the Commission has adjusted the trued up revenue gap of FY 2013-14 against the carried forward revenue surplus available up to the end of FY 2012-13 as detailed in the table below.

**Table 4.55: Approved consolidated Revenue Gap / (Surplus) of Discoms based on true up to end of FY 2013-14**

Sl. No.	Particulars	Amount (Rs. Crore)
1	Net Gap / (Surplus) considered based on true up for FY 2006-07 to FY 2011-12	(298.00)
2	Add: Recovery of revenue Gap / (Surplus) of FY 2012-13	(801.51)
3	Add: Carrying cost on revenue Gap / (Surplus) of FY 2012-13 (for 1 year)	(115.82)
4	Total Revenue Gap / (Surplus) available for recovery upto 2012-13	(1215.33)
5	<b>Consolidated net Revenue Gap / (Surplus) for FY 2013-14 of Discoms</b>	<b>307.67</b>
6	<b>Net revenue Gap / (Surplus) available for carry forward to ARR in FY 2015-16</b>	<b>(907.66)</b>

The Commission based on the power sharing ratio has allocated the balance available revenue surplus to NBPDC and SBPDCL in the ratio of 42:58.

Sl. No.	Particulars	Total	NBPDC	SBPDCL
1	Balance revenue Surplus allocated to DISCOMs	<b>(907.66)</b>	<b>(381.22)</b>	<b>(526.44)</b>
2	Carrying cost for FY 2014-15 (SBI PLR @ 14.75%) for 1 year	(133.88)	(56.23)	(77.65)
3	Carrying cost for FY 2015-16 (SBI PLR @ 14.75%) for 1/2 year	(66.94)	(28.11)	(38.83)
4	<b>Total surplus with Carrying cost available for recovery in ARR for FY 2015-16</b>	<b>(1108.48)</b>	<b>(465.56)</b>	<b>(642.92)</b>

The above revenue surplus is carried forward for adjustment in the ARR for FY 2015-16 of the respective DISCOMs.

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## 5. Review for FY 2014-15

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### 5.1 Background

The Commission had determined the Multi Year Aggregate Revenue Requirement (ARR) for FY 2013-14 to FY 2015-16 combinedly for both the DISCOMs i.e. SBPDCL and NBPDCCL in the MYT Order dated 15<sup>th</sup> March, 2013. SBPDCL had submitted the petition independently for first time after unbundling of erstwhile BSEB, seeking for determination of revised ARR and retail supply tariff for FY 2014-15. The Commission issued the Tariff Order dated 28<sup>th</sup> February, 2014 determining the ARR and retail supply tariff for FY 2014-15.

SBPDCL has now submitted the present petition which includes Annual Performance Review (APR) for FY 2014-15. It is submitted that the APR for FY 2014-15 is based on actual figures for 5 months (as available) for elements like power purchase and O&M expenses etc and pro-rata projections / escalations over previous year and also considering Commission approved figures as guiding principles for balance seven months.

SBPDCL has submitted that the Commission has approved MYT figures for FY 2013-14 to FY 2015-16, however the Petitioner would seek opportunity to review / revise its ARR for FY 2013-14 to FY 2015-16 so as to enable sound transition of new company and also avoiding financial loss, if any, in transition phase.

Review for FY 2014-15 is to be done according to the Regulation 22 (1) of the BERC (Terms and Conditions for Determination of Tariff) Regulations, 2007 which is reproduced below:

*“The Commission shall undertake a review along with next Tariff Order of the expenses and revenues approved by the Commission in the current year Tariff Order. While doing so, the Commission shall consider variations between approvals and revised estimates / pre-actuals of the sale of electricity, income and expenditure for*

*the relevant year and permit necessary adjustments / changes in case such variations are for adequate and justifiable reasons. Such an exercise shall be called Review”.*

Accordingly the “Review” exercise for FY 2014-15 has been undertaken by the Commission.

In this Chapter, the Commission has analysed the energy sales and components of expenditure and revenue claimed by SBPDCL for FY 2014-15 (RE)

## 5.2 Profile of SBPDCL

SBPDCL is a company registered under the provisions of the companies Act, 1956 and is a fully owned subsidiary company of Bihar State Power Holding Company Limited (BSPHCL).

SBPDCL area of supply consists of 4 Zones and 9 Distribution Circles as shown below which include 35 Divisions and 106 Sub-Divisions.

**Table 5.1: SBPDCL Area and Circles**

Area	Circle
PESU	1. PESU East
	2. PESU West
Patna Central	1. Patna
	2. Bhojpur (Ara)
	3. Nalanda
Magadh	1. Gaya
	2. Rohtas
Bhagalpur	1. Bhagalpur
	2. Munger

SBPDCL has a total consumer base of 18,80,248 as on 31<sup>st</sup> March, 2014.

Details of existing distribution infrastructure of SBPDCL as on August, 2014 is as given in the Table below:

**Table 5.2: Distribution Infrastructure as on 31-08-2014**

Sl. No	Particulars	Numbers
1	33 KV Feeders	209
2	11 KV Feeders	1134
3	33 / 11 KV Sub-stations	328
4	Power Transformers	714
5	Distribution Transformers	29105



### 5.3 Energy Sales, Number of Consumers and Connected Load

The Petitioner has submitted that NBPDC and SBPDCL serve more than 44,83,570 consumers in the State (as on 31<sup>st</sup> March, 2014). The electricity consumers in the State have grown by more than 15% CAGR in past 4 years. Such a high growth rate is reflective of regressed demand in the State. Considerable increase in consumer load and number of consumers lead to quantum leap in energy sales under various categories of consumers.

SBPDCL has furnished the category wise number of consumers, connected and energy sales over the last 5 years i.e. FY 2009-10 to FY 2013-14 as shown in the Tables below:

**Table 5.3: Category-wise Effective Number of Consumers (Actuals)**

Sl. No	Category	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
1	Kutir Jyoti	3,19,244	5,79,852	8,89,252	13,37,493	14,47,536
2	Domestic	17,97,404	19,38,023	21,07,229	24,35,584	26,58,560
3	Commercial	1,90,089	1,95,145	2,16,530	2,79,879	3,01,634
4	Public Lighting	379	306	355	399	419
5	IAS	59,121	54,709	57,615	57,838	53,332
6	PWW	768	923	970	1,098	1,236
7	Industrial LT	18,917	17,144	16,181	18,816	19,280
8	Industrial HT	929	915	1,179	1,317	1,551
9	Rail way	15	15	17	17	19
10	Inter State & UI & DF	1	1	1	1	3
<b>11</b>	<b>Total</b>	<b>23,86,867</b>	<b>27,87,033</b>	<b>32,89,329</b>	<b>41,32,442</b>	<b>44,83,570</b>

**Table 5.4: Category wise consumer growth in past 5 years**

Sl. No	Category	4 Years	3 Years	2 Years	YOY
1	Kutir Jyoti	46%	36%	28%	8%
2	Domestic	10%	11%	12%	9%
3	Commercial	12%	16%	18%	8%
4	Public Lighting	3%	11%	9%	5%
5	IAS	-3%	-1%	-4%	-8%
6	PWW	13%	10%	13%	13%
7	Industrial LT	0%	4%	9%	2%
8	Industrial HT	14%	19%	15%	18%
9	Rail way	6%	8%	6%	12%
10	Inter State & UI & DF	32%	44%	73%	200%

Table 5.5: Category wise connected load in Bihar (Actual)

Sl. No	Category	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
1	Kutir Jyoti	23,84,686.00	30,60,488.00	35,35,753.00	39,89,210.00	44,12,384.78
2	Domestic					
3	Commercial	5,76,714.00	6,14,059.00	6,79,093.00	6,50,003.00	7,12,192.69
4	Public Lighting	9,625.00	11,411.00	6,260.00	7,872.00	7,747.34
5	IAS	6,18,974.00	4,17,191.00	4,23,965.00	1,85,000.00	1,64,469.82
6	PWW	21,385.00	23,055.00	25,329.00	18,154.00	21,645.56
7	Industrial LT	7,28,365.00	4,55,276.00	4,80,421.00	1,82,579.00	1,89,064.93
8	Industrial HT	4,30,833.00	3,27,610.00	5,16,509.00	5,26,757.00	6,32,329.51
9	Rail way	1,02,150.00	3,26,500.00	1,37,085.00	35,640.00	1,70,462.00
10	Inter State & UI & DF					
	<b>Total</b>	<b>48,72,732.00</b>	<b>52,35,590.00</b>	<b>58,04,415.00</b>	<b>55,95,215.00</b>	<b>63,10,296.63</b>

Table 5.6: Category wise connected Load growth in Past 5 years

Sl. No	Category	4 Years	3 Years	2 Years	YOY
1	Kutir Jyoti	17%	13%	12%	11%
2	Domestic				
3	Commercial	5%	5%	2%	10%
4	Public Lighting	-5%	-12%	11%	-2%
5	IAS	-28%	-27%	-38%	-11%
6	PWW	0%	-2%	-8%	19%
7	Industrial LT	-29%	-25%	-37%	4%
8	Industrial HT	10%	25%	11%	20%
9	Rail way	14%	-19%	12%	378%

Table 5.7: Category wise Energy Sales in Bihar (Actual)

Sl. No	Category	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
1	Kutir Jyoti	151.00	164.00	342.00	319.52	525.56
2	Domestic	1,814.00	1,969.00	2,026.00	2,342.84	2,755.45
3	Commercial	470.00	490.00	521.00	730.43	819.19
4	Public Lighting	27.00	33.00	23.00	56.35	45.70
5	IAS	794.00	389.00	363.00	336.53	321.79
6	PWW	143.00	60.00	45.00	53.30	58.52
7	Industrial LT	192.00	226.00	203.00	251.12	281.01
8	Industrial HT	1,475.00	1,501.00	1,470.00	1,404.76	1,553.51
9	Rail way	445.00	458.00	537.00	448.64	523.95
10	Inter State & UI & DF	555.00	848.00	1,164.00	1,073.41	1,356.79
	<b>Total</b>	<b>6,066.00</b>	<b>6,138.00</b>	<b>6,694.00</b>	<b>7,016.90</b>	<b>8,241.48</b>

Table 5.8: Category wise Energy sales growth in past 5 years

Sl. No	Category	4 Years	3 Years	2 Years	YOY
1	Kutir Jyoti	37%	48%	24%	65%
2	Domestic	12%	13%	19%	21%
3	Commercial	16%	20%	28%	17%
4	Public Lighting	14%	12%	41%	-19%
5	IAS	-20%	-6%	-6%	-4%
6	PWW	-20%	-1%	15%	11%
7	Industrial LT	11%	9%	20%	17%
8	Industrial HT	2%	2%	4%	14%
9	Rail way	4%	5%	-1%	17%
10	Inter State & UI & DF	25%	17%	8%	26%

### 5.3.1 Category wise number of consumers

#### Petitioner's submission

SBPDCL has submitted that the following approach has been considered for estimating number of consumers for FY 2014-15 (RE)

- 4 years, 3 years, 2 years and YoY calculation of number of consumers were adopted and applied on the actual number of consumers of FY 2013-14 for estimating number of consumers of FY 2014-15.
- Number of Consumers have been estimated as per CAGR arrived on actual number of consumers of FY 2013-14 for NBPDC and SBPDCL for all categories except Kutir Jyoti.
- For Kutir Jyoti an increase of 1477753 of Consumers in FY 2014-15 has been considered based on monthly new connection drive started by Discom's from September, 14 and under RGGVY XIth and XIIth plan respectively;
- For Domestic, Commercial and Public Lighting 3 years CAGR of 11%, 16% and 11% has been considered
- In case of Public Water Works growth rate of 10% (YOY for FY 2013-14) has been considered for projection purpose
- For Industrial HT, Railway, growth rate of 3 years CAGR (15%, 8%) has been considered.
- For IAS notional growth rate of 5% has been considered.
- For Industrial LT Category growth rate of 3 years CAGR 10% has been considered.

The total number of consumers thus estimated for FY 2014-15 are divided among SBPDCL and NBPDCCL in the ratio of actual number of consumers existing during FY 2013-14.

The revised number of consumers projected for FY 2014-15 are as given in the Table below.

**Table 5.9: Number of consumers projected for FY 2014-15**

Sl. No.	Category	FY 2014-15			
		SBPDCL Excl. DF	Gaya DF	Bhagalpur DF	SBPDCL Total
1	KJY	19,03,305	17,630	-	19,20,935
2	DSI	3,22,021	8,851	28,604	3,59,475
3	DSII	8,49,541	63,577	57,291	9,70,409
4	DS III	28	-	12	40
5	NDS I Commercial	8,805	296	539	9,639
6	NDS II Commercial	1,70,869	12,368	10,082	1,93,319
7	NDS III Commercial	118	47	14	179
8	SS I	110	-	16	125
9	SS II	135	63	13	211
10	Irrigation and Agriculture I	45,285	2,982	1,272	49,539
11	Irrigation and Agriculture II	1,773	3	43	1,819
12	PWW	683	47	11	741
13	LTIS I	8,711	1,490	2,497	12,697
14	LTIS II	1,201	62	41	1,304
15	HTS I	1,001	53	36	1,090
16	HTS II	136	2	2	140
17	HTS III	2	-	-	2
18	HTSS	17	-	-	17
19	RT	18	-	-	18
<b>20</b>	<b>Total</b>	<b>33,13,758</b>	<b>1,07,471</b>	<b>1,00,471</b>	<b>35,21,701</b>

### Commission's analysis

SBPDCL has considered an addition of 14,77,753 new Kutir Jyoti connections during FY 2014-15 stating that new connection drive started by DISCOM from September, 2014. The addition of Kutir Jyoti connections in the past years are as given below:

**Table 5.10 Growth of Kutir Jyoti Consumers**

Discoms / State	Actuals Existing					Projected 2014-15
	2009-10	2010-11	2011-12	2012-13	2013-14	
SBPDCL	-	-	-	-	443182	1920935
NBPDCCL	-	-	-	-	1004354	1857231
<b>Total</b>	<b>319244</b>	<b>579852</b>	<b>889252</b>	<b>1337493</b>	<b>1447536</b>	<b>3778166</b>
Newly added	-	260608	309400	448241	110043	2330630

The maximum addition of new Kutir Jyoti connections in Bihar State in the past was 4,48,241 during FY 2012-13. Proposed addition of 14,77,753 new Kutir Jyoti connections during FY 2014-15 seems to be very ambitious. Further, as observed from the Table 5.2 the CAGR of Kutir Jyoti connections is reducing year on year during the period from FY 2009-10 to FY 2013-14.

On a query from the Commission, SBPDCL submitted vide their letter dated 2<sup>nd</sup> February 2015 the details of Kutir Jyoti connections added during FY 2014-15 as shown below:

Month	No. of Kutir Jyoti connections added during the month	Cumulative Total at the end of the month
April 2014	695	695
May 2014	3564	4259
June 2014	4702	8691
July 2014	4969	13930
August 2014	7658	21588
September 2014	13491	35079
October 2014	10381	45460

SBPDCL also submitted that they are expecting to add 2,86,459 new Kutir Jyoti connections every month from November 2014 to March 2015.

The Commission opines it appropriate to consider new Kutir Jyoti connections during April 2014 to October 2014 at 45460 and to consider @ 13500 numbers new Kutir Jyoti connections every month (i.e. new connections given during September 2014, for the remaining 5 months i.e. November 2014 to March 2015 totaling 1,12,960 and Kutir Jyoti connections. Accordingly, the Commission has considered 5,56,142 (4,43,182+ 1,12,960) Kutir Jyoti consumers for SBPDCL for FY 2014-15 (RE).

For IAS category the number of consumers are considered at the same level of FY 2013-14 as negative growth is observed in earlier year.

For other categories, the Commission has considered the number of consumers as projected by the Petitioner.

Details of category wise number of consumers considered by the Commission for FY 2014-15 are shown in the Table below:

**Table 5.11 Number of consumers considered for FY 2014-15 (RE)**

Sl. No.	Category	FY 2014-15			
		SBPDCL Excl. DF	Gaya DF	Bhagalpur DF	SBPDCL Total
1	KJY	5,38,512	17,630	-	5,56,142
2	DSI	3,22,021	8,851	28,604	3,59,475
3	DSII	8,49,541	63,577	57,291	9,70,409
4	DS III	28	-	12	40
5	NDS I Commercial	8,805	296	539	9,639
6	NDS II Commercial	1,70,869	12,368	10,082	1,93,319
7	NDS III Commercial	118	47	14	179
8	SS I	110	-	16	125
9	SS II	135	63	13	211
10	Irrigation and Agriculture I	42,987	2,982	1,211	47,180
11	Irrigation and Agriculture II	1688	3	41	1732
12	PWW	683	47	11	741
13	LTIS I	8,711	1,490	2,497	12,697
14	LTIS II	1,201	62	41	1,304
15	HTS I	1,001	53	36	1,090
16	HTS II	136	2	2	140
17	HTS III	2	-	-	2
18	HTSS	17	-	-	17
19	RT	18	-	-	18
<b>20</b>	<b>Total</b>	<b>19,46,583</b>	<b>1,07,471</b>	<b>1,00,410</b>	<b>21,54,464</b>

SBPDCL is directed to maintain correct details of category wise and sub category wise number of consumers for FY 2014-15 for considering while truing-up for FY 2014-15.

### 5.3.2 Category wise connected load

#### Petitioner's submission

SBPDCL has submitted that the following approach has been considered for estimating the connected load for FY 2014-15 (RE).

- 4 year, 3 years, 2 years and YoY calculation of connected load were adopted and applied on the actual connected load of FY 2013-14 for estimating connected

load of FY 2014-15.

- Connected load have been estimated as per CAGR arrived on actual connected load of FY 2013-14 for NBPDC and SBPDCL for all categories except Kutir Jyoti.
- For Kutir Jyoti an average load per consumer increase has been considered in FY 2014-15 as per actual in FY 2013-14 and based on monthly new connection drive started by Discom's from September 14 and under RGGVY XIth and XIIth plan respectively;
- For Domestic, Commercial and Public Lighting 3 years CAGR of 12%, 5% and 11% has been considered, wherever negative growth is there a nominal increase has been considered;
- In case of IAS and Public Water Works notional growth rate of 5% has been considered for projection purpose.
- For Industrial HT, Railway growth rate of 2 years CAGR (11% and 12%) has been considered.
- For Industrial LT Category connected load are considered at nominal increase of 4% as per YOY growth in previous years.

The details of revised connected load projected for FY 2014-15 is as given in the Table below:

**Table 5.12 Connected Load (KW) projected for FY 2014-15**

Sl. No.	Category	FY 2014-15			
		SBPDCL Excl. DF	Gaya DF	Bhagalpur DF	SBPDCL Total
1	KJY	13,91,898	17,644	-	14,09,542
2	DSI	3,25,092	8,929	28,816	3,62,837
3	DSII	13,65,508	1,17,927	76,459	15,59,895
4	DS III	152	-	133	285
5	NDS I Commercial	8,928	324	516	9,768
6	NDS II Commercial	3,89,116	30,056	22,682	4,41,853
7	NDS III Commercial	631	442	38	1,111
8	SS I	908	-	16	923
9	SS II	2,866	933	125	3,924
10	Irrigation and Agriculture I	98,946	11,471	1,950	1,12,367
11	Irrigation and Agriculture II	20,147	85	553	20,785
12	PWW	11,896	1,261	61	13,218
13	LTIS I	54,959	14,480	8,407	77,846

Sl. No.	Category	FY 2014-15			
		SBPDCL Excl. DF	Gaya DF	Bhagalpur DF	SBPDCL Total
14	LTIS II	39,564	4,469	1,263	45,296
15	HTS I	2,22,884	6,779	7,637	2,37,299
16	HTS II	79,532	1,934	2,987	84,454
17	HTS III	15,933	-	-	15,933
18	HTSS	1,72,477	-	-	1,72,477
19	RT	1,68,407	-	-	1,68,407
24	<b>Total</b>	<b>43,69,844</b>	<b>2,16,734</b>	<b>1,51,641</b>	<b>47,38,219</b>

### Commission analysis

The Commission has considered the connected load for Kutir Jyoti consumers based on the number of consumers approved for FY 2014-15 (RE).

For IAS category, the connected load is considered at the same level of FY 2013-14 as no growth is expected.

For other categories, the Commission has considered the category wise connected load for FY 2014-15 as projected by the Petitioner. Details of category wise connected load considered by the Commission for FY 2014-15 are given in the Table below:

**Table 5.13 Connected Load (KW) considered for FY 2014-15 (RE)**

Sl. No.	Category	FY 2014-15			
		SBPDCL Excl. DF	Gaya DF	Bhagalpur DF	SBPDCL Total
1	KJY	3,90,441	17,644	-	4,08,085
2	DSI	3,25,092	8,929	28,816	3,62,837
3	DSII	13,65,508	1,17,927	76,459	15,59,895
4	DS III	152	-	133	285
5	NDS I Commercial	8,928	324	516	9,768
6	NDS II Commercial	3,89,116	30,056	22,682	4,41,853
7	NDS III Commercial	631	442	38	1,111
8	SS I	908	-	16	923
9	SS II	2,866	933	125	3,924
10	Irrigation and Agriculture I	93,688	11,471	1857	1,07,016
11	Irrigation and Agriculture II	19,184	85	526	19,795
12	PWW	11,896	1,261	61	13,218
13	LTIS I	54,959	14,480	8,407	77,846
14	LTIS II	39,564	4,469	1,263	45,296
15	HTS I	2,22,884	6,779	7,637	2,37,299
16	HTS II	79,532	1,934	2,987	84,454
17	HTS III	15,933	-	-	15,933
18	HTSS	1,72,477	-	-	1,72,477



Sl. No.	Category	FY 2014-15			
		SBPDCL Excl. DF	Gaya DF	Bhagalpur DF	SBPDCL Total
19	RT	1,68,407	-	-	1,68,407
20	<b>Total</b>	<b>33,62,166</b>	<b>2,16,734</b>	<b>1,51,523</b>	<b>37,30,423</b>

### 5.3.3 Category wise Energy Sales

#### Petitioner's submission

SBPDCL has submitted that the following approach has been considered for estimating sales for FY 2014-15 (RE)

- 4 year, 3 years, 2 years and YoY calculation of sales were adopted and applied on the actual sales of FY 2013-14 for estimating sales of FY 2014-15.
- Sales of DF areas have been computed separately and accordingly grossed up by the losses to arrive at the input energy to the DF areas.
- Sales have been estimated as per CAGR arrived on actual sales of FY 2013-14 for NBPDC and SBPDCL for all categories except for Kutir Jyoti.
- For Kutir Jyoti an average sales per consumer increase has been considered in FY 2014-15 as per actual in FY 2013-14 based on monthly new connection drive started by Discom's from September 14 and under RGGVY XI<sup>th</sup> and XII<sup>th</sup> plan respectively;
- For Domestic, Commercial and Public Lighting 3 years CAGR of 13%, 20% and 12% has been considered;
- In case of Public Water Works growth rate considered at nominal increase of 11% as per the actual YOY increase in FY 2013-14
- For Industrial LT, Industrial HT, Railway growth and Interstate and Others rate of 3 years CAGR (9%, 2%, 5% and 8%) has been considered.
- For IAS Category nominal increase of 5% has been considered;

SBPDCL has also submitted that the sales thus estimated for FY 2014-15 have been bifurcated into SBPDCL and NBPDC in line with the ratio of actual sale of FY 2013-14 of both the Utilities. The allocation ratio to be implemented on the sales is given in the Table below:

Table 5.14 Energy Sales Allocation Ratio for NBPDCCL &amp; SBPDCL

Sl. No	Category	Sales Ratio	
		NBPDCCL	SBPDCL
1	KJY	69.64%	30.36%
2	DSI	62.50%	37.50%
3	DSII	38.09%	61.91%
4	DS III	58.73%	41.27%
5	NDS I Commercial	67.66%	32.34%
6	NDS II Commercial	35.43%	64.57%
7	NDS III Commercial	29.02%	70.98%
8	SS I	86.42%	13.58%
9	SS II	45.95%	54.05%
10	Irrigation and Agriculture I	7.69%	92.31%
11	Irrigation and Agriculture II	56.74%	43.26%
12	PWW	41.46%	58.54%
13	LTIS I	35.51%	64.49%
14	LTIS II	27.82%	72.18%
15	HTIS I	28.43%	71.57%
16	HTIS II	30.42%	69.58%
17	HTIS III	28.80%	71.20%
18	HTIS IV	10.71%	89.29%
19	RT	2.30%	97.70%
20	Sale to Nepal	100.00%	0.00%
21	UI	33.03%	66.97%
22	DF	70.03%	29.97%

SBPDCL has projected the revised sales for FY 2014-15 based on the above allocation ratio as given in the Table below.

Table 5.15: Energy Sales Projected for FY 2014-15

Sl. No	Category	MUs
1	KJY	685.19
2	DSI	319.16
3	DSI I	1,299.90
4	DS III	0.61
5	NDS I Commercial	9.89
6	NDS II Commercial	587.49
7	NDS III Commercial	2.45
8	SS I	1.89
9	SS II	14.5
10	Irrigation and Agriculture I	144.59
11	Irrigation and Agriculture II	74.04
12	PWW	36.42
13	LTIS I	98.32
14	LTIS II	92.35
15	HTIS I	476.95

Sl. No	Category	MUs
16	HTIS II	165.63
17	HTIS III	64.81
18	HTIS IV	491.09
19	RT	535.38
20	Sale to Nepal	-
21	UI	167.62
22	DF	918.08
<b>23</b>	<b>Total</b>	<b>6,186.35</b>

### Commission's analysis

Since, SBPDCL is functioning as a Distribution Company with effect from 01-11-2012, only one year full data of category wise energy sales is available. Past trend of growth of energy sales exclusively for SBPDCL is not available. The Commission accepts the methodology considered by the Petitioner for estimating the energy sales for FY 2014-15 (RE).

However, the commission has considered the energy sales for Kutir Jyoti at 193.86 MU (excluding DF area) based on the number of consumers considered at 5,38,512 for FY 2014-15 and considering a norms of 30 units / month / connection.

For Irrigation and Agriculture (IAS) category, there is negative growth both in consumers and energy consumption as observed in Tables 5.4 and 5.8. The sales are falling down year on year. The Petitioner has considered a growth of 5% for estimating sale for FY 2014-15 for this category and projected 144.59 MU for IAS – I category which is less than actual sales of 146.31 during FY 2013-14. The Commission has considered the sales for this category at zero growth i.e., the same level of FY 2013-14 actuals at 146.31 MU for IAS – I and 70.64 MU for IAS – II for FY 2014-15 (RE).

For HT Industrial Category, the Petitioner stated that they have considered 3 year CAGR of 2% over sales of FY 2013-14 for estimating sales for FY 2014-15 and the Petitioner has projected 476.95 MU for HTIS – I and 165.63 MU for HTIS – II for FY 2014-15 (RE) which are less than actual sales of 488.19 MU for HTS – I and 169.65 MU for HTIS – II during FY 2013-14. As observed from Table 5.3 and 5.5 the number

of consumers and corresponding connected load for HT Industrial category is growing at 14% to 18% and 10% to 20% respectively. Hence, the Commission has to considered 2 year CAGR i.e., 4% for estimating energy sales for FY 2014-15 for HT Industrial Category as shown below.

Sl. No	Category	Sales during FY 2013-14	Projected in Petition for FY 2014-15	Considered by Commission for FY 2014-15 (RE)
1	HTS - I	488.19	476.95	507.72
2	HTS – II	169.65	165.83	176.46
3	HTS – III	63.45	64.81	65.99
4	HTSS	480.78	491.09	500.01
5	<b>Total</b>	<b>1202.07</b>	<b>1226.11</b>	<b>1250.18</b>

For other category of consumers the energy sales are considered as projected by the Petitioner.

For DF area, the Petitioner has considered the input energy as energy sale.

Details of category-wise energy sales considered by the Commission in review are as given in the Table below:

**Table 5.16: Energy Sales Considered for FY 2014-15 (RE)**

Sl. No	Category	Approved in Tariff Order dated 28.02.2014 for FY 2014-15	Projected for FY 2014-15	Considered for FY 2014-15 in Review (MU)
1	KJY	184.00	685.19	193.86
2	DSI	303.00	319.16	319.16
3	DSI I	1407.00	1299.90	1,299.90
4	DS III	0.00	0.61	0.61
5	NDS I Commercial	7.00	9.89	9.89
6	NDS II Commercial	655.00	587.49	587.49
7	NDS III Commercial	3.00	2.45	2.45
8	SS I	4.00	1.89	1.89
9	SS II	40.00	14.50	14.5
10	Irrigation and Agriculture I	331.00	144.59	146.31
11	Irrigation and Agriculture II	91.00	74.04	70.64
12	PWW	37.00	36.42	36.42

Sl. No	Category	Approved in Tariff Order dated 28.02.2014 for FY 2014-15	Projected for FY 2014-15	Considered for FY 2014-15 in Review
13	LTIS I	128.00	98.32	98.32
14	LTIS II	92.00	92.35	92.35
15	HTS I	607.00	476.95	507.72
16	HTS II	191.00	165.63	176.46
17	HTS III	169.00	64.81	65.99
18	HTSS	536.00	491.09	500.01
19	RT	591.00	535.08	535.38
20	Sale to Nepal	-	-	-
21	UI	-	167.62	167.62
22	DF	-	918.08	918.08
<b>23</b>	<b>Total</b>	<b>5378</b>	<b>6186.35</b>	<b>5745.05</b>

#### 5.4 Distribution Loss

##### Petitioner's submission

SBPDCL has submitted that the Commission in the MYT Order had approved distribution loss of 21.40% for FY 2014-15 for combined DISCOMs. It is also submitted that post unbundling both the DISCOMs are functioning separately and hence it is imperative to approve Distribution loss separately.

SBPDCL also submitted that actual distribution losses are much higher than approved losses and projected the revised distribution losses as given in the Table below:

**Table 5.17: Distribution Loss projected for FY 2014-15**

Sl. No	Particulars	Approved in MYT Order Dated 15.03.2013	Projected for FY 2014-15
1	Distribution Loss (%)	21.40%	44.65%

##### Commission analysis

The Commission has fixed the distribution loss for both DISCOMs combinedly for FY 2013-14 to FY 2015-16 in the MYT order dated 15<sup>th</sup> March, 2013 considering all aspects as given below:

**Table 5.18: Distribution Loss approved for FY 2013-14 to FY 2015-16**

Year	Distribution Loss (%)
2013-14	23.00
2014-15	21.40
2015-16	20.00

The Commission in the 'review' in the Tariff Order dated 28<sup>th</sup> February 2014 has retained the distribution losses at 23.00% for SBPDCL for FY 2013-14 and also directed SBPDCL to conduct month wise energy audit and arrive at month-wise distribution losses during FY 2013-14.

SBPDCL has not furnished the details of energy audit and details of distribution losses arrived at as per energy auditing during FY 2013-14.

SBPDCL has submitted as compliance to the directives given by the Commission in the Tariff order dated 28<sup>th</sup> February 2014 that multiple measures were taken to control the losses. But the Commission has noted that the above said multiple measures taken by SBPDCL have not reduced the distribution losses to the required level. The Commission has also noted that Central Government sponsored schemes such as APDRP, R-APDRP and strengthening of transmission and distribution network of the DISCOM should have reduced the overall distribution loss of the DISCOMs. In addition, the State Govt. has also provided funds for 100% metering and replacement of old conductors. All these schemes should have helped the DISCOMs to reduce the distribution losses. Considering all these aspects, the Commission has fixed the distribution loss reduction trajectory for FY 2013-14 to FY 2015-16 in the MYT Order dated 15<sup>th</sup> March 2013.

The Commission is of the view that the distribution loss is a controllable parameter and it is the responsibility of the Distribution Licensee to take appropriate steps to bring down the distribution loss level. In this connection, the Commission has given a number of directives to improve the performance of distribution licensees, which if

implemented in true spirit, should have brought down the Distribution loss level considerably.

The Commission cannot allow the burden of higher Distribution loss due to the non-achievement of Distribution loss reduction trajectory as approved by the Commission to be passed on to the consumers.

Accordingly, the Commission confirms the distribution loss at 21.40% for FY 2014-15 (RE). The same has been considered for computation of the power purchase for FY 2014-15 (RE).

The distribution loss level target set by the Commission, the distribution loss level projected by SBPDCL and the loss level approved by the Commission in the review for FY 2014-15 is summarised in the table below:

Particulars	Approved in T.O dated 15.3.2013	Considered in Review for FY 2014-15 in the T.O. dated 28.2.2014	Projected by SBPDCL for FY 2014-15 (RE)	Now approved for FY 2014-15 (RE)
Distribution loss	21.40%	21.40%	46.65%	21.40%

## 5.5 State Transmission Loss

### Petitioner's submission

SBPDCL has projected the state transmission loss at 4.0% for FY 2014-15 as approved by the Commission in the MYT Order dated 15<sup>th</sup> March, 2013.

### Commission's analysis

The Commission has considered the state transmission loss at 3.97% for FY 2014-15 as considered for BSPTCL for FY 2014-15 in the Tariff Order of BSPTCL for FY 2015-16.

## 5.6 Central Transmission Loss

### Petitioner's submission

SBPDCL has projected the Central Transmission Loss at 2.19% considering weighted average transmission loss of Eastern Region for last 52 weeks (5<sup>th</sup> September, 2013

to 7<sup>th</sup> September, 2014) and stated that the same practice is adopted by all state Commissions and is more practical as it captures varying loss of last 52 weeks.

### Commission's analysis

The Commission considered the transmission loss in Eastern Regional Transmission System at 2.19% for FY 2014-15 as projected by the Petitioner.

## 5.7 Energy Requirement

### Petitioner's submission

Based on the energy sales, distribution losses and transmission losses projected SBPDCL has projected the energy requirement at its transmission periphery for FY 2014-15 as given in the Table below:

**Table 5.18a: Energy Requirement projected or FY 2014-15**

Sl. No	Particulars	UoM	Projected for FY 2014-15
1	Energy sales including sales to Nepal	MU	6186.35
2	Distribution Loss	%	44.65%
3	Distribution Loss	MU	4989.51
4	Energy required at Distribution periphery	MU	11175.86
5	State Transmission Loss	%	4.00%
6	State Transmission Loss	MU	463.53
7	Energy required at Transmission periphery	MU	11639.39

### Commission analysis

The Commission has approved distribution loss at 21.4% for SBPDCL and state transmission loss for BSPTCL at 3.97% for FY 2014-15. Based on the approved sales, distribution loss and state transmission loss, the energy requirement at state transmission periphery is as given in the Table below:



Table 5.19: Energy requirement considered for FY 2014-15

(MU)				
Sl.No	Particulars	Approved in Tariff Order dated 28-02-2014	Projected for FY 2014-15	Considered for FY 2014-15 in Review
1	Energy sales within the state	5378	6186.35	5745.05
2	Less: Energy supplied to DF area			918.08
3	Less: Sale under UI	-	-	167.62
4	Net energy sale excluding DF and UI	-	-	4659.35
5	Distribution Losses (%)	21.40%	44.65%	21.40%
6	Distribution Losses	1464	4989.51	1268.58
7	Energy required	6842	11175.86	5927.93
8	Add: Energy supplied to DF area	-	-	918.08
9	Add: 33 kV Distribution Losses @6% on Energy Input to DF			58.60
10	Total energy required at Distribution periphery (8+9+10)	6842	11175.86	6904.61
11	Transmission Loss (%)	4.00%	4.00%	3.97%
12	Transmission Loss (MU)	285	463.53	285.45
13	Energy required at Transmission Periphery (10+12)	7127	11639.39	7190.05
14	Add: UI sales	-	-	167.62
15	Total Energy requirement at transmission periphery (13+14)	7127	11639.39	7357.67

## 5.8 Power Purchase

### Petitioner's submission

SBPDCL submitted that the DISCOMs rely on allocation from Central Generating system and state projects for procuring power for sale in the State. This power has been proposed to be allocated between NBPDC and SBPDCL in the proportion as determined by Bihar State Power Holding Company Limited (BSHPCL) in its Resolution No. 29-07 which states that:

*“RESOLVED THAT THE Board of Directors do hereby adopt and accord approval on*

*the amendment in the resolution no. 08-14.01 related to Power Sharing ratio between SBPDCL and NBPDCCL and amended methodology for admittance and payment of Power Purchase related bills as below:*

- (A) Power Purchase / Transmission Charges / Arrear bills pertaining to which actual energy consumption data is available such bills shall be admitted by both the DISCOMS on actual consumption basis.*
- (B) Power Purchase / Transmission charges bills pertaining to which actual energy consumption data is not available such bills shall be provisionally admitted in the ratio of 58:42 between SBPDCL and NBPDCCL respectively subject to necessary adjustment in payment of subsequent bills on the basis of available actual consumption data.*
- (C) Accordingly, amount paid earlier by the DISCOM's as per earlier decision of BSPHCL in its 8<sup>th</sup> Meeting vide resolution no. 08-14.01 shall be adjusted between the DISCOMs on the basis of actual energy consumed by them for the period from May 2013 to date and payment shall be made by the DISCOM concerned. The Board further ratifies the submission made in attached agenda note.*

SBPDCL has projected the power purchase as detailed below:

- i. **NHPC, NTPC & PTC:** The power purchase for existing sources has been NTPC, NHPC and PTC has been considered based on the actual 5 months quantum and further pro-rata to 12 months with adjustments to capture overall power purchase in a reasonable manner. The power purchase is further segregated into NBPDCCL and SBPDCL as per allocation ratio.
- ii. **New Sources:** The power purchase for the new sources has been considered based on the commissioning status. Further the allocation of power from the new projects is in the ratio of 42:58 for NBPDCCL & SBPDCL as per the Board Resolution. The new plants considered are shown below:

Table 5.20: New Sources Assumption

Sl. No	Plant Name	Bihar Share MW	Date of Commissioning
1	Barh – Stg 2U #1	330	15th Nov 14
2	KBUNL Stage 1 U# 2	110	15th Nov 14
3	GMR Karmangla	200	01st Sep 14

iii. **Medium / Short Term Sources:** The power purchase from these sources namely, Adani and IEX etc are also considered as per actual trend of 5 months power purchase and then pro-rata to 12 months. The power purchase from NEA/ UI is assumed at same level as approved by the Commission in the MYT order for FY 2014-15.

iv. **Renewable Power Purchase**

SBPDCL submitted that it proposes to purchase 122.71 MU of Non-solar power during FY 2014-15.

SBPDCL accordingly, submitted revised projections of power purchase for FY 2014-15 as given in the Table below:

Table 5.21 Power Purchase projected for FY 2014-15

(MU)

Sl. No	Source	Units Purchased	PGCIL Losses	Units at BSPTCL Periphery
<b>A</b>	<b>Central Sector Stations</b>	<b>7,551.23</b>	<b>165.37</b>	<b>7,385.86</b>
<b>I</b>	<b>NTPC Stations</b>	<b>6,358.41</b>	<b>139.25</b>	<b>6,219.17</b>
<i>a</i>	<i>Farakka 1,2&amp;3</i>	2,355.81	51.59	2,304.22
<i>b</i>	<i>Talchar</i>	1,868.22	40.91	1,827.31
<i>c</i>	<i>Kahalgoan 1 &amp;2</i>	1,648.12	36.09	1,612.02
<i>d</i>	<i>Barh – Stg 2U #1</i>	486.26	10.65	475.61
<b>II</b>	<b>NHPC Stations</b>	<b>450.55</b>	<b>9.87</b>	<b>440.68</b>
<i>a</i>	<i>Rangit</i>	69.2	1.52	67.68
<i>b</i>	<i>Teesta</i>	381.35	8.35	373
<b>III</b>	<b>PTC Stations</b>	<b>742.26</b>	<b>16.26</b>	<b>726.01</b>
<i>a</i>	<i>Chukka</i>	249.85	5.47	244.37
<i>b</i>	<i>Tala</i>	492.42	10.78	481.63
<b>B</b>	<b>State Generating Stations</b>	<b>616.64</b>	<b>9.95</b>	<b>606.69</b>
<b>I</b>	<b>KBUNL Stage 1 U# 1</b>	<b>438.33</b>	<b>6.04</b>	<b>432.29</b>
<b>II</b>	<b>KBUNL Stage 1 U# 2</b>	<b>178.31</b>	<b>3.9</b>	<b>174.4</b>

Sl. No	Source	Units Purchased	PGCIL Losses	Units at BSPTCL Periphery
	<b>Medium/ Short Term/</b>			
<b>C</b>	<b>Others</b>	<b>3,544.35</b>	<b>20.22</b>	<b>3,524.14</b>
I	Adani	981.14	10.11	971.03
II	IEX/PXIL	486.16	-	486.16
III	Open Market Purchase	1,434.90	-	1,434.90
IV	UI	179.14	-	179.14
V	GMR Karmanagala	463.01	10.11	452.91
	<b>Renewable Power</b>			
<b>D</b>	<b>Purchase</b>	<b>122.71</b>	<b>-</b>	<b>122.71</b>
I	BSHPC	18.14	-	18.14
II	Sugar Mills	104.57	-	104.57
III	Solar Power Purchase	-	-	-
<b>E</b>	<b>Total</b>	<b>11,834.93</b>	<b>195.54</b>	<b>11,639.39</b>

### Commission's analysis

SBPDCL has proposed to purchase power from Central Generating Stations of NTPC and NHPC, Chukka and Tala of Power Trading Corporation (PTC) KBUNL, IPPs from outside the state and others with whom it has an agreement / arrangement.

SBPDCL has also proposed to purchase 1434.90 MU from open market without furnishing any details. SBPDCL seems to have shown this power purchase just for energy balance purpose only. Since SBPDCL is already having surplus power from whom it has an agreement / arrangement, the Commission has not considered the purchase from open market during FY 2014-15.

The Commission has considered the quantum of power purchase from various sources for FY 2014-15 (RE) as detailed in the Table below:

**Table 5.22 Power Purchase considered for FY 2014-15 (RE)**

Sl. No	Source	Power Purchase Projected for FY 2014-15	Power Purchase Approved for FY 2014-15
<b>A</b>	<b>Central Sector Stations</b>	<b>7,551.23</b>	<b>7,551.23</b>
<b>I</b>	<b>NTPC Stations</b>	<b>6,358.41</b>	<b>6,358.41</b>
<i>a</i>	<i>Farakka 1,2&amp;3</i>	2,355.81	2,355.81
<i>b</i>	<i>Talchar</i>	1,868.22	1,868.22
<i>c</i>	<i>Kahalgoan 1 &amp;2</i>	1,648.12	1,648.12
<i>d</i>	<i>Barh – Stg 2U #1</i>	486.26	486.26
<b>II</b>	<b>NHPC Stations</b>	<b>450.55</b>	<b>450.55</b>

(MU)

Sl. No	Source	Power Purchase Projected for FY 2014-15	Power Purchase Approved for FY 2014-15
a	Rangit	69.2	69.2
b	Teesta	381.35	381.35
<b>III</b>	<b>PTC Stations</b>	<b>742.26</b>	<b>742.26</b>
a	Chukka	249.85	249.85
b	Tala	492.42	492.42
<b>B</b>	<b>State Generating Stations</b>	<b>616.64</b>	<b>616.64</b>
I	KBUNL Stage 1 U# 1	438.33	438.33
II	KBUNL Stage 1 U# 2	178.31	178.31
	<b>Medium/ Short Term/</b>		
<b>C</b>	<b>Others</b>	<b>3,544.35</b>	<b>2109.45</b>
I	Adani	981.14	981.14
II	IEX/PXIL	486.16	486.16
III	Open Market Purchase	1,434.90	0
IV	UI	179.14	179.14
V	GMR Karmanagala	463.01	463.01
<b>D</b>	<b>Renewable Power Purchase</b>		
I	BSHPC	<b>122.71</b>	<b>122.71</b>
II	Sugar Mills	18.14	18.14
III	Solar Power Purchase	104.57	104.57
<b>E</b>	<b>Total</b>	<b>11,834.93</b>	<b>10,400.03</b>

## 5.9 Energy Balance

### Petitioner's submission

SBPDCL has submitted the revised energy balance for FY 2014-15 based on the energy sales, losses and power availability as given in the Table below:

**Table 5.23: Energy Balance Projected for FY 2014-15**

Sl. No	Particulars	MYT Order Dated 15.03.2013	FY 2014-15 TO Dated 28.02.201	Projected in APR
A	Energy sales including sales to Nepal	8,893.00	55,378.00	6,186.35
B	Distribution Losses (%)	21.40%	21.40%	44.65%
C	Distribution Losses	2,421.25	1,464.24	4,989.51
D	Energy required at Distribution periphery	11,314.25	6,842.24	11,175.86
E	State Transmission Loss (%)	4.00%	4.00%	4.00%
F	State Transmission Loss	471.43	285.09	463.53
G	Energy required at Transmission periphery	11,785.68	7,127.33	11,639.39
H	Total Available Power	23,344.00	12,914.00	11,834.93

Sl. No	Particulars	MYT Order Dated 15.03.2013	FY 2014-15 TO Dated 28.02.201	Projected in APR
i	Central Generating Station		9,576.00	7,551.23
ii	State Generating Stations	23,344.00	3,338.00	616.64
iii	Others			3,667.06
I	CTU Transmission Losses on CGS Power (%)	2.73%	2.49%	2.19%
J	CTU Transmission Losses	436.00	238.44	195.54
K	Net Power available after CTU Losses	22,908.00	12,675.56	11,639.39
L	<b>Surplus / (Deficit) Energy at state periphery</b>	<b>11,122.32</b>	<b>5,548.23</b>	<b>0.00</b>

### Commission analysis

In the energy balance projected by the Petitioner in the above Table, the Commission has noted that the distribution losses are considered on UI sale and input energy supplied to the Distribution Franchisees (DF). It is also noted that CTU losses are considered on the power purchase from KBUNL stations and CTU losses on power purchase from Adani are considered at lesser percentage (i.e. 1.03% instead of 2.19%).

The Commission has computed the CTU losses at 197 MU considering CTU losses at 2.19% on Central Generation Stations, Adani and GMR power purchase.

The energy balance for FY 2014-15 has been worked out based on the energy sales, T&D loss and the power purchase considered by the Commission in the review for FY 2014-15 (RE) as detailed in the Table below:

**Table 5.24: Energy Balance Considered for FY 2014-15 (RE)**

Sl.No	Particulars	Considered in Tariff Order dated 28.2.2014	Projected for FY 2014-15	Approved for FY 2014-15 in Review
1	Energy sales within the state	5378	6186.35	5745.05
2	Less: Energy supplied to DF area			918.08
3	Less: UI Sales	-	-	167.62

(MU)

Sl.No	Particulars	Considered in Tariff Order dated 28.2.2014	Projected for FY 2014-15	Approved for FY 2014-15 in Review
4	Net energy sale excluding DF	-	-	4659.35
5	Distribution Losses (%)	21.40%	44.65%	21.40%
6	Distribution Losses	1464	4989.51	1268.58
7	Energy required	6842	11175.86	5927.93
8	Add: Energy supplied to DF area	-	-	918.08
9	Add: 33 kV Distribution Losses @6% on Energy Input to DF			58.60
10	Total energy required at Distribution periphery (7+8)	6842	11175.86	6904.61
11	Transmission Loss (%)	4.00%	4.00%	3.97%
12	Transmission Loss (MU)	285	463.53	285.45
13	Energy required at Transmission Periphery (10+12)	7127	11639.39	7190.05
14	Add: UI sales	-	-	167.62
<b>15</b>	<b>Total Energy requirement at transmission periphery (13+14)</b>	<b>7127</b>	<b>11639.39</b>	<b>7357.67</b>
16	Available Energy	12914	11834.93	10,400.03
i	CGS and IPP (NTPC, NHPC, PTC, Adani and GMR)	9576	7551.23	8,995.38
ii	SGS and Others	3338	4283.7	1404.65
17	Losses in Regional Transmission system (%)	2.49%	2.19%	2.19%
18	Losses in Regional Transmission system (MU)	238	195.54	197.00
19	Net Energy available at State Transmission periphery (16-18)	12676	11639.39	10,203.03
<b>20</b>	<b>Surplus energy at state periphery (19-15)</b>	<b>5549</b>	<b>0.00</b>	<b>2,845.36</b>

For the energy sales approved by the Commission, the energy requirement at distribution losses projected by SBPDCL and at distribution losses approved by the Commission, surplus energy available and additional power purchase disallowed due to excess distribution loss for FY 2014-15 are as given in the Table below

**Table 5.25: Surplus power available and disallowed power due to excess distribution loss**

Sl.No	Particulars	Unit	FY 2014-15	
			As per SBPDCL projected losses	As per BERC approved losses
1	Energy sales	MU	5745.05	5745.05
2	Less: Energy supplied to DF area and UI	MU	1085.70	1085.70
3	Energy sale excluding DF	MU	4659.35	4659.35
4	Distribution loss	%	44.65%	21.40%
5	Distribution loss	MU	3758.63	1268.58
6	Energy required	MU	8417.98	5927.93
7	Add: Energy supplied to DF area	MU	918.08	918.08
8	Add: 33 kV Distribution loss @ 6% to the input to DF		58.60	58.60
8	Energy required at Distribution periphery	MU	9394.66	6904.61
9	Transmission loss	%	4.00%	3.97%
10	Transmission loss	MU	391.44	285.45
11	Energy required at transmission periphery	MU	9786.10	7190.05
12	Add: UI sales		167.62	167.62
13	Total energy requirement at state transmission periphery	MU	9953.72	7357.67
14	Additional energy at state periphery due to excess T&D loss (9953.72-7357.67)	MU	-	2596.05
15	Power purchase / Required to purchase	MU	10400.03	7499.41
16	Losses in Regional transmission system	%	2.19%	*1.89%
17	Regional losses	MU	197	141.74
18	<b>Net power available / requirement at state periphery</b>	<b>MU</b>	<b>10203.03</b>	<b>7357.67</b>
19	<b>Surplus power purchase (10400.03 – 7499.41)</b>	<b>MU</b>		<b>2900.62</b>
20	Additional power at state transmission periphery due to excess T&D loss	MU	-	2596.05



Sl.No	Particulars	Unit	FY 2014-15	
			As per SBPDCL projected losses	As per BERC approved losses
21	Additional power purchase due to excess T&D loss disallowed (2596.05/(1-1.89%))		-	2646.06
22	Surplus power to be sold outside (2900.62 – 2646.06)		-	254.56

\* The total power purchase required to purchase from long-term sources has been worked out by considering the impact of average transmission losses (i.e.  $197 / 10400.03 \times 100 = 1.89\%$ ) applicable on the total power purchase. The reasons for applying the average regional transmission losses is that the power purchase quantum also include sources of power on which regional transmission losses are not applicable ex-UI power, Nepal, BSHPC, Sugar Mills etc.

Accordingly, the gross power purchase required in FY 2014-15 is 7499.41 with a regional transmission loss of 141.74 MU.

The Commission disallowed the power purchase requirement quantum equivalent of 2646.06 MU based on the principle that excess power purchase on account of higher distribution loss i.e., over and above the approved losses shall not be permitted.

## 5.10 Power Purchase Cost

### Petitioner's submission

SBPDCL has submitted that the power purchase cost mainly comprises of fixed charges and energy charges for two part tariff stations i.e. NTPC, NHPC and PTC. SBPDCL has considered the actual energy charges for these power stations based on actual 5 months information and considered fixed charges for the remaining period proportionate to the approved fixed cost based on the current allocation of power and the tariff for Central Generating Station has been considered based on CERC Tariff Regulations, 2014. The average power purchase cost for new sources has been considered at Rs. 5 / kWh except GMR Karmangala which is based on actual bill. The power purchase costs for Adani, BSHPC and Sugar Mills are considered as per

actual power purchase cost in last 5 months.

The Petitioner has considered tariff as approved for rest of other power station / source for FY 2014-15.

SBPDCL has projected the power purchase cost for FY 2014-15 as detailed in the Table below.

**Table 5.26: Power Purchase Cost Projected for FY 2014-15**

Sl. No	Source	Units Purchased MUs	Fixed Charges	Energy Charges	Arrears	Excess Generation Incentive	Others	Total Cost	Average Cost Rs./kWh
<b>A</b>	<b>Central Stations</b>	<b>7,551.23</b>	<b>628.77</b>	<b>1,914.35</b>	<b>47.74</b>	<b>2.55</b>	<b>3.17</b>	<b>2,596.59</b>	<b>3.44</b>
<b>I</b>	<b>NTPC Stations</b>	<b>6,358.41</b>	<b>584.45</b>	<b>1,710.24</b>	<b>47.74</b>	<b>2.55</b>	<b>3.02</b>	<b>2,348.01</b>	<b>3.69</b>
<i>a</i>	<i>Farakka 1,2&amp;3</i>	2,355.81	253.09	727.84	47.63	-	2.05	1,030.62	4.37
<i>b</i>	<i>Talchar</i>	1,868.22	143.61	293.94	0.46	2.55	0.29	440.85	2.36
<i>c</i>	<i>Kahalgoan 1 &amp;2</i>	1,648.12	187.75	469.64	-0.35	-	0.68	657.72	3.99
<i>d</i>	<i>Barh – Stg 2U #1</i>	486.26	-	218.82	-	-	-	218.82	4.5
<b>II</b>	<b>NHPC Stations</b>	<b>450.55</b>	<b>44.32</b>	<b>59.35</b>	<b>-</b>	<b>-</b>	<b>0.15</b>	<b>103.82</b>	<b>2.3</b>
<i>a</i>	<i>Rangit</i>	69.2	9.62	9.63	-	-	0.06	19.31	2.79
<i>b</i>	<i>Teesta</i>	381.35	34.7	49.72	-	-	0.09	84.51	2.22
<b>III</b>	<b>PTC Stations</b>	<b>742.26</b>	<b>-</b>	<b>144.76</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>144.76</b>	<b>1.95</b>
<i>a</i>	<i>Chukka</i>	249.85	-	45.29	-	-	-	45.29	1.81
<i>b</i>	<i>Tala</i>	492.42	-	99.47	-	-	-	99.47	2.02
	<b>State Generating Stations</b>	<b>616.64</b>	<b>4.73</b>	<b>246.75</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>251.49</b>	<b>4.08</b>
<b>I</b>	KBUNL Stage 1 U# 1	438.33	4.73	166.52	-	-	-	171.25	3.91
<b>II</b>	KBUNL Stage 1 U# 2	178.31	-	80.24	-	-	-	80.24	4.5
	<b>Medium/ Short</b>								
<b>C</b>	<b>Term/ Others</b>	<b>3,544.35</b>	<b>100.33</b>	<b>1,247.70</b>	<b>3.41</b>	<b>-</b>	<b>14</b>	<b>1,365.43</b>	<b>3.85</b>
<b>I</b>	Adani	981.14	100.33	343.78	3.41	-	14	461.51	4.7
<b>II</b>	NEA	-	-	-	-	-	-	-	-
<b>III</b>	IEX/PXIL	486.16	-	286.98	-	-	-	286.98	5.9
	Open Market								
<b>IV</b>	Purchase	1,434.90	-	430.47	-	-	-	430.47	3
<b>V</b>	UI	179.14	-	15.55	-	-	-	15.55	0.87
<b>VI</b>	Others	463.01	-	170.92	-	-	-	170.92	3.69
	<b>Renewable Power</b>								
<b>D</b>	<b>Purchase</b>	<b>122.71</b>	<b>-</b>	<b>54.06</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54.06</b>	<b>4.41</b>

Sl. No	Source	Units Purchased MUs	Fixed Charges	Energy Charges	Arrears	Excess Generation Incentive	Others	Total Cost	Average Cost Rs./kWh
I	BSHPC	18.14	-	4.5	-	-	-	4.5	2.48
II	Sugar Mills	104.57	-	49.56	-	-	-	49.56	4.74
III	Solar Power Purchase	-	-	-	-	-	-	-	-
E	PGCIL Charges incl. POSOCO		-	-	-	-	308.58	308.58	-
F	BSPTCL Charges		-	-	-	-	160.33	160.33	-
G	SLDC Charges		-	-	-	-	1.75	1.75	-
H	<b>Total</b>	<b>11,834.93</b>	<b>733.83</b>	<b>3,462.86</b>	<b>51.15</b>	<b>2.55</b>	<b>487.83</b>	<b>4,738.23</b>	<b>4.00</b>

### Commission's analysis

The actual average per unit cost for power procured from various sources during FY 2013-14 and average per unit cost projected by the Petitioner for power purchase for FY 2014-15 are tabulated in the Table below:

**Table 5.27: Average power purchase rates during FY 2013-14 (Actual) and FY 2014-15 (Projected)**

Sl. No	Source	Average cost during FY 2013-14 (Rs. /Kwh)	Average cost considered for FY 2014-15 (Rs. /Kwh)
<b>I</b>	<b>NTPC Stations</b>		
a	Farakka 1,2&3	4.09	4.37
b	Talchar	2.40	2.36
c	Kahalgaon 1 &2	3.86	3.99
d	Barh – Stg 2U #1	-	5.00
<b>II</b>	<b>NHPC Stations</b>		
a	Rangit	3.00	2.79
b	Teesta	2.58	2.22
<b>III</b>	<b>PTC Stations</b>		
a	Chukka	1.86	1.81
b	Tala	2.02	2.02
<b>4</b>	<b>DVC</b>	<b>4.19</b>	-
<b>5</b>	<b>State Generating</b>		
a	KBUNL Stage 1 U# 1	3.58	3.91
B	KBUNL Stage 1 U# 2	-	5.00
<b>6</b>	<b>Others</b>		
a	Adani	5.11	4.70
b	NEA	4.79	-
c	IEX/PXIL	3.11	5.90
D	Open Market	3.75	3.00
e	UI	1.82	0.87
f	PVVNL	0.63	-

Sl. No	Source	Average cost during FY 2013-14 (Rs. /Kwh)	Average cost considered for FY 2014-15 (Rs. /Kwh)
g	GMR Karmangala	-	3.69
<b>7</b>	<b>Renewable Energy</b>		
a	BSHPC	2.49	2.48
b	Sugar Mills	4.55	4.74

The average per unit cost projected for power purchase from NTPC, NHPC, PTC which are considered based on the first 5 months actuals is considered to be reasonable.

The short-term power purchase through IEX / PXIL projected at Rs. 5.90 / Kwh is on very high side when compared to Rs. 3.11 / Kwh procured during FY 2013-14. Similarly, drawal under UI projected at Rs. 0.87 / Kwh is very less. The Commission considered the power procurement through IEX / PXIL at Rs. 3.11/ Kwh and under UI at Rs. 1.82 / Kwh i.e. at the same level as that of actuals during FY 2013-14.

The Petitioner stated that for new sources the average power purchase cost is considered at Rs. 5/- per unit but has shown at Rs. 4.50 /- per unit while computing power purchase cost. The Commission has considered Rs. 5.00/- per unit for new sources i.e. Bah and KBUNL – II stations.

The average per unit power purchase rate for other sources like Adani, GMR etc are considered reasonable which are arrived based on the first 5 months actuals of FY 2014-15.

The details of source wise power purchase cost for FY 2014-15 considered by the Commission are given in the Table below:

Table 5.28: Power Purchase Cost Considered for FY 2014-15 (RE)

Sl. No	Source	Units Purchased MU	Average Cost Rs./kWh	Total Cost (Rs. Crore)
<b>A</b>	<b>Central Sector Stations</b>	<b>7,551.23</b>	<b>3.47</b>	<b>2,619.78</b>
<b>I</b>	<b>NTPC Stations</b>	<b>6,358.41</b>	<b>3.73</b>	<b>2,371.12</b>
<i>a</i>	<i>Farakka 1,2&amp;3</i>	2,355.81	4.37	1,029.49
<i>b</i>	<i>Talchar</i>	1,868.22	2.36	440.90
<i>c</i>	<i>Kahalgoan 1 &amp;2</i>	1,648.12	3.99	657.60
<i>d</i>	<i>Barh – Stg 2U #1</i>	486.26	5	243.13
<b>II</b>	<b>NHPC Stations</b>	<b>450.55</b>	<b>2.31</b>	<b>103.97</b>
<i>a</i>	<i>Rangit</i>	69.20	2.79	19.31
<i>b</i>	<i>Teesta</i>	381.35	2.22	84.66
<b>III</b>	<b>PTC Stations</b>	<b>742.27</b>	<b>1.95</b>	<b>144.69</b>
<i>a</i>	<i>Chukka</i>	249.85	1.81	45.22
<i>b</i>	<i>Tala</i>	492.42	2.02	99.47
<b>B</b>	<b>State Generating Stations</b>	<b>616.64</b>	<b>4.23</b>	<b>260.54</b>
<b>I</b>	KBUNL Stage 1 U# 1	438.33	3.91	171.39
<b>II</b>	KBUNL Stage 1 U# 2	178.31	5	89.16
<b>C</b>	<b>Medium/ Short Term/ Others</b>	<b>2109.45</b>	<b>3.87</b>	<b>815.79</b>
<b>I</b>	Adani	981.14	4.70	461.14
<b>II</b>	NEA	-	-	-
<b>III</b>	IEX/PXIL	486.16	3.11	151.20
<b>IV</b>	UI	179.14	1.82	32.60
<b>V</b>	GMR	463.01	3.69	170.85
<b>D</b>	<b>Renewable Power Purchase</b>	<b>122.71</b>	<b>4.41</b>	<b>54.06</b>
<b>I</b>	BSHPC	18.14	2.48	4.50
<b>II</b>	Sugar Mills	104.57	4.74	49.57
<b>III</b>	Solar Power Purchase			
	<b>Total</b>	<b>10,400.03</b>	<b>3.61</b>	<b>3,750.17</b>

### 5.11 Transmission Charges

#### Petitioner's submission

SBPDCL has submitted that the calculation of PGCIL charges is done as per prevailing CERC methodology. The CERC charges for withdrawal and Injection and the Drawal quantum are taken from CERC Order No. L -1 /44/2010 – CERC dated 14.10.2014. SBPDCL has also submitted that for BSPTCL the rates as approved by the Commission in its Order dated 28<sup>th</sup> February 2014 are considered.

SBPDCL stated that in addition the Petitioner has also to pay POSOCO charges and open Access Charges which are projected.

SBPDCL has submitted the summary of the PGCIL, BSPTCL and SLDC charges for FY 2014-15 as given in the Table below.

**Table 5.29: PGCIL and BSPTCL Charges Projected for FY 2014-15**

Sl. No	Particulars	Amount (Rs. Crore)
1	PGCIL charges including POSOCO	308.58
2	BSTPCL charges	160.33
3	SLDC charges	1.75
4	<b>Total</b>	<b>470.66</b>

#### Commission analysis

The actual PGCIL, POSOCO and ERLDC charges for FY 2013-14 incurred by SBPDCL are at Rs. 190.11 Crore.

On a query from the Commission, SBPDCL has provided the monthly PGCIL charges billed from April 2014 to December 2014 as given below:

Month	Apr'14	May'14	Jun'14	Jul'14	Aug'14	Sep'14	Oct'14	Nov'14	Dec'14	Total
Rs. Crore	20.52	23.27	21.26	22.29	22.25	22.14	22.10	27.44	26.59	207.86

The Commission presumes the PGCIL charges for the remaining 3 months will be more or less at the same level of December 2014 and considers the PGCIL charges for FY 2014-15 at Rs. 287.63 Crore (Rs.207.86 Crore + 3\*Rs. 26.59 Crore).

BSTPCL charges are considered at Rs. 156.95 Crore including SLDC charges as per the transmission charges approved for FY 2014-15 in the Tariff Order of BSPTCL dated 28-02-2014.

#### 5.12 Total Power Purchase Cost

Summarizing the above, the total power purchase cost for FY 2014-15 including PGCIL and BSPTCL charges is as given in the Table below:

**Table 5.30: Total Power Purchase Cost Considered for FY 2014-15 (RE)**

(Rs. Crore)			
Sl. No	Particulars	Projected for FY 2013-14	considered for FY 2014-15 (RE)
1	Power Purchase cost from various sources	4267.57	3750.17
2	PGCIL (including POSOCO & ERLDC)	308.58	287.63
3	BSPTCL charges	162.08	156.95
4	<b>Total cost</b>	<b>4738.23</b>	<b>4194.75</b>

**5.13 Disallowance of Power Purchase cost due to excess Distribution Loss****Petitioner submission**

SBPDCL submitted that as per methodology approved by the Commission in previous tariff orders, the power purchase cost due to excess distribution loss is computed as given in the Table below:

**Table 5.31: Projected disallowance of Power Purchase cost due to excess distribution loss for 2014-15**

Sl. No	Particulars	MYT Order Dated 15.03.2013	Tariff Order Dated 28.02.2014	Projected in APR
1	Additional power purchase by DISCOM due to excess Distribution loss (MUs)	4784.00	3116.54	3498.58
2	Average power purchase rate (Rs. / kWh)	3.82	4.12	4.00
3	Total Disallowed Power Purchase cost (= 1 x 2)	1827.49	1283.79	1400.69

SBPDCL stated that the support for the disallowance cost has been provided by the State Government.

**Commission's analysis**

The difference in the actual power purchase and the power purchase requirement approved by the Commission for FY 2014-15 is disallowed at the average power purchase rate and is treated as "Disincentive for non-achievement of Distribution Loss Target".

As per the approved trajectory the maximum permissible distribution loss level for FY 2014-15 was set to 21.40%, which the Petitioner was not able to achieve.

The Commission, while computing the Energy Balance has noticed that 2646.04 MU

of energy (Gross) was additionally purchased due to not achieving the distribution loss trajectory of 21.40% approved for FY 2014-15. Accordingly, the Commission has computed the disincentive for non-achievement of distribution loss reduction target at Rs. 1027.33 Crore, for FY 2014-15, considering average power purchase rate at Rs. 3.88 per kWh as shown in the Table below:

**Table 5.32: Disallowance of Power Purchase cost considered for FY 2014-15 (RE)**

Sl. No	Particulars	Unit	FY 2014-15
1	Gross Power Purchase disallowed	MU	2646.06
2	Average Power Purchase cost	Rs. /kWh	*3.88
3	Cost of Power Purchase disallowed due to excess T&D Loss	Rs. Crore	1027.33

\*Power Purchase quantum (MU) = 10400.03 MU

Power Purchase Cost = Rs. 3750.17 Crore

PGCIL Charges = Rs. 287.63 Crore

Power Purchase cost = Rs. 4037.80 Crore

Avg. Power Purchase Rate =  $(4037.80/10400.03)*10 =$  Rs. 3.88/kWh.

#### 5.14 Net Power Purchase Cost

The surplus power purchased by SBPDCL, after deducting the disallowed power due to SBPDCL not maintaining the distribution loss level approved by the Commission has to be sold outside the state at a rate not less than the average power purchase cost arrived in the Table 5.25. The net power purchase cost is arrived as detailed in the Table below:

**Table 5.33: Net power purchase cost considered for FY 2014-15 (RE)**

Sl. No	Particulars	Unit	FY 2014-15
1	Total power purchase cost	Rs. Crore	4,194.75
2	Surplus power	MU	2900.62
3	Disallowed power due to excess distribution loss	MU	2646.06
4	Surplus power to be sold outside	MU	254.56
5	Average power purchase cost	Rs/ kWh	3.88
6	Cost of surplus power (4*5)	Rs. Crore	98.83
7	Net power purchase cost (1-6)	Rs. Crore	4,095.92



### 5.15 Capital Expenditure

#### Petitioner's submission:

SBPDCL has submitted that it has considered revised projections for Capex, capitalisation and funding as per the schemes now being pursued by SBPDCL.

SBPDCL has submitted the details of opening CWIP, investment during the year, capitalisation and funding of capex for FY 2014-15 as detailed in the Table below:

**Table 5.34: CWIP, Capex, Capitalization and Funding of capitalization projected for FY 2014-15 (RE)**

(Rs. Crore)				
Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2014-15	Approved for FY 2014-15 in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2014-15 (RE)
1	Opening CWIP	5733.00	1608.38	874.34
2	New Investment	7597.00	2389.17	1076.86
<b>3</b>	<b>Less: Capitalisation (4+5)</b>	<b>5779.00</b>	<b>1406.06</b>	<b>210.89</b>
4	Opening CWIP	1184.00	689.31	94.50
5	New Investment	4595.00	716.75	116.39
<b>6</b>	<b>Closing CWIP (1+2-3)</b>	<b>7551.00</b>	<b>2591.49</b>	<b>1740.31</b>
<b>7</b>	<b>Funding</b>			
<b>8</b>	<b>CWIP Capitalisation (9+10)</b>	<b>1184.00</b>	<b>689.31</b>	<b>94.50</b>
9	Grant	931.00	448.05	89.78
10	Loan	253.00	241.26	4.73
<b>11</b>	<b>New Investment (12+13)</b>	<b>4595.00</b>	<b>716.75</b>	<b>116.39</b>
12	Grant	2852.00	465.89	110.57
13	Loan	1743.00	250.86	5.82
<b>14</b>	<b>Total Capitalisation (8+11)</b>	<b>5779.00</b>	<b>1406.06</b>	<b>210.89</b>
<b>15</b>	<b>Total Grant (9+12)</b>	<b>3783.00</b>	<b>913.94</b>	<b>200.35</b>
<b>16</b>	<b>Total Loan (10+13)</b>	<b>1996.00</b>	<b>492.12</b>	<b>10.54</b>

SBPDCL has requested the Commission to approve the capital expenditure, capitalisation and funding of capitalisation for FY 2014-15 as per above Table.

#### Commission's analysis:

The Commission has approved, for Distribution system as a whole, a total capital investment of Rs.7597.00 Crore with a capitalisation of Rs.5779.00 Crore for FY 2014-15 in the MYT order dated 15<sup>th</sup> March 2013.

The Commission in Tariff Order dated 28<sup>th</sup> February 2014 has approved a total capital investment of Rs.2389.17 Crore with a capitalisation of Rs.1406.06 Crore for FY 2014-15 for SBPDCL.

The Petitioner has projected capital investment and capitalisation at Rs.1076.86 Crore and Rs.210.89 Crore respectively for FY 2014-15. The Petitioner has not furnished the details of scheme-wise capital expenditure and capitalisation for FY 2014-15.

The Commission has considered capitalisation of capex as per the schedule approved in MYT order dated 15<sup>th</sup> March 2013 for FY 2014-15 as given hereunder:

Particulars	1 <sup>st</sup> year	2 <sup>nd</sup> year	3 <sup>rd</sup> year
For Opening CWIP	30%	30%	40%
For all New Capex	30%	30%	40%

**Table 5.35: Capitalization approved for FY 2014-15**

(Rs. Crore)

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18	Total
Opening CWIP as on 1-4-2013	540.90					540.90
New Investment during the year	439.40	1076.86	3600.00			5116.26
<b>Capitalisation</b>						
Opening CWIP as on 1-4-2013	58.46 *	266.08	216.36			540.90
New investment in FY 2013-14	47.49 *	216.15	175.76			439.40
New Investment in FY 2014-15		323.06	323.06	430.74		1076.86
New Investment in FY 2015-16			1080.00	1080.00	1440.00	3600.00
<b>Total capitalisation</b>	<b>105.95</b>	<b>805.29</b>	<b>1795.18</b>	<b>1510.74</b>	<b>1440.00</b>	<b>5657.16</b>

\* as per audited annual accounts for FY 2013-14 and as projected by the Petitioner.

The Petitioner has considered funding of the capex capitalised @ 94% through Grants and balance 6% of capitalisation through Loans. The Commission considers the same in review for FY 2014-15 (RE).

Accordingly, the Commission considers the capitalisation of opening CWIP, new investment and funding as detailed in the Table below:

**Table 5.36: Capitalization and funding Considered for FY 2014-15**

(Rs. Crore)					
Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2014-15	Approved for FY 2014-15 in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2014-15 (RE)	Now approved in review for FY 2014-15 (RE)
1	Opening CWIP	5733.00	1608.38	874.34	874.35
2	New Investment	7597.00	2389.17	1076.86	1076.86
<b>3</b>	<b>Less: Capitalisation (4+5)</b>	<b>5779.00</b>	<b>1406.06</b>	<b>210.89</b>	<b>805.29</b>
4	Opening CWIP	1184.00	689.31	94.50	482.23
5	New Investment	4595.00	716.75	116.39	323.06
<b>6</b>	<b>Closing CWIP (1+2-3)</b>	<b>7551.00</b>	<b>2591.49</b>	<b>1740.31</b>	<b>1145.92</b>
<b>7</b>	<b>Funding</b>				
<b>8</b>	<b>CWIP Capitalisation (9+10)</b>	<b>1184.00</b>	<b>689.31</b>	<b>94.50</b>	<b>482.23</b>
9	Grant	931.00	448.05	89.78	453.30
10	Loan	253.00	241.26	4.73	28.93
<b>11</b>	<b>New Investment (12+13)</b>	<b>4595.00</b>	<b>716.75</b>	<b>116.39</b>	<b>323.06</b>
12	Grant	2852.00	465.89	110.57	303.67
13	Loan	1743.00	250.86	5.82	19.38
<b>14</b>	<b>Total Capitalisation (8+11)</b>	<b>5779.00</b>	<b>1406.06</b>	<b>210.89</b>	<b>805.29</b>
<b>15</b>	<b>Total Grant (9+12)</b>	<b>3783.00</b>	<b>913.94</b>	<b>200.35</b>	<b>756.97</b>
<b>16</b>	<b>Total Loan (10+13)</b>	<b>1996.00</b>	<b>492.12</b>	<b>10.54</b>	<b>48.32</b>

#### 5.16 Interest During Construction (IDC)

##### Petitioner's submission

The Petitioner has submitted that for the purpose of IDC, the amount capitalised during the year is assumed as loan drawn and weighted average interest rate is considered for charging the IDC for FY 2014-15. The IDC projected by the Petitioner is as detailed in the Table below:

**Table 5.37: Interest during Construction (IDC) projected for FY 2014-15****(Rs. Crore)**

Sl No.	Particulars	Discoms ARR approved in MYT order for FY 2014-15	Approved for FY 2014-15 in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2014-15 (RE)
1	Loan drawal	1996.00	492.12	10.54
2	Average Loan $\frac{1}{2}$	998.00	246.06	5.27
3	Interest Rate	13.00%	13.00%	13.00%
4	IDC (on average loan) (2*3)	129.74	31.99	0.69

The Petitioner has requested the Commission to approve the IDC for FY 2014-15 as detailed in the Table above.

**Commission's analysis:**

The Commission has examined the computation of the Petitioner and the rate of interest adopted for FY 2014-15.

The Petitioner has charged IDC on normative loan drawal based on the capex capitalised during FY 2014-15. The Commission considers the interest rate @ 13% for FY 2014-15. Accordingly, the Commission considers the IDC for FY 2014-15 as detailed in the Table below:

**Table 5.38: Interest during construction (IDC) considered for FY 2014-15****(Rs. Crore)**

Sl No.	Particulars	Discoms ARR approved in MYT order for FY 2014-15	Approved for FY 2014-15 in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2014-15 (RE)	Now approved in review for FY 2014-15 (RE)
1	Loan drawal	1996.00	492.12	10.54	48.32
2	Average Loan $\frac{1}{2}$	998.00	246.06	5.27	24.16
3	Interest Rate	13.00%	13.00%	13.00%	13.00%
4	IDC (on average loan) (2*3)	129.74	31.99	0.69	3.14

The Commission, accordingly, considers the Interest during Construction (IDC) at Rs.3.14 Crore as detailed in the Table above for FY 2014-15 (RE).

#### 5.17 Gross Fixed Assets

##### Petitioner's submission

The Petitioner has submitted that Opening GFA is considered as per the audited annual accounts as on 31<sup>st</sup> March 2014.

SBPDCL has submitted the computation of GFA based on the capitalisation schedule for FY 2014-15 as detailed in the Table below:

**Table 5.39: Gross Fixed Assets Projected for FY 2014-15**

(Rs. Crore)				
Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2014-15	Approved for FY 2014-15 in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2014-15 (RE)
1	Opening GFA	7941.89	3234.13	4113.88
2	Additions during the year	5779.00	2600.55	2601.00
3	Add : IDC	129.74	31.99	0.69
4	<b>Closing GFA (1 to 3)</b>	<b>13850.63</b>	<b>5866.66</b>	<b>6715.57</b>

SBPDCL has requested the Commission to approve the GFA as per above Table for FY 2014-15.

##### Commission's analysis:

The Commission, as discussed in para 5.15, has considered the capitalisation of capital expenditure at Rs.805.29 Crore for FY 2014-15. The Commission has considered closing GFA as on 31<sup>st</sup> March 2014 at Rs.4113.88 Crore in true up for FY 2013-14, accordingly, the same is considered as opening GFA for FY 2014-15 and further updated with the additions during the year 2014-15 to arrive at the closing GFA as on 31<sup>st</sup> March 2015.

The opening GFA, additions to assets during the year and closing GFA for FY 2014-15, arrived at by the Commission is as detailed in the Table below:

Table 5.40: Gross Fixed Assets considered for FY 2014-15

(Rs. Crore)					
Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2014-15	Approved for FY 2014-15 in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2014-15 (RE)	Now approved in review for FY 2014-15 (RE)
1	Opening GFA	7941.89	3234.13	4113.88	4113.88
2	Additions during the year	5779.00	1406.06	210.89	805.29
3	Add : IDC	129.74	31.99	0.69	3.14
4	<b>Closing GFA (1 to 3)</b>	<b>13850.63</b>	<b>4672.19</b>	<b>4325.46</b>	<b>4922.31</b>

### 5.18 Depreciation

#### Petitioner's submission:

SBPDCL has submitted that depreciation is computed annually on straight line method by applying weighted average rate of depreciation on the average GFA adopting the approach considered by the Commission in MYT order dt.15<sup>th</sup> March 2013 in Tariff Order for FY 2013-14. SBPDCL has further submitted that the depreciation on assets created out of grants and consumer contribution is reduced from the gross depreciation to arrive at the net depreciation to be charged.

The Petitioner has projected the depreciation for FY 2014-15 as detailed in the Table below:

Table 5.41: Depreciation projected for FY 2014-15

(Rs. Crore)				
Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2014-15	Approved for FY 2014-15 in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2014-15 (RE)
1	Opening GFA	7941.89	3198.46	4113.88
2	Additions during the year	5779.00	1406.06	210.89
3	IDC	129.74	31.99	0.69
4	<b>Closing GFA</b>	<b>13850.63</b>	<b>4636.50</b>	<b>4325.46</b>
5	<b>Average GFA</b>	<b>10896.26</b>	<b>3917.48</b>	<b>4219.67</b>

Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2014-15	Approved for FY 2014-15 in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2014-15 (RE)
6	Weighted average rate of depreciation	5.22%	5.22%	2.88%
7	<b>Gross Depreciation</b>	<b>568.78</b>	<b>204.49</b>	<b>121.46</b>
8	Opening Grants	5877.50	1735.19	1251.27
9	Grants during the year	3783.00	913.94	200.35
10	<b>Total Grants</b>	<b>9660.50</b>	<b>2649.13</b>	<b>1451.62</b>
11	<b>Average Grants</b>	<b>7769.00</b>	<b>2192.16</b>	<b>1351.45</b>
12	Weighted average rate of depreciation	5.22%	5.22%	0.98%
13	<b>Depreciation for GFA on Grants</b>	<b>405.54</b>	<b>114.43</b>	<b>13.19</b>
14	<b>Depreciation for GFA on Loans</b>	<b>163.24</b>	<b>90.06</b>	<b>108.24</b>

SBPDCL has requested the Commission to approve the computation of depreciation for FY 2014-15

**Commission's analysis:**

The Commission has examined the computation of depreciation for FY 2014-15. The Petitioner has computed the depreciation adopting the CERC rates of depreciation. The weighted average rate of depreciation is arrived at 2.88% in respect of GFA and 0.74% in respect of Grants. However, the Petitioner has not furnished the details for weighted average rate of depreciation computations for GFA and for Grants.

The Petitioner has computed the depreciation on the GFA which is inclusive of assets Land valued at Rs.1516.34 Crore.

Regulation 73 (2) (a) (i) of the BERC (Terms and Conditions for Determination of Tariff) Regulations 2007, specifies that ***"the value base for the purpose of depreciation shall be the historical cost of the asset"***. The Regulation 73 (2) (a) (ii) specifies that ***"Land is not a depreciable asset and its cost shall be excluded from the capital cost"***.

The Commission, while truing up for FY 2013-14 has considered the GFA value at Rs.2597.54 Crore excluding land value of Rs.1516.34 Crore (Rs.1478.84 Crore revaluation and Rs.37.50 Crore value of land). Accordingly, the Commission has considered the value of assets at Rs.2597.54 Crore as opening GFA for FY 2014-15. The Commission has considered weighted average rate of depreciation in line with the weighted average rate of depreciation considered for FY 2013-14 in true up i.e. @ 4.59%.

The opening GFA, additions to GFA, closing GFA, rate of depreciation and depreciation on assets created out of grants and depreciation considered by the Commission for computation of depreciation for FY 2014-15 is as detailed in the Table below:

**Table 5.42: Depreciation considered for FY 2014-15**

(Rs. Crore)					
Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2014-15	Approved for FY 2014-15 in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2014-15 (RE)	Now approved in review for FY 2014-15 (RE)
1	Opening GFA	7941.89	3198.46	4113.88	2597.54
2	Additions during the year	5779.00	1406.06	210.89	805.29
3	IDC	129.74	31.99	0.69	3.14
4	<b>Closing GFA (1+2+3)</b>	<b>13850.63</b>	<b>4636.50</b>	<b>4325.46</b>	<b>3405.97</b>
5	<b>Average GFA (1+4)/2</b>	<b>10896.26</b>	<b>3917.48</b>	<b>4219.67</b>	<b>3001.75</b>
6	Weighted average rate of depreciation	5.22%	5.22%	2.88%	4.59%
7	<b>Gross Depreciation (5*6)</b>	<b>568.78</b>	<b>204.49</b>	<b>121.46</b>	<b>137.78</b>
8	Opening Grants	5877.50	1735.19	1251.27	2450.80
9	Grants during the year	3783.00	913.94	200.35	756.97
10	<b>Total Grants (8+9)</b>	<b>9660.50</b>	<b>2649.13</b>	<b>1451.62</b>	<b>3207.77</b>
11	<b>Average Grants (8+10)/2</b>	<b>7769.00</b>	<b>2192.16</b>	<b>1351.45</b>	<b>2829.29</b>
12	Weighted average rate of depreciation	5.22%	5.22%	0.98%	4.59%
13	<b>Depreciation for GFA on Grants (11*12)</b>	<b>405.54</b>	<b>114.43</b>	<b>13.19</b>	<b>129.86</b>
14	<b>Depreciation for GFA on Loans (7-13)</b>	<b>163.24</b>	<b>90.06</b>	<b>108.27</b>	<b>7.92</b>



The Commission, accordingly, considers depreciation at Rs.7.92 Crore for FY 2014-15 (RE)

#### 5.19 Interest on Loans

##### Petitioner's submission:

SBPDCL has submitted that the opening loan balance as on 1<sup>st</sup> April 2014 is considered as per closing balance as on 31<sup>st</sup> March 2014 based on the audited annual accounts for FY 2013-14.

SBPDCL has submitted that the average rate of interest for existing as well as new loans is considered @ 13% as per the agreements executed with the lenders. SBPDCL has projected the interest charges for FY 2014-15 as detailed in the Table below:

**Table 5.43: Interest on loans projected for FY 2014-15**

(Rs. Crore)				
Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2014-15	Approved for FY 2014-15 in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2014-15 (RE)
1	<b>Opening loan balance</b>	2129.13	513.90	370.68
2	Additions during the year	1996.00	492.12	10.54
3	Normative Repayment	163.24	90.06	108.27
4	Closing Loans (1+2-3)	<b>3961.89</b>	<b>915.96</b>	<b>272.95</b>
5	<b>Average Loans <math>\{(1+4)/2\}</math></b>	<b>3045.51</b>	<b>714.93</b>	<b>321.81</b>
6	Interest rate	13.00%	13.00%	13.00%
7	<b>Interest Charges (5 * 6)</b>	<b>395.92</b>	<b>92.94</b>	<b>41.84</b>

SBPDCL has requested the Commission to approve the interest on loans for FY 2014-15 as per above Table.

##### Commission's analysis:

The Commission has examined the projected interest on loans computation of the Petitioner. The Commission has considered opening loan balance as on 1<sup>st</sup> April 2014 based on the closing balance of loans as on 31-03-2014 considered in true up for FY 2013-14 which is at Rs.311.31 Crore.

The Petitioner has projected funding of capitalisation through Grants at 94% and through Loans at 6%, accordingly, the Commission has considered the loan additions in line with funding of capitalisation for FY 2014-15 as shown in Table 5.36.

As per CERC (Terms and Conditions for Determination of Tariff) Regulations 2009, repayment of loan shall be equal to the depreciation allowed for the year. The Commission accordingly considered repayment equivalent to depreciation for the year 2014-15. The Commission has considered the rate of interest @ 13% and loan addition based on the capitalisation and repayment equal to depreciation for FY 2014-15.

Considering the above, the Commission has computed interest on loans for FY 2014-15 as detailed in the Table below:

**Table 5.44: Interest on loan considered for FY 2014-15**

(Rs. Crore)					
Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2014-15	Approved for FY 2014-15 in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2014-15 (RE)	Now approved in review for FY 2014-15 (RE)
1	Opening loan balance	2129.13	513.90	370.68	311.31
2	Additions during the year	1996.00	492.12	10.54	48.32
3	Normative Repayment	163.24	90.06	108.27	7.92
4	Closing Loans (1+2-3)	<b>3961.89</b>	<b>915.96</b>	<b>272.95</b>	<b>351.71</b>
5	Average Loans $\{(1+4)/2\}$	<b>3045.51</b>	<b>714.93</b>	<b>321.81</b>	<b>331.51</b>
6	Interest rate	13.00%	13.00%	13.00%	13.00%
7	Interest Charges (5 * 6)	<b>395.92</b>	<b>92.94</b>	<b>41.84</b>	<b>43.10</b>

The Commission, accordingly, has considered Rs. 43.10 Crore towards interest on loans for FY 2014-15 (RE).

## 5.20 Operation and Maintenance (O&M)

### Petitioner's submission

SBPDCL has submitted that most of the SERCs have adopted a weighted average method of WPI : CPI in the ratio of 45 : 55 and considered last year average inflationary increases for Employee and A&G expenses.

SBPDCL has further submitted that R&M expenses are provided as a % of Gross Fixed Assets.

SBPDCL has proposed following inflation index for FY 2014-15 and FY 2015-16 for Employee cost, R&M and A&G expenses:  $INDX_n = 0.55 * CPI_n + 0.45 * WPI_n$

**Table 5.45: O&M Expenses – weightage of indexation / inflation factor**

Sl. No.	Particulars	WPI	CPI	Total
1	Weightage	0.45	0.55	1.00
2	<b>Index points for FY 2012-13</b>	<b>167.62</b>	<b>215.17</b>	
4	Indexation n-1 (index point * weightage)	75.43	118.34	193.77
3	<b>Index points for FY 2013-14</b>	<b>177.64</b>	<b>236.00</b>	
5	Indexation n (index point * weightage)	79.94	129.80	209.74
6	<b>Combined inflation {( 5-3) / 3}</b>			<b>8.24%</b>

The Commission has considered the above indexation/inflation factor for FY 2014-15 and FY 2015-16.

## 5.21 Employee Costs

### Petitioner's submission:

SBPDCL has submitted that the employee expenses comprises of salaries, dearness allowance, bonus, staff welfare, medical benefits, leave travel and earned leave encashment and the terminal benefits in the form of pension, gratuity, etc. The inflation index of 8.24% is considered for FY 2014-15 over FY 2013-14 to arrive at the employee cost for FY 2014-15.

The Petitioner has projected the employee expenses for FY 2014-15 as detailed in the Table below:

**Table 5.46: Employee Cost proposed by the Petitioner for FY 2014-15 (RE)**

(Rs. Crore)				
Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2014-15	Approved for FY 2014-15 in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2014-15 (RE)
1	Previous year employee expenses		253.94	233.79
2	Inflationary index		9.21%	8.24%
	Add: Inflationary increase		23.39	19.27
<b>3</b>	<b>Employee Cost</b>	<b>428.26</b>	<b>277.33</b>	<b>253.06</b>
4	Add: New Manpower cost	10.00	5.00	5.00
<b>5</b>	<b>Total Employee Cost</b>	<b>438.26</b>	<b>282.33</b>	<b>258.06</b>

The Petitioner has requested the Commission to approve the employee expenses for FY 2014-15 as per the Table above.

#### **Commission's analysis:**

The Petitioner has considered the total employee cost as per the audited annual accounts for FY 2013-14, which include the Company contribution for existing employees towards terminal benefits and leave encashment.

As per the transfer scheme, the Government support is expected towards payment of Pension to the retired employees of the erstwhile BSEB up to date of transfer scheme i.e. 31<sup>st</sup> October 2012. Post unbundling the segregated entities shall contribute to the Bihar State Electricity Employees Master Trust (BSEE Master Trust) at the rates approved by the Board of Trustees of the BSEE Master Trust. The Board of Trustees of BSEE Master Trust in their 3<sup>rd</sup> Meeting held on 21-06-2013 has approved the rate of contribution to be made for existing employees towards Gratuity, Pension and Leave encashment from 1<sup>st</sup> November 2012 as detailed hereunder:

Sl. No.	Particulars	Rate of Contribution as on 31.3.2012
1	Gratuity	@ 2.50% of Basic + GP + DA
2	Pension (Existing employees)	@ 2.50% of Basic + GP + DA
3	Leave Salary (per Month)	SBPDCL – Rs.1,01,68,750/- SBPDCL – Rs. 62,70,850/- BSPTCL- Rs. 33,10,400/- BSPGCL – Rs. 10,83,333/-

The segregated entities shall make remittance of contributions for existing employees towards Gratuity, Pension and Leave Salary to BSEE Master Trust by 7<sup>th</sup> of every month and delay in remittance attract interest @18% as per the provisions of the Trust Deed. The LIC of India is appointed as Fund Manager of BSEE Master Trust for Pension, Gratuity and Leave salary.

Further, it was approved by the Board of Trustees of the BSEE Master Trust in the meeting dt.21-06-2013 that the contribution rate for FY 2012-13 be made applicable provisionally for FY 2013-14 subject to adjustment as per the final rate received from the Actuary i.e. M/s.PFC Consulting Ltd. The Employee cost projected by the Petitioner includes the SBPDCL contribution for existing employees towards Gratuity, Pension and Leave Salary for FY 2013-14.

The Commission has examined the employee cost computations of the Petitioner. The employee cost includes the Company's contribution for existing employees' future terminal benefits.

The Employee cost projected by the Petitioner is based on actual expenditure as per audited annual accounts for FY 2013-14 with escalation at 8.24% (inflation index). Hence, the Commission has considered the employee cost as detailed in the Table below:

Table 5.47: Employee Cost considered for FY 2014-15

					(Rs. Crore)
Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2014-15	Approved for FY 2014-15 in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2014-15 (RE)	Now approved in review for FY 2014-15 (RE)
1	Previous year employee cost		253.94	233.79	233.79
2	Inflationary index		9.21%	8.24%	8.24%
3	Inflationary increase		23.39	19.27	19.26
<b>4</b>	<b>Employee Cost (1+2)</b>	<b>428.26</b>	<b>277.33</b>	<b>253.06</b>	<b>253.05</b>
5	Add: New Manpower cost	10.00	5.00	5.00	5.00
<b>6</b>	<b>Total Employee Cost (3+4)</b>	<b>438.26</b>	<b>282.33</b>	<b>258.06</b>	<b>258.05</b>

The Commission, accordingly, considered the employee cost at Rs. 258.05 Crore for FY 2014-15 (RE) as detailed in the above Table.

## 5.22 Repairs and Maintenance (R&M) Expenses

### Petitioner's submission:

SBPDCL has submitted that R&M expenses primarily include costs related to repair of different class of fixed assets, etc..

SBPDCL has projected R&M expenses based on actual R&M expenses as per audited annual accounts for FY 2013-14 with inflationary increase @ 8.24% for FY 2014-15.

The R&M expenses projected by the Petitioner are as given in the Table below:

Table 5.48: Repairs &amp; Maintenance Expenses Projected for FY 2014-15

					(Rs. Crore)
Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2014-15	Approved for FY 2014-15 in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2014-15 (RE)	
1	Previous year R & M Cost		40.44	74.04	
2	Inflationary index		9.21%	8.24%	
3	Inflationary increase		3.72	6.10	
<b>4</b>	<b>Total R &amp; M Cost</b>	<b>86.01</b>	<b>44.16</b>	<b>80.14</b>	

SBPDCL has requested the Commission to approve the R&M expenses for FY 2014-15 as projected in the Table above.

### Commission's analysis

The Commission has examined the R&M expenses projected by SBPDCL. The Petitioner has projected R&M expenses based on the actual expenses as per audited annual accounts for FY 2013-14 with escalation @8.24% for inflationary increase for FY 2014-15. The Commission has considered the R&M expenses for FY 2014-15, based on the expenses approved in truing up for FY 2013-14 with escalation @8.24% towards inflationary increase as detailed in the Table below:

**Table 5.49: R & M Expenses Considered for FY 2014-15**

(Rs. Crore)					
Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2014-15	Approved for FY 2014-15 in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2014-15 (RE)	Now approved for FY 2014-15 (RE)
1	Previous year R & M Cost		40.44	74.04	74.04
2	Inflationary index		9.21%	8.24%	8.24%
3	Inflationary increase		3.72	6.10	6.10
4	<b>Total R &amp; M Cost</b>	<b>86.01</b>	<b>44.16</b>	<b>80.14</b>	<b>80.14</b>

The Commission, accordingly, considers R&M expenses at Rs.80.14 Crore in review for FY 2014-15 (RE).

### 5.23 Administrative and General (A&G) Expenses

#### Petitioner's submission

SBPDCL has submitted that Administration and General expenses mainly comprise of rents, telephone and other communication expenses, professional charges, conveyance and travelling expenses etc. The Petitioner has submitted that inflation index of 8.24% has been considered over FY 2013-14 to arrive at the A&G cost for FY 2014-15.

The SBPDCL has estimated the A&G expenses at Rs.34.19 Crore for FY 2014-15 (RE) as furnished in Table below:

**Table 5.50: Administration and General Expenses Projected for FY 2014-15**

(Rs. Crore)				
Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2014-15	Approved for FY 2014-15 in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2014-15 (RE)
1	Previous year A & G expenses		21.06	29.76
2	Inflationary index %		9.21%	8.24%
3	Inflationary increase		1.94	2.45
4	<b>Total A &amp; G expenses</b>	<b>49.58</b>	<b>23.00</b>	<b>32.22</b>

SBPDCL has requested the Commission to approve the A&G expenses for FY 2014-15 as detailed in the Table above.

**Commission analysis:**

The Commission has examined the A&G expenses projected by SBPDCL. The A & G expenses are projected based on actual expenses as per the annual accounts of SBPDCL for FY 2013-14 with inflationary escalation of 8.24%.

The Commission has considered the A&G expenses for FY 2014-15 as detailed in the Table below:



Table 5.51: Administration &amp; General Expenses considered for FY 2014-15 (RE)

(Rs. Crore)					
Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2014-15	Approved for FY 2014-15 (RE) in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2014-15 (RE)	Now approved for FY 2014-15 (RE)
1	Previous year A & G expenses		21.06	29.76	27.71
2	Inflationary index %		9.21%	8.24%	8.24%
3	Inflationary increase		1.94	2.45	2.28
4	<b>Total A &amp; G expenses</b>	<b>49.58</b>	<b>23.00</b>	<b>32.22</b>	<b>29.99</b>

Accordingly, the Commission considered Rs.29.99 Crore for FY 2014-15 (RE) towards Administration and General Expenses.

#### 5.24 Allocation of Holding Company Expenses

##### Petitioner's submission

SBPDCL has submitted that the Schedule 'D' Holding undertaking Part-III of the Bihar State Electricity Reforms Transfer Scheme, 2012 defines the Functions and Duties of Bihar State Power (Holding) Company Limited. As per Clause (i) of the schedule 'D', the Holding Company shall handle all issues relating to the subsidiary companies in respect of;

Business of purchasing, importing, exporting and trading of power subject to the provision of Electricity Act, 2003 and to supply electric power generated by other plants to transmission companies, distribution companies, trading companies, other generation companies and other persons, and in this regard execute agreements with Central and State Generating authorities, departments or companies, independent Power Producers and other persons.

SBPDCL has further submitted that BSPHCL provides common services to all the segregated entities and as per the Transfer Scheme “operating expenses incurred by the Holding Company like administration and general expenses, legal and consulting fees, etc. would be shared by the BSPGCL, BSPTCL, NBPDC and SBPDCL in the ratio of their respective equity”.

SBPDCL has also submitted that as per Schedule ‘F’, the Holding Company shall handle all issues relating to the subsidiary companies in respect of the testing divisions, training department at Headquarter and all the departments of the Corporate head office viz. General Administration, Accounts and Finance, IT, Stores & Purchase, Transmission/Distribution/Generation, Personnel, Publicity, Legal, Vigilance & Security, Commercial, Planning, Civil Engineers, Transmission (O&M), Rural Electrification, shall constitute “Common Services” which shall continue to provide services to all successor entities during the interregnum period, until issue of further transfer notifications allocating the employees to respective companies.

The SBPDCL has estimated the Holding Company expenses for FY 2014-15 (RE) as furnished in Table below:

**Table 5.52: Expenses of Holding Company Projected for FY 2014-15**  
(Rs. Crore)

Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2014-15	Approved for FY 2014-15 in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2014-15 (RE)
1	Employee expenses		10.77	3.69
2	R&M expenses		0.20	0.07
3	A&G expenses		3.59	1.23
<b>4</b>	<b>Total</b>	--	<b>14.56</b>	<b>5.00</b>

SBPDCL has requested the Commission to approve the holding company expenditure as part of overall O&M expenditure for FY 2014-15 (RE).

**Commission’s analysis:**

The Commission has considered Rs.13.34 Crore and Rs.14.56 Crore for FY 2013-14 (RE) and for FY 2014-15 respectively in the Tariff Order dated 28<sup>th</sup> February 2014.

The Petitioner has projected Rs.5.00 Crores towards holding company expenses for FY 2014-15 (RE).

BSPHCL vide letter No.1618 dated 22.10.2014 has claimed Rs.8.23 Crore for FY 2014-15 towards holding company expenses.

The Commission observes that the Petitioner has claimed lower amount towards holding company expenses. The Commission, accordingly, considers holding company expenses in terms of Bihar State Electricity Reforms Transfer Scheme, 2012 for FY 2014-15 (RE) as detailed in the Table below:

**Table 5.53: Allocation of Expenses of Holding Company Considered for FY 2014-15 (Rs. Crore)**

Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2014-15	Approved for FY 2014-15 in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2014-15 (RE)	Now approved for FY 2014-15 (RE)
1	Employee expenses		10.77	3.69	3.69
2	R&M expenses		0.20	0.07	0.07
3	A&G expenses		3.59	1.23	1.23
4	<b>Total</b>	--	<b>14.56</b>	<b>5.00</b>	<b>5.00</b>

#### 5.25 Summary of Operations and Maintenance (O&M)

The summary of the revised O & M expenses considered in review for FY 2014-15 (RE) are as tabulated below:

**Table 5.54: Total O&M cost considered by the Commission for FY 2014-15 (RE) (Rs. Crore)**

Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2014-15	Approved for FY 2014-15 in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2014-15 (RE)	Now approved for FY 2014-15 (RE)
1	Employee cost	438.26	282.33	258.06	258.05
2	R&M expenses	86.01	44.16	80.14	80.14
3	A&G Expenses	49.58	23.00	32.22	29.99
4	Holding company expenses			5.00	5.00
5	<b>Total O&amp; M cost</b>	<b>573.85</b>	<b>349.50</b>	<b>375.41</b>	<b>373.19</b>

The Commission considered total O&M costs at Rs.373.19 Crore for FY 2014-15 (RE).

## 5.26 Interest on working capital

### Petitioner's submission:

SBPDCL has submitted that it has arrived at the working capital requirement according to applicable norms for Distribution function provided in the BERC (Terms and Conditions of Tariff) Regulations, 2007 which are reproduced in the following Table:

**Table 5.55: Norms for Working Capital Requirement**

Sl. No.	Particulars	Norm
1	O&M expenses	One month
2	Maintenance spares	@1% of historical cost of GFA escalated @6% per annum
3	Receivables	Two months of charges for sale of energy
4	Rate of interest on working capital	Short-term PLR of SBI as on 1 <sup>st</sup> April of the year

The rate of interest applied on the proposed working capital is @14.75% as per the SBI PLR as on 1<sup>st</sup> April 2014.

SBPDCL has claimed interest on working for FY 2014-15 computed on the above norms as detailed in the Table below:

**Table 5.56: Interest on Working Capital Projected for FY 2014-15 (RE)**

(Rs. Crore)

Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2014-15	Approved for FY 2014-15 in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2014-15 (RE)
1	O&M exp. (1 month)	47.82	30.34	31.28
2	Maintenance spares @1% of opening GFA with 6% escalation	84.18	33.90	44.66
3	Receivables - 2 months	1322.08	841.11	856.93
4	<b>Total working capital</b>	<b>1454.09</b>	<b>905.35</b>	<b>932.87</b>
5	<b>Less: Govt. assistance for power purchase</b>	360.00	242.08	239.99

Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2014-15	Approved for FY 2014-15 in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2014-15 (RE)
6	Net working capital requirement	1094.09	663.27	692.88
7	Rate of interest	14.45%	14.45%	14.75%
8	Interest on working capital	158.09	95.84	102.20

The Petitioner has requested the Commission to approve the computation of interest on working capital and the interest charges for FY 2014-15 as detailed in the Table above.

#### Commission analysis

The Commission has examined the computation of interest on working capital submitted by the Petitioner. The Petitioner has considered maintenance spares @1% of the opening GFA. The opening GFA includes the assets revalued by Rs.1478.84 Crore. Further, the Petitioner has considered escalation @6% on the 1% amount of opening GFA.

The Commission has adjusted the GFA to its original value and considered maintenance spares @1% of GFA (adjusted) with escalation at 6% in its computations.

The Petitioner has considered the working capital as per Regulations and the rate of interest as per SBI PLR as on 1<sup>st</sup> April 2014. The Petitioner has computed the interest on working capital as per the norms prescribed in Regulation 85 (ii) (8) of the BERC Regulations, 2007. The rate of interest applied on the proposed working capital is @14.75% as per the SBI PLR as on 1<sup>st</sup> April 2014.

The State Government is extending financial support in the form of tariff subsidy and cost of power disallowed due to excess distribution loss over and above the loss trajectory allowed by the Commission. The petitioner has projected a total support of Rs.1439.93 Crore for the petitioner for FY 2014-15. The Government is releasing

the funds on monthly basis. The Commission has considered the State Government funding/financial support to the SBPDCL on monthly basis, for which no working capital is required. Accordingly, the amount equivalent to two months of financial support from the State Government to the SBPDCL is reduced from the working capital requirement of the SBPDCL. The two months support to SBPDCL works out to Rs.239.99 Crore and the same is reduced from the working capital requirement of SBPDCL.

The Commission has considered the rate of interest as per the SBI PLR @14.75% as on 1<sup>st</sup> April 2014 and based on the expenses/costs approved for FY 2014-15, has computed the working capital and interest on working capital for FY 2014-15 as detailed in the Table below:

**Table 5.57: Interest on Working Capital Considered for FY 2014-15 (RE)**  
(Rs. Crore)

Sl.No	Particulars	Discoms ARR approved in MYT order FY 2014-15	Approved for FY 2014-15 in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2014-15 (RE)	Now approved in review for FY 2014-15 (RE)
1	O&M expenses (1 month)	47.82	30.34	31.28	31.10
2	Maintenance spares @1% of opening GFA with 6% escalation	84.18	33.90	44.66	27.53
3	Receivables - 2 months	1322.08	841.11	856.93	741.82
<b>4</b>	<b>Total working capital</b>	<b>1454.09</b>	<b>905.35</b>	<b>932.87</b>	<b>800.45</b>
5	Less: Govt. assistance for power purchase	360.00	242.08	239.99	239.99
<b>6</b>	<b>Net working capital requirement</b>	<b>1094.09</b>	<b>663.27</b>	<b>692.88</b>	<b>560.46</b>
7	Rate of interest	14.45%	14.45%	14.75%	14.75%
<b>8</b>	<b>Interest on working capital</b>	<b>158.09</b>	<b>95.84</b>	<b>102.20</b>	<b>82.67</b>

The Commission, accordingly, has considered interest on working capital at Rs.82.67 Crore for FY 2014-15 (RE).

## 5.27 Return on Equity

### Petitioner's submission:

SBPDCL has submitted that computation of Return on Equity is excluding revaluation of reserves and subsidies and is claimed as per Regulation 72 (2) (c) of BERC Tariff Regulations 2007.

SBPDCL has computed the return on equity for FY 2014-15 as detailed in the Table below:

**Table 5.58: Return on Equity Projected for FY 2014-15**

(Rs. Crore)

Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2014-15	Approved for FY 2014-15 in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2014-15 (RE)
1	Opening Equity	879.00	494.00	621.53
2	Rate of Return per annum %	14.00%	14.00%	14.00%
3	<b>Return on Equity</b>	<b>123.10</b>	<b>69.16</b>	<b>87.01</b>

SBPDCL has requested the Commission to consider the RoE as per the computations furnished in the Table above for FY 2014-15 (RE)

### Commission's analysis

The Commission has examined the computation of RoE claim of SBPDCL. The Petitioner has computed RoE on the enhanced Equity. However, no details were furnished for the equity amount. The Petitioner has stated that RoE is claimed as per Regulation 73(2)(c) of the BERC Tariff Regulations 2007.

The Regulation 84 (Principles for fixation of tariff for a Distribution Licensee) of the BERC (Terms and Conditions for Determination of Tariff) Regulations 2007, specify *"the tariff for a distribution licensee shall be fixed in such a manner that the licensee in a financial year shall ordinarily earn a return, which shall comprise of 14% on equity invested in the capital expenditure (apportioned to the quantum for the purpose of performing the electricity business in the present debt – equity structure).*

..... The definition of equity thus would involve all net worth deployed in the capital of the unit but does not include any revaluation of reserves and subsidies. The paid up equity capital for this purpose shall be the average of the opening and closing balances of paid up equity capital for that year”.

Regulation 71 (1) specifies that;

**(b) in case of all projects, the Debt : Equity ratio as on the date of commercial operation shall be 70 : 30 for determination of tariffs.**

The Commission, in view of the above Regulations, for the purpose of computation of Return on Equity, has considered opening equity as on 1st April 2014 as per true up for FY 2013-14.

The Commission considered capitalisation at Rs.808.43 Crore (including IDC) and funding of capitalization through Grants @94% (Rs.756.97 Crore) and balance through loans @6% (Rs.48.32 Crore) for FY 2014-15 based on projections made by the Petitioner for review. Hence, no equity addition is considered for FY 2014-15.

Accordingly, in view of the above, the Commission has computed return on equity for FY 2014-15 as detailed in the Table below:

**Table 5.59: Return on Equity Considered for FY 2014-15**

(Rs. Crore)					
Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2014-15	Approved for FY 2014-15 (RE) in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2014-15 (RE)	Now approved for FY 2014-15 (RE)
1	Opening Equity	879.00	494.00	621.53	494.00
2	Closing equity	879.00	494.00	621.53	494.00
3	Average equity (1+2)/2	879.00	494.00	621.53	494.00
4	Rate of Return on equity	14.00%	14.00%	14.00%	14.00%
5	<b>Return on equity (3*4)</b>	<b>123.10</b>	<b>69.16</b>	<b>87.01</b>	<b>69.16</b>



The Commission, accordingly, approves Return on Equity at Rs.69.16 Crore in review for FY 2014-15 (RE) as detailed in the Table above.

## 5.28 Interest on Security Deposit

### Petitioner's submission:

SBPDCL has submitted that interest on Security Deposit amount has been claimed as per the provisions of BERC Supply Code. The interest for security deposit has been considered as per prevailing RBI Bank Rate of 9%. The Petitioner has projected interest on security deposit for FY 2014-15 as detailed in the Table below:

**Table 5.60: Interest on Security Deposit Projected for FY 2014-15 (RE)**  
(Rs. Crore)

Sl. No.	Particulars	Projected by SBPDCL for FY 2014-15 (RE)
1	Opening Security Deposit	248.15
2	Addition / (Deletion)	77.55
3	Closing Security Deposit	325.70
4	Average Security Deposit	286.93
5	RBI Bank Rate (as on 7.10.2013)	9.00%
6	Interest on Security Deposit	25.82

The Petitioner has requested the Commission to approve the computation of interest on security deposit for FY 2014-14 as detailed in the Table above.

### Commission's analysis:

*Section 47(1)(a) of the Electricity Act, 2003 specifies that any person who requires a supply of electricity to give reasonable security in respect of the electricity supplied to such person.*

*BERC Supply Code Regulations 2007 specifies that the distribution licensee shall pay interest at the RBI Bank rate, applicable on security deposits taken from the consumers. The interest amount of previous financial year shall be adjusted in the energy bill issued in May/June of each financial year depending on billing cycle.*

*The Commission in the Tariff Order for FY 2011-12 has opined that the consumer security deposits provided to the distribution licensees by the consumers should be either be used for funding working capital requirement or should be kept with the Bank and interest earned on the amount should be passed on to the consumers.*

The Commission is of the view that the Petitioner has utilised and invested these consumer deposits in the Regulated business. In such a scenario, there is no additional financial implication on distribution licensee because it is compensated for its working capital funding on a normative basis or the interest earned can be passed on to the consumers. However, the Commission following the principle of prudence and consistency has not considered any notional normative income on consumers' security deposit, but disallowed the actual interest paid towards the interest on consumers' security deposits in the true up for FY 2013-14. Accordingly, the Commission has not considered interest on SD in review for FY 2014-15 (RE). ***If interest paid on consumers security deposit is allowed as pass through in tariffs, it tantamount to recovery of the interest from consumers itself.***

**In view of the above, the Commission disapproves interest on Consumer's Security Deposit for FY 2014-15 (RE).**

## 5.29 Net Prior Period Charges

### Petitioner's submission:

SBPDCL has submitted that the Commission in its order in Case No.20/2014 had determined an additional Rs.37.10 Crore as additional amount on account of Net prior period charges for FY 2012-13 and has projected Rs.20.71 Crore towards SBPDCL share of net prior period charges for FY 2014-15 as detailed in the Table below.

**Table 5.61: Net Prior period charges / (Credits) projected for FY 2014-15  
(Rs. Crore)**

Sl. No.	Particulars	Projected by SBPDCL for FY 2014-15 (RE)
1	Prior period expenses	20.71

**Commission analysis:**

The Commission in Case No.20/2014 has allowed additional amount on account of Net prior period charges for FY 2012-13, The Commission has considered the same in true up for FY 2013-14, hence no amount is considered for FY 2014-15.

**In view of the above, the Commission disapproves prior period charges in review for FY 2014-15 (RE).**

**5.30 Non – Tariff Income****Petitioner's submission:**

SBPDCL has submitted that non tariff income is considered based on actual non tariff income as per audited annual accounts for FY 2013-14 with escalation @10% for FY 2014-15 over FY 2013-14. The Petitioner has submitted that the non tariff income is projected for FY 2014-15 after deducting funding cost of Delayed Payment Surcharge and requested the Commission to approve the Non-tariff income as detailed in the Table below

**Table 5.62: Projected Non-tariff Income for FY 2013-14 (RE)****(Rs. Crore)**

Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2014-15	Approved for FY 2014-15 in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2014-15 (RE)
1	Net Non-tariff income for FY 2013-14		94.89	305.10
2	Increase in income @		8.00%	10.00%
3	<b>Net non-tariff income</b>	<b>183.11</b>	<b>102.48</b>	<b>335.61</b>

**Commission analysis:**

The Commission observed that the Petitioner has not adjusted financing cost of DPS against the Non-tariff income even though it claims to have been adjusted.

The Non-Tariff income as per the audited annual accounts of SBPDCL for FY 2013-14 is at Rs.305.10 Crore and after adjusting to the financing cost of outstanding dues towards delayed payment, the non-tariff income stood at Rs.198.07 Crore for FY 2013-14. The Commission, in true up for FY 2013-14, has considered non-tariff income of Rs.198.07 Crore (Rs.305.10 Crore less financing cost of DPS at Rs.107.03 Crore). Accordingly, the Commission has considered Rs.198.07 Crore with escalation @ 10% for FY 2014-15 (RE) as detailed in the Table below.

**Table 5.63: Non-tariff income considered for FY 2014-15 (RE)**

(Rs. Crore)					
Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2014-15	Approved for FY 2014-15 in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2014-15 (RE)	Now approved for FY 2014-15 (RE)
1	Net Non-tariff income	183.11	94.89	305.10	198.07
2	Rate of Increase		8.00%	10.00%	10.00%
3	Increase in non tariff income		7.59	30.51	19.81
4	<b>Total Non-tariff income</b>	<b>183.11</b>	<b>102.48</b>	<b>335.61</b>	<b>217.88</b>

The Commission, accordingly, considered non-tariff income at Rs.217.88 Crore for FY 2014-15 (RE) as detailed in the Table above.

### 5.31 Revenue from sale of power at existing tariff

#### Petitioner submission

SBPDCL has submitted the category wise revenue based on the existing tariff including sale to Nepal for FY 2014-15 as detailed in the Table below:

**Table 5.64: Projected Revenue from sale of power at existing tariff projected for FY 2014-15 (RE)**

Sl. No.	Category	FY 2014-15	
		Sales (MU)	Revenue (Rs. Crore)
1	Kutir Jyoti (Rural)	685.19	117.48
2	DS-I	319.16	66.72
3	DS-II	1299.90	532.49
4	DS-III	0.61	0.27
5	NDS I Commercial	9.89	2.43
6	NDS II Commercial	587.49	416.80
7	NDS III Commercial	2.45	0.97
8	SS I	1.89	1.19
9	SS II	14.50	9.10
10	Irrigation and Agriculture I	144.59	15.17
11	Irrigation and Agriculture II	74.04	36.65
12	PWW	36.42	22.06
13	LTIS I	98.32	60.94
14	LTIS II	92.35	58.85
15	HTIS-I	476.95	309.04
16	HTIS-II	165.63	116.00
17	HTIS-III	64.81	39.54
18	HTIS-IV	491.09	263.13
19	RT	535.38	343.22
20	UI	167.62	21.65
21	DF	918.08	161.29
<b>22</b>	<b>Total</b>	<b>6186.35</b>	<b>2595.00</b>

**Commission's analysis**

The Petitioner has considered the actual Revenue Billed for each category as per Audited Annual Accounts for FY 2013-14 to project Revenue at existing Tariff for FY 2014-15. There is no change in Tariff rates during FY 2014-15 i.e., the Tariff of FY 2013-14 is continued during FY 2014-15 also. The Commission has considered the revenue from UI sales and energy supplies to DF as projected by the Petitioner. The Commission has estimated the revenue for FY 2014-15 by applying the existing tariff rates during FY 2014-15 on the sales, number of consumers and connected load for FY 2014-15 (RE) as detailed in the table below:

**Table 5.65: Revenue from sale of power at existing tariff considered for FY 2014-15 (RE)**

Sl. No.	Category	FY 2014-15		
		Sales (MU)	Average Bill Rate (Rs. kWh)	Revenue (Rs. Crore)
1	Kutir Jyoti	193.86	1.78	34.52
2	DS-I	319.16	2.12	67.78
3	DS-II	1299.90	4.49	583.65
4	DS-III	0.61	4.36	0.27
5	NDS I Commercial	9.89	2.47	2.44
6	NDS II Commercial	587.49	6.59	387.30
7	NDS III Commercial	2.45	3.58	0.88
8	SS I	1.89	7.00	1.32
9	SS II	14.50	8.50	12.38
10	Irrigation and Agriculture I	146.31	1.34	19.61
11	Irrigation and Agriculture II	70.66	6.08	42.96
12	PWW	36.42	7.80	28.42
13	LTIS I	98.32	5.92	58.21
14	LTIS II	92.35	6.27	57.86
15	HTS-I	507.72	7.28	369.64
16	HTS-II	176.46	7.12	125.68
17	HTS-III	64.81	6.27	41.37
18	HTSS	500.01	6.32	315.98
19	RT	535.38	6.56	351.03
20	UI	167.62	1.29	21.65
21	DF	918.08	1.76	161.29
<b>22</b>	<b>Total</b>	<b>5745.05</b>	<b>4.67</b>	<b>2684.24</b>

### 5.32 Resource gap funding from State Government for FY 2014-15

#### Petitioner's submission

The Petitioner has submitted that the total subsidy to be received for FY 2014-15 is Rs.1439.93 Crore. The Petitioner has furnished utilization of subsidy amount and balance amount be adjusted against revenue gap as detailed in the Table below:

**Table 5.68: Resource Gap Utilization projected for FY 2014-15**

Sl. No.	Particulars	Approved for FY 2014-15 in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2014-15 (RE)
1	Proposed resource gap grant from State Govt.	1452.48	1439.93
2	Less: Disallowed power purchase funded through State Govt. grant/subsidy	1283.79	1027.33
3	Available Revenue Subsidy	168.69	412.60

**Commission's analysis:**

The Commission has considered the resource gap assistance for FY 2014-15 at Rs.1439.93 Crore for SBPDCL as per Bihar State Govt. letter dated 16.12.2014.

The Commission has considered the resource gap assistance of Rs.1439.93 Crore as projected by the Petitioner and adjusted the cost of additional power purchase requirement on account of difference in actual distribution loss of SBPDCL and distribution loss approved by the Commission from resource gap funding by the State Govt. as detailed in the Table below:

**Table 5.69: Resource Gap utilization considered for FY 2014-15**

(Rs. Crore)				
Sl. No.	Particulars	Approved for FY 2014-15 in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2014-15 (RE)	Now approved in review for FY 2014-15 (RE)
1	Proposed resource gap assistance from State Govt.	1452.48	1439.93	1439.93
2	Less: Disallowed power purchase funded through State Govt. grant	1283.79	1400.69	1027.33
3	Available balance resource gap assistance	168.69	39.24	412.60

### 5.33 Annual Revenue Requirement and Revenue Gap at existing tariff projected for FY 2014-15 (RE)

#### Petitioner's submission:

The Petitioner has submitted that the gross ARR consists of the power purchase costs, interest and finance cost, O&M cost, depreciation and interest on working capital duly adjusted for non-tariff income and other income. The Petitioner has computed the total revenue requirement for FY 2014-15 against allocation from total approved revenue requirement by the Commission for FY 2014-15, as detailed in the Table below:

**Table 5.70: ARR and Revenue Gap / (Surplus) projected for FY 2014-15 (RE)**  
(Rs. Crore)

Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2014-15	Approved for FY 2014-15 in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2014-15 (RE)
1	Purchase of power	6216.52	3996.81	4245.92
2	PGCIL & Other transmission charges	190.00	282.67	310.33
3	BSPTCL transmission charges	262.00	175.89	160.33
4	<b>O &amp; M Expenses (A+B+C+D)</b>	<b>573.85</b>	<b>364.05</b>	<b>375.42</b>
A	Employee expenses	438.26	282.33	258.06
B	R&M expenses	86.01	44.16	80.14
C	A&G expenses	49.58	23.00	32.22
D	Holding company expenses		14.56	5.00
5	Depreciation	163.24	90.06	108.27
6	Interest & Finance charges	395.92	92.94	41.84
7	Return on equity	123.10	69.16	87.01
8	Deposits for RPO obligation		13.70	
9	Prior period charges			20.71
10	Interest on SD			25.82
11	Interest on working capital	158.09	95.84	102.20
12	Less: IDC		-31.99	-0.69
13	<b>Total Revenue requirement (1 to 12)</b>	<b>8082.72</b>	<b>5149.14</b>	<b>5477.16</b>
14	Less:: Non-tariff income	183.11	102.48	335.61
15	<b>Net Revenue requirement (13-14)</b>	<b>7899.61</b>	<b>5046.66</b>	<b>5141.55</b>
16	Less: Expenditure disallowed due	1827.49	1283.79	1400.69



	to excess T&D losses			
17	Revenue from Existing tariff	3723.70	2706.02	2573.35
18	Revenue from sale of power-Nepal	255.20	0.00	
<b>19</b>	<b>Net Gap / (Surplus) before subsidy (15-16-17-18)</b>	<b>2093.22</b>	<b>1056.85</b>	<b>1167.51</b>
<b>20</b>	<b>Add: Recovery/(surplus) of revenue gap of past filing</b>	0.00	0.00	328.96
<b>21</b>	<b>Net Gap / (Surplus) before subsidy</b>	<b>2093.22</b>	<b>1056.85</b>	<b>1496.47</b>
22	Subsidy from State Government	2160.00	1452.48	1439.93
23	Subsidy used for disallowed power	1827.49	1283.79	1400.69
24	Subsidy available for revenue gap	332.51	168.69	39.24
<b>25</b>	<b>Net Gap / (Surplus) after subsidy</b>	<b>1760.71</b>	<b>888.16</b>	<b>1457.22</b>

### Commission analysis:

The Commission has computed the net annual revenue requirement based on the costs approved in the preceding paragraphs in the review as detailed in the Table below:

**Table 5.71: ARR and Revenue Gap / (Surplus) considered by the Commission for FY 2014-15 (RE)**

(Rs. Crore)

Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2014-15	Approved for FY 2014-15 in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2014-15 (RE)	Now approved in review for FY 2014-15 (RE)
1	Purchase of power	6216.52	3996.81	4245.92	3651.34
2	PGCIL & Other transmission chargesp	190.00	282.67	310.33	287.63
3	BSPTCL transmission charges	262.00	175.89	160.33	156.95
4	<b>O &amp; M Expenses (A+B+C+D)</b>	<b>573.85</b>	<b>364.05</b>	<b>375.42</b>	<b>373.19</b>
A	Employee expenses	438.26	282.33	258.06	258.05
B	R&M expenses	86.01	44.16	80.14	80.14
C	A&G expenses	49.58	23.00	32.22	29.99
D	Holding company expenses		14.56	5.00	5.00
5	Depreciation	163.24	90.06	108.27	7.92
6	Interest & Finance charges	395.92	92.94	41.84	43.10
7	Return on equity	123.10	69.16	87.01	69.16
8	Deposits for RPO obligation		13.70		
9	Prior period charges			20.71	

Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2014-15	Approved for FY 2014-15 in Tariff Order dated 28.02.2014	Projected by SBPDCL for FY 2014-15 (RE)	Now approved in review for FY 2014-15 (RE)
10	Interest on SD			25.82	
11	Interest on working capital	158.09	95.84	102.20	82.67
12	<b>Less: IDC</b>		31.99	0.69	3.14
13	<b>Total Revenue requirement (1 to 12)</b>	<b>8082.72</b>	<b>5149.14</b>	<b>5477.16</b>	<b>4668.81</b>
14	Less: Non-tariff income	183.11	102.48	335.61	217.88
15	<b>Net Revenue requirement (13-14)</b>	<b>7899.61</b>	<b>5046.66</b>	<b>5141.55</b>	<b>4450.93</b>
16	Less: Expenditure disallowed due to excess T&D losses	1827.49	1283.79	1400.69	1027.33
17	Revenue from Existing tariff	3723.70	2706.02	2573.35	2684.24
18	Revenue from sale of power-Nepal	255.20	0.00		0.00
19	<b>Net Gap/(Surplus) before subsidy (15-16-17-18)</b>	<b>2093.22</b>	<b>1056.85</b>	<b>1167.51</b>	<b>739.36</b>
20	Subsidy from State Government		1452.48	1439.93	1439.93
21	Subsidy used for disallowed power		1283.79	1400.69	1027.33
22	Subsidy available for revenue gap (20-21)		168.69	39.24	412.60
23	<b>Net Gap / (Surplus) after subsidy (19-22)</b>	<b>2093.22</b>	<b>888.16</b>	<b>1128.26</b>	<b>326.76</b>

The Commission approves the net revenue gap of Rs.326.76 Crore for FY 2014-15 (RE) subject to final truing up as and when the audited annual accounts for FY 2014-15 are submitted by the Petitioner.

The gap estimated by the Commission is based on the revised estimates submitted by SBPDCL as modified by the Commission on prudence check and may vary with actual costs/expenditure based on the audited annual accounts for FY 2014-15.

Therefore, the Commission does not consider this gap of Rs.326.76 Crore to be carried forward in ARR of SBPDCL for FY 2015-16.

## 6. Revised Aggregate Revenue Requirement (ARR) for FY 2015-16

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### 6.1 Background

The Commission has determined the Aggregate Revenue Requirement (ARR) for FY 2014-15 and approved retail supply tariff for FY 2014-15 for SBPDCL in the Tariff Order dated 28<sup>th</sup> February, 2014.

SBPDCL has now submitted the present petition for determination of revised ARR and retail supply tariff for FY 2015-16. It is submitted that the revised ARR for FY 2015-16 is based on projections and escalations over previous year and also considering Commission approved figures as guiding principles.

SBPDCL has submitted that the Commission has approved MYT figures for FY 2013-14 to FY 2015-16, however the Petitioner would seek opportunity to review / revise its ARR for FY 2015-16 so as to enable sound transition of new company and also avoiding financial loss, if any, in transition phase.

In this Chapter, the Commission has analysed the energy sales and components of expenditure and revenue projected by SBPDCL for FY 2015-16

### 6.2 Energy Sales, Number of Consumers and Connected Load

The Petitioner has submitted that NBPDC and SBPDCL serve more than 44,83,570 consumers in the State (as on 31<sup>st</sup> March, 2014). The electricity consumers in the State have grown by more than 15% CAGR in past 4 years. Such a high growth rate is reflective of regressed demand in the State. Considerable increase in consumer load and number of consumers lead to quantum leap in energy sales under various categories of consumers.

SBPDCL has furnished the category wise number of consumers, connected and energy sales over the last 5 years i.e. FY 2009-10 to FY 2013-14 in the state of Bihar as shown in the Tables below:

**Table 6.1: Category-wise Effective Number of Consumers in Bihar (Actuals)**

Sl. No	Category	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
1	Kutir Jyoti	3,19,244	5,79,852	8,89,252	13,37,493	14,47,536
2	Domestic	17,97,404	19,38,023	21,07,229	24,35,584	26,58,560
3	Commercial	1,90,089	1,95,145	2,16,530	2,79,879	3,01,634
4	Public Lighting	379	306	355	399	419
5	IAS	59,121	54,709	57,615	57,838	53,332
6	PWW	768	923	970	1,098	1,236
7	Industrial LT	18,917	17,144	16,181	18,816	19,280
8	Industrial HT	929	915	1,179	1,317	1,551
9	Rail way	15	15	17	17	19
10	Inter State & UI & DF	1	1	1	1	3
<b>11</b>	<b>Total</b>	<b>23,86,867</b>	<b>27,87,033</b>	<b>32,89,329</b>	<b>41,32,442</b>	<b>44,83,570</b>

**Table 6.2: Category wise consumer growth in past 5 years**

Sl. No	Category	4 Years	3 Years	2 Years	YOY
1	Kutir Jyoti	46%	36%	28%	8%
2	Domestic	10%	11%	12%	9%
3	Commercial	12%	16%	18%	8%
4	Public Lighting	3%	11%	9%	5%
5	IAS	-3%	-1%	-4%	-8%
6	PWW	13%	10%	13%	13%
7	Industrial LT	0%	4%	9%	2%
8	Industrial HT	14%	19%	15%	18%
9	Rail way	6%	8%	6%	12%
10	Inter State & UI & DF	32%	44%	73%	200%

**Table 6.3: Category wise connect load (KW) in Bihar (Actuals)**

Sl. No	Category	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
1	Kutir Jyoti	23,84,686.0	30,60,488.0	35,35,753.0	39,89,210.0	44,12,384.7
2	Domestic	0	0	0	0	8
3	Commercial	5,76,714.00	6,14,059.00	6,79,093.00	6,50,003.00	7,12,192.69
4	Public Lighting	9,625.00	11,411.00	6,260.00	7,872.00	7,747.34
5	IAS	6,18,974.00	4,17,191.00	4,23,965.00	1,85,000.00	1,64,469.82
6	PWW	21,385.00	23,055.00	25,329.00	18,154.00	21,645.56
7	Industrial LT	7,28,365.00	4,55,276.00	4,80,421.00	1,82,579.00	1,89,064.93
8	Industrial HT	4,30,833.00	3,27,610.00	5,16,509.00	5,26,757.00	6,32,329.51
9	Rail way	1,02,150.00	3,26,500.00	1,37,085.00	35,640.00	1,70,462.00
10	Inter State & UI & DF					
	<b>Total</b>	<b>48,72,732.0</b>	<b>52,35,590.0</b>	<b>58,04,415.0</b>	<b>55,95,215.0</b>	<b>63,10,296.6</b>
		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>

**Table 6.4: Category wise connected Load growth in Past 5 years**

Sl. No	Category	4 Years	3 Years	2 Years	YOY
1	Kutir Jyoti	17%	13%	12%	11%
2	Domestic				
3	Commercial	5%	5%	2%	10%
4	Public Lighting	-5%	-12%	11%	-2%
5	IAS	-28%	-27%	-38%	-11%
6	PWW	0%	-2%	-8%	19%
7	Industrial LT	-29%	-25%	-37%	4%
8	Industrial HT	10%	25%	11%	20%
9	Rail way	14%	-19%	12%	378%

**Table 6.5: Category wise Energy Sales in Bihar (Actuals)**

Sl. No	Category	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
1	Kutir Jyoti	151.00	164.00	342.00	319.52	525.56
2	Domestic	1,814.00	1,969.00	2,026.00	2,342.84	2,755.45
3	Commercial	470.00	490.00	521.00	730.43	819.19
4	Public Lighting	27.00	33.00	23.00	56.35	45.70
5	IAS	794.00	389.00	363.00	336.53	321.79
6	PWW	143.00	60.00	45.00	53.30	58.52
7	Industrial LT	192.00	226.00	203.00	251.12	281.01
8	Industrial HT	1,475.00	1,501.00	1,470.00	1,404.76	1,553.51
9	Rail way	445.00	458.00	537.00	448.64	523.95
10	Inter State & UI & DF	555.00	848.00	1,164.00	1,073.41	1,356.79
	<b>Total</b>	<b>6,066.00</b>	<b>6,138.00</b>	<b>6,694.00</b>	<b>7,016.90</b>	<b>8,241.48</b>

**Table 6.6: Category wise Energy sales growth in past 5 years**

Sl. No	Category	4 Years	3 Years	2 Years	YOY
1	Kutir Jyoti	37%	48%	24%	65%
2	Domestic	12%	13%	19%	21%
3	Commercial	16%	20%	28%	17%
4	Public Lighting	14%	12%	41%	-19%
5	IAS	-20%	-6%	-6%	-4%
6	PWW	-20%	-1%	15%	11%
7	Industrial LT	11%	9%	20%	17%
8	Industrial HT	2%	2%	4%	14%
9	Rail way	4%	5%	-1%	17%
10	Inter State & UI & DF	25%	17%	8%	26%

### 6.2.1 Category wise number of consumers

#### Petitioner's submission

SBPDCL has submitted that the following approach has been considered for estimating number of consumers for FY 2015-16

- 4 years, 3 years, 2 years and YoY calculation of number of consumers were adopted and applied on the actual number of consumers of FY 2013-14 for estimating number of consumers of FY 2014-15 and thereafter for FY 2015-16.
- For Kutir Jyoti, an increase of 1390837 of Consumers in FY 2015-16 (excluding in DF area) has been considered based on monthly new connection drive started by DISCOMs from September, 14 and under RGGVY XIth and XIIth plan respectively;
- For Domestic, Commercial and Public Lighting 3 years CAGR of 11%, 16% and 11% has been considered.
- In case of Public Water Works growth rate of 10% (3 Year CAGR) has been considered for projection purpose
- For Industrial HT, Railway, growth rate of 3 years CAGR (15%, 8%) has been considered.
- For IAS growth rate of notional growth rate of 5% has been considered.
- For Industrial LT Category growth rate of 3 years CAGR 10% has been considered.

The revised number of consumers projected for SBPDCL for FY 2015-16 are as given in the Table below:

**Table 6.7: Number of consumers project for FY 2015-16**

Sl. No.	Category	FY 2015-16			
		SBPDCL Excl. DF	Gaya DF	Bhagalpur DF	SBPDCL Total
1	KJY	32,94,142	19,589	-	33,13,731
2	DSI	3,22,021	9,835	31,782	3,63,637
3	DSII	9,43,946	70,642	63,657	10,78,245
4	DS III	31	-	14	44
5	NDS I Commercial	10,180	342	623	11,145
6	NDS II Commercial	1,97,562	14,300	11,657	2,23,520
7	NDS III Commercial	137	54	16	207
8	SS I	122	-	17	139

Sl.	Category	FY 2015-16			
9	SS II	150	70	15	234
10	Irrigation and Agriculture I	47,550	3,131	1,335	52,016
11	Irrigation and Agriculture II	1,861	3	45	1,910
12	PWW	752	52	12	816
13	LTIS I	9,058	1,549	2,597	13,204
14	LTIS II	1,249	64	42	1,356
15	HTS I	1,148	61	41	1,250
16	HTS II	156	2	3	160
17	HTS III	3	-	-	3
18	HTSS	20	-	-	20
19	RT	20	-	-	20
20	<b>Total</b>	<b>48,30,107</b>	<b>1,19,695</b>	<b>1,11,856</b>	<b>50,61,658</b>

### Commission's analysis

SBPDCL has stated that monthly new connections drive has been started from September 2014 under RGGVY XIth and XIIth plans.

SBPDCL has considered an addition of 13,90,837 new Kutir Jyoti connections in SBPDCL area, during FY 2015-16. The addition of Kutir Jyoti connections in the past are as given below:

**Table 6.8: Growth of Kutir Jyoti Consumers**

Discoms / State	Actuals Existing					Projected	
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
SBPDCL	-	-	-	-	443182	1920935	3313731
NBPDCL	-	-	-	-	1004354	1857231	3360427
<b>Total</b>	<b>319244</b>	<b>579852</b>	<b>889252</b>	<b>1337493</b>	<b>1447536</b>	<b>3778166</b>	<b>6674158</b>
Newly added	-	260608	309400	448241	110043	2330630	2895992

The maximum addition of new Kutir Jyoti connections in Bihar State in the past was 448241. Proposed addition of 1390837 new Kutir Jyoti connections during FY 2015-16 seems to be very ambitious.

Further, as observed from the Table 6.2, the CAGR of Kutir Jyoti connections is reducing year on year from FY 2009-10 to FY 2013-14. However, the Commission has considered 3 year CAGR i.e. 36% growth over that of during FY 2014-15 for estimating the number of KJ consumers during FY 2015-16. Accordingly, the Commission has considered 7,56,353 number of KJ consumers for entire SBPDCL area and 7,36,764 number of KJ consumers excluding DF areas (756353-19589).

For IAS category the number of consumers are considered at the same level of FY 2014-15 as no growth is expected.

For other categories, the Commission has considered the number of consumers as projected by the Petitioner.

Details of category wise number of consumers considered by the Commission for FY 2015-16 are shown in the Table below:

**Table 6.9: Number of consumers considered for FY 2015-16**

Sl. No.	Category	FY 2015-16			
		SBPDCL Excl. DF	Gaya DF	Bhagalpur DF	SBPDCL Total
1	KJY	7,36,764	19,589	0	7,56,353
2	DSI	3,22,021	9,835	31,782	3,63,637
3	DSII	9,43,946	70,642	63,657	10,78,245
4	DS III	31	-	14	44
5	NDS I Commercial	10,180	342	623	11,145
6	NDS II Commercial	1,97,562	14,300	11,657	2,23,520
7	NDS III Commercial	137	54	16	207
8	SS I	122	-	17	139
9	SS II	150	70	15	234
10	Irrigation and Agriculture I	42,987	2,982	1,211	47,180
11	Irrigation and Agriculture II	1,688	3	41	1,732
12	PWW	752	52	12	816
13	LTIS I	9,058	1,549	2,597	13,204
14	LTIS II	1,249	64	42	1,356
15	HTS I	1,148	61	41	1,250
16	HTS II	156	2	3	160
17	HTS III	3	-	-	3
18	HTSS	20	-	-	20
19	RT	20	-	-	20
20	<b>Total</b>	<b>22,67,994</b>	<b>1,19,545</b>	<b>1,11,728</b>	<b>24,99,267</b>

SBPDCL is directed to maintain correct details of category wise and sub category wise number of consumers for FY 2015-16 for considering while reviewing for FY 2015-16.



## 6.2.2 Category wise connected load

### Petitioner's submission

SBPDCL has submitted that the following approach has been considered for estimating the connected load for FY 2015-16.

- 4 years, 3 years, 2 years and YoY calculation of connected load were adopted and applied on the actual connected load of FY 2013-14 for estimating connected load of FY 2014-15 and thereafter for FY 2015-16.
- For Kutir Jyoti an average load per consumer increase has been considered FY 2015-16 as per actual in FY 2013-14 based on monthly new connection drive started by DISCOMs from September 14 and under RGGVY XI<sup>th</sup> and XII<sup>th</sup> plan respectively;
- For Domestic, Commercial and Public Lighting 3 years CAGR of 12%, 5% and 11% has been considered, wherever negative growth is there a nominal increase has been considered;
- In case of IAS and Public Water Works notional growth rate of 5% has been considered for projection purpose.
- For Industrial HT, Railway growth rate of 2 years CAGR (11% and 12%) has been considered.
- For Industrial LT Category connected load are considered at nominal increase of 4% as per YOY growth in previous years.

The details of revised connected load projected for FY 2015-16 is as given in the Table below:

**Table 6.10: Connected Load (KW) projected for FY 2015-16**

Sl. No.	Category	FY 2015-16			
		SBPDCL Excl. DF	Gaya DF	Bhagalpur DF	SBPDCL Total
1	KJY	24,09,026	19,710	-	24,28,736
2	DSI	3,63,164	9,975	32,190	4,05,329
3	DSII	15,25,422	1,31,737	85,414	17,42,573
4	DS III	170	-	149	318
5	NDS I Commercial	9,380	340	542	10,263
6	NDS II Commercial	4,08,829	31,579	23,831	4,64,238
7	NDS III Commercial	663	464	40	1,167
8	SS I	1,010	-	17	1,027
9	SS II	3,189	1,038	139	4,365
10	Irrigation and Agriculture I	1,03,893	12,045	2,048	1,17,985
11	Irrigation and Agriculture II	21,154	89	580	21,824

Sl. No.	Category	FY 2015-16			
		SBPDCL Excl. DF	Gaya DF	Bhagalpur DF	SBPDCL Total
12	PWW	12,491	1,324	64	13,879
13	LTIS I	56,912	14,994	8,705	80,612
14	LTIS II	40,970	4,628	1,308	46,905
15	HTS I	2,46,610	7,500	8,450	2,62,560
16	HTS II	87,999	2,140	3,305	93,444
17	HTS III	17,629	-	-	17,629
18	HTSS IV	1,90,837	-	-	1,90,837
19	RT	1,87,792	-	-	1,87,792
20	<b>Total</b>	<b>56,87,138</b>	<b>2,37,564</b>	<b>1,66,781</b>	<b>60,91,484</b>

### Commission analysis

The Commission has considered the connected load for Kutir Jyoti consumers based on the number of consumers approved for FY 2015-16. For KJY the connected load is considered on pro-rata with the number of consumers.

For IAS category, the connected load is considered at the same level of FY 2014-15 as there is no growth expected

For other categories, the Commission has considered the category wise connected load for FY 2015-16 as projected by the Petitioner.

Details of category wise connected load considered by the Commission for FY 2015-16 are given in the Table below:

**Table 6.11: Connected load (KW) considered for FY 2014-15**

Sl. No.	Category	FY 2015-16			
		SBPDCL Excl. DF	Gaya DF	Bhagalpur DF	SBPDCL Total
1	KJY	5,34,645	19,710	0	5,54,355
2	DSI	3,63,164	9,975	32,190	4,05,329
3	DSII	15,25,422	1,31,737	85,414	17,42,573
4	DS III	170	-	149	318
5	NDS I Commercial	9,380	340	542	10,263
6	NDS II Commercial	4,08,829	31,579	23,831	4,64,238
7	NDS III Commercial	663	464	40	1,167
8	SS I	1,010	-	17	1,027
9	SS II	3,189	1,038	139	4,365
10	Irrigation and Agriculture I	93,688	11,471	1,857	1,07,016
11	Irrigation and Agriculture II	19,184	85	526	19,795
12	PWW	12,491	1,324	64	13,879

Sl. No.	Category	FY 2015-16			
		SBPDCL Excl. DF	Gaya DF	Bhagalpur DF	SBPDCL Total
13	LTIS I	56,912	14,994	8,705	80,612
14	LTIS II	40,970	4,628	1,308	46,905
15	HTS I	2,46,610	7,500	8,450	2,62,560
16	HTS II	87,999	2,140	3,305	93,444
17	HTS III	17,629	-	-	17,629
18	HTSS	1,90,837	-	-	1,90,837
19	RT	1,87,792	-	-	1,87,792
<b>20</b>	<b>Total</b>	<b>38,00,584</b>	<b>2,36,985</b>	<b>1,66,537</b>	<b>42,04,106</b>

### 6.2.3 Category wise Energy Sales

#### Petitioner's submission

SBPDCL has submitted that the following approach has been considered for estimating sales for FY 2015-16

- 4 year, 3 years, 2 years and YoY calculation of sales were adopted and applied on the actual sales of FY 2013-14 for estimating sales of FY 2014-15 and thereafter for FY 2015-16.
- Sales of DF areas have been computed separately and accordingly grossed up by the losses to arrive at the input energy to the DF areas.
- Sales have been estimated as per CAGR arrived on actual sales of FY 2013-14 for NBPDC and SBPDCL for all categories except for Kutir Jyoti.
- For Kutir Jyoti an average sales per consumer increase has been considered in and FY 2015-16 as per actual in FY 2013-14 based on monthly new connection drive started by Discom's from September 14 and under RGGVY XI<sup>th</sup> and XII<sup>th</sup> plan respectively;
- For Domestic, Commercial and Public Lighting 3 years CAGR of 13%, 20% and 12% has been considered;
- In case of Public Water Works growth rate considered at nominal increase of 11% as per the actual YOY increase in FY 2013-14
- For Industrial LT, Industrial HT, Railway growth and Interstate and Others rate of 3 years CAGR (9%, 2%, 5%) has been considered.
- For IAS Category nominal increase of 5% has been considered;

SBPDCL has projected the revised sales for FY 2015-16 as given in the Table below:.

**Table 6.12: Energy Sales Projected for FY 2015-16**

Sl. No	Category	MUs
1	KJY	1185.89
2	DSI	360.84
3	DSI I	1469.60
4	DS III	0.69
5	NDS I Commercial	11.90
6	NDS II Commercial	706.54
7	NDS III Commercial	2.95
8	SS I	2.11
9	SS II	16.17
10	Irrigation and Agriculture I	151.82
11	Irrigation and Agriculture II	77.74
12	PWW	40.37
13	LTIS I	107.30
14	LTIS II	100.78
15	HTS I	487.17
16	HTS II	169.18
17	HTS III	66.20
18	HTSS	501.61
19	RT	559.93
20	Sale to Nepal	0.00
21	UI	0.00
22	DF	1124.94
<b>23</b>	<b>Total</b>	<b>7143.79</b>

#### Commission's analysis

Since, SBPDCL is functioning as a Distribution Company with effect from 01.11.2012, only one year full data of category wise energy sales is available. Past trend of growth of energy sales exclusively for SBPDCL is not available. The Commission accepts the methodology considered by the Petitioner for estimating the energy sales for FY 2015-16.

However, the Commission has considered the energy sales for Kutir Jyoti category at 265.24 MU based on the number of consumers considered for FY 2015-16 at 7,36,764 and considering a norm of 30 units/month/connection. For Irrigation and Agriculture (IAS) category, there is negative growth both in consumers and energy consumption as observed in Table 5.7. The sales are following downward trend year

on year. The Petitioner has considered a growth of 5% for estimating sale for FY 2015-16 for this category. But the Commission has considered the Sales for this category at zero growth i.e., the same level of FY 2013-14 actuals.

Further, for HT Industrial Category, the Petitioner has considered 3 year CAGR of 2% for estimating sales for FY 2015-16. But as observed from Tables 5.3 and 5.5 the number of consumers and correspondingly the connected load for this category the growth is at 14% to 18% and 10% to 20% respectively. Hence, the Commission has decided to consider 2 year CAGR i.e., 4% for estimating energy sales for FY 2015-16 for HT Industrial Category.

For DF area, the Petitioner has considered the input energy as energy sales. For other category of consumers the energy sales are considered as projected by the Petitioner.

Details of category-wise energy sales considered by the Commission in review are as given in the Table below:

**Table 6.13: Energy Sales Approved for FY 2015-16**

Sl. No	Category	Projected in Petition	Approved for FY 2015-16 (MU)
1	KJY	1185.89	265.24
2	DSI	360.84	360.84
3	DSI I	1469.66	1469.60
4	DS III	0.69	0.69
5	NDS I Commercial	11.90	11.90
6	NDS II Commercial	706.54	706.54
7	NDS III Commercial	2.95	2.95
8	SS I	2.11	2.11
9	SS II	16.17	16.17
10	Irrigation and Agriculture I	151.82	146.31
11	Irrigation and Agriculture II	77.74	70.64
12	PWW	40.37	40.37
13	LTIS I	107.30	107.30
14	LTIS II	100.78	100.78
15	HTS I	487.17	528.03
16	HTS II	169.18	183.52
17	HTS III	66.20	68.63
18	HTIS SS	501.61	520.01

19	RT	559.63	559.93
20	DF	1124.94	1124.94
<b>21</b>	<b>Total</b>	<b>7143.79</b>	<b>6286.50</b>

### 6.3 Distribution Loss

#### Petitioner's submission

SBPDCL has submitted that the Commission in the MYT Order had approved distribution loss of 20.00% for FY 2015-16 for combined DISCOMs. It is also submitted that post unbundling both the DISCOMs are functioning separately and hence it is imperative to approve Distribution loss separately.

SBPDCL also submitted that actual distribution losses are much higher than approved losses and projected the revised distribution losses as given in the Table below:

**Table 6.14: Distribution Loss Projected for FY 2015-16**

Sl. No	Particulars	Approved in MYT Order Dated 15.03.2013	Projected for FY 2015-16
1	Distribution Loss (%)	20.00%	41.65%

#### Commission's analysis

The Commission has fixed the distribution loss for both DISCOMs combinedly for FY 2013-14 to FY 2015-16 in the MYT order dated 15<sup>th</sup> March, 2013 considering all aspects as given below:

**Table 6.15: Distribution Loss Approved for FY 2013-14 to FY 2015-16**

Year	Distribution Loss (%)
2013-14	23.00
2014-15	21.40
2015-16	20.00

SBPDCL has submitted as compliance to the directives given by the Commission in the Tariff order dated 28<sup>th</sup> February 2014 that multiple measures were taken to control the losses. But the Commission has noted that the above said multiple measures taken by SBPDCL have not reduced the distribution losses to the required level.

The Commission has also noted that Central Government sponsored schemes such as APDRP, R-APDRP and strengthening of transmission and distribution network of the DISCOM should have reduced the overall distribution loss of the DISCOMs. In addition, the State Govt. has also provided funds for 100% metering and replacement of old conductors. All these schemes should have helped the DISCOMs to reduce the distribution losses. Considering all these aspects, the Commission has fixed the distribution loss reduction trajectory for FY 2013-14 to FY 2015-16 in the MYT Order dated 15<sup>th</sup> March 2013.

The Commission is of the view that the distribution loss is a controllable parameter and it is the responsibility of the Distribution Licensee to take appropriate steps to bring down the distribution loss level. In this connection, the Commission has given a number of directives to improve the performance of distribution licensees, which if implemented in true spirit, should have brought down the Distribution loss level considerably.

The Commission cannot allow the burden of higher Distribution loss due to the non-achievement of Distribution loss reduction trajectory as approved by the Commission to be passed on to the consumers.

Accordingly, the Commission confirms the distribution loss at 20.00% for FY 2015-16. The same has been considered for computation of the power purchase for FY 2015-16.

The distribution loss level target set by the Commission, the distribution loss level projected by SBPDCL and the loss level approved by the Commission in the review for FY 2014-15 is summarised in the table below:

**Table 6.16: Approved Distribution Loss (%) for FY 2015-16**

Particulars	Approved in T.O dated 15.3.2013	Projected by SBPDCL for FY 2015-16	Approved for FY 2015-16
Distribution loss	20.00%	41.65%	20.00%

#### 6.4 State Transmission Loss

##### Petitioner's submission

SBPDCL has projected the state transmission loss at 4.0% for FY 2015-16 as approved by the Commission in the MYT Order dated 15<sup>th</sup> March, 2013.

##### Commission's analysis

The Commission has considered the state transmission loss at 3.92% for FY 2015-16 as approved for BSPTCL for FY 2015-16 in the Tariff Order of BSPTCL for FY 2015-16.

#### 6.5 Central Transmission Loss

##### Petitioner's submission

SBPDCL has projected the Central Transmission Loss at 2.19% considering weighted average transmission loss of Eastern Region for last 52 weeks (5<sup>th</sup> September, 2013 to 7<sup>th</sup> September, 2014) and stated that the same practice is adopted by all state Commissions and is more practical as it captures varying loss of last 52 weeks.

##### Commission's analysis

The Commission considered the transmission loss in Eastern Regional Transmission System at 2.19% for FY 2015-16 as projected by the Petitioner.

#### 6.6 Energy Requirement

##### Petitioner's submission

Based on the energy sales, distribution losses and transmission losses projected SBPDCL has projected the energy requirement at its transmission periphery for FY 2015-16 as given in the Table below:

**Table 6.17: Energy Requirement Projected for FY 2015-16**

Sl. No	Particulars	UoM	Projected for FY 2015-16
1	Energy sales	MU	7143.79
2	Distribution Loss	%	41.65%
3	Distribution Loss	MU	5098.26
4	Energy required at Distribution periphery	MU	12242.05
5	State Transmission Loss	%	4.00%
6	State Transmission Loss	MU	510.00
7	Energy required at Transmission periphery	MU	12752.14



**Commission analysis**

The Commission has approved distribution loss at 20.00% for SBPDCL and state transmission loss for BSPTCL at 3.92% for FY 2015-16. Based on the approved sales, distribution loss and state transmission loss, the energy requirement at state transmission periphery considered by the Commission for FY 2015-16 is as given in the Table below:

**Table 6.18: Energy requirement approved for FY 2015-16****(MU)**

Sl. No	Particulars	Approved in Tariff Order dated 15.03.2013*	Projected for FY 2015-16	Approved for FY 2015-16
1	Energy sales within the state	10451	7143.79	6286.50
2	Less: Energy supplied to DF area	-	-	1124.94
3	Net energy sale excluding DF	10451	7143.79	5161.56
4	Distribution Losses (%)	20.00%	41.65%	20.00%
5	Distribution Losses	2612.75	5098.26	1287.13
6	Energy required (3+5)	13063.75	12242.05	6451.94
7	Add: Energy supplied to DF	-	-	1124.94
8	Add: 33 kV Distribution Losses @ 6% on the input of DF			71.80
9	Total energy required at Distribution periphery (6+7+8)	13063.75	12242.05	7648.69
10	Transmission Loss (%)	4.00%	4.00%	3.92%
11	Transmission Loss (MU)	544.32	510.09	312.06
12	Energy required at Transmission Periphery (9+11)	13608.07	12752.14	7960.75

\*Approved for NBPDCCL & SBPDCL together

**6.7 Power Purchase****Petitioner's submission**

SBPDCL has submitted that the DISCOMs rely on allocation from Central Generating stations and state projects for procuring power for sale in the State. This power has been proposed to be allocated between NBPDCCL and SBPDCL in the proportion as determined by Bihar State Power Holding Company Limited (BSHPCL) in its Resolution No. 29-07 which states that:

*“RESOLVED THAT THE Board of Directors do hereby adopt and accord approval on the amendment in the resolution no. 08-14.01 related to Power Sharing ratio between SBPDCL and NBPDCCL and amended methodology for admittance and payment of Power Purchase related bills as below:*

- (A) *Power Purchase / Transmission Charges / Arrear bills pertaining to which actual energy consumption data is available such bills shall be admitted by both the DISCOMS on actual consumption basis.*
- (B) *Power Purchase / Transmission charges bills pertaining to which actual energy consumption data is not available such bills shall be provisionally admitted in the ratio of 58:42 between SBPDCL and NBPDCCL respectively subject to necessary adjustment in payment of subsequent bills on the basis of available actual consumption data.*
- (C) *Accordingly, amount paid earlier by the DISCOM’s as per earlier decision of BSPHCL in its 8<sup>th</sup> Meeting vide resolution no. 08-14.01 shall be adjusted between the DISCOMs on the basis of actual energy consumed by them for the period from May 2013 to date and payment shall be made by the DISCOM concerned”.*

SBPDCL has projected the power purchase as detailed below:

- i. **NHPC, NTPC & PTC:** The power purchase for existing sources viz NTPC, NHPC and PTC has been considered based on the allocation of power to Bihar State and further divided in the ratio of 42:58 among NBPDCCL & SBPDCL as per Board Resolution with adjustments to capture overall power purchase in a reasonable manner. The power purchase is further segregated into NBPDCCL and SBPDCL as per allocation ratio.
- ii. **New Sources:** The power purchase from the new sources has been considered based on the commissioning status. Further the allocation of power from the new projects is in the ratio of 42:58 for NBPDCCL & SBPDCL as per the Board Resolution. The new plants considered are shown below:

Table 6.19: New Sources Assumption

Sl. No	Plant Name	Bihar Share (MW)	Date of Commissioning
1	Barh – Stg 2U #1	330	15th Nov 14
2	KBUNL Stage 1 U# 2	110	15th Nov 14
3	GMR, Karmangla	200	01st Sep 14

iii. **Medium / Short Term Sources:** The power purchase from these sources namely, Adani and IEX etc are also considered as per actual trend of first 5 months power purchase during FY 2014-15. The power purchase from NEA/ UI is not considered during FY 2015-16.

iv. **Renewable Power Purchase**

SBPDCL submitted that it proposes to purchase 146.26 MU of Non-solar power during FY 2015-16.

SBPDCL accordingly, submitted revised projections of power purchase for FY 2015-16 as given in the Table below:

Table 6.20: Power Purchase Projected for FY 2015-16

Sl. No	Source	Units Purchased	PGCIL Losses	Units at BSPTCL Periphery (MU)
<b>A</b>	<b>Central Sector Stations</b>	<b>7,979.31</b>	<b>174.75</b>	<b>7,804.57</b>
<b>I</b>	<b>NTPC Stations</b>	<b>6,986.56</b>	<b>153.01</b>	<b>6,833.55</b>
<i>a</i>	<i>Farakka 1,2&amp;3</i>	2,335.41	51.15	2,284.26
<i>b</i>	<i>Talchar</i>	1,714.57	37.55	1,677.02
<i>c</i>	<i>Kahalgoan 1 &amp;2</i>	1,621.87	35.52	1,586.35
<i>d</i>	<i>Barh – Stg 2U #1</i>	1,314.71	28.79	1,285.92
<b>II</b>	<b>NHPC Stations</b>	<b>498.76</b>	<b>10.92</b>	<b>487.84</b>
<i>a</i>	<i>Rangit</i>	76.68	1.68	75
<i>b</i>	<i>Teesta</i>	422.08	9.24	412.84
<b>III</b>	<b>PTC Stations</b>	<b>493.99</b>	<b>10.82</b>	<b>483.17</b>
<i>a</i>	<i>Chukka</i>	159.35	3.49	155.87
<i>b</i>	<i>Tala</i>	334.64	7.33	327.31
<b>B</b>	<b>State Generating Stations</b>	<b>950.11</b>	-	<b>950.11</b>
<b>I</b>	<b>KBUNL Stage 1 U# 1</b>	475.05	-	475.05
<b>II</b>	<b>KBUNL Stage 1 U# 2</b>	475.05	-	475.05

Sl.	Source	Units	PGCIL Losses	Units at
<b>C</b>	<b>Medium/ Short Term/ Others</b>	<b>3,886.01</b>	<b>34.81</b>	<b>3,851.20</b>
I	Adani	794.64	17.4	777.23
II	Open Market Purchase	2,296.73	-	2,296.73
III	GMR, Karmangala	794.64	17.4	777.23
<b>D</b>	<b>Renewable Power Purchase</b>	<b>146.26</b>	<b>-</b>	<b>146.26</b>
I	BSHPC	17.96	-	17.96
II	Sugar Mills	99.34	-	99.34
III	Solar Power Purchase	28.96	-	28.96
<b>E</b>	<b>Total</b>	<b>12,961.69</b>	<b>209.55</b>	<b>12,752.14</b>

### Commission's analysis

SBPDCL has proposed to purchase power from Central Generating Stations of NTPC and NHPC, Chukka and Tala of Power Trading Corporation (PTC) KBUNL, IPPs from outside the state and others with whom it has an agreement / arrangement.

SBPDCL has not shown any power purchase from BTPS which is going to generate power during FY 2015-16 after completion of Renovation and Modernization. The Commission has estimated 1038.76 MU of net generation from BTPS during FY 2015-16 in the Tariff Order of BSPGCL for FY 2015-16. Accordingly, considering the sharing at 42:58 among NBPDC and SBPDCL, 602.48 MU of power purchase from BTPS is considered.

SBPDCL has also proposed to purchase 2296.73 MU from open market. The details of sources from where this quantum of power purchase proposed is not provided. SBPDCL seems to have shown this power purchase just for energy balance purpose only. Since, SBPDCL is already having sufficient power from whom it has an agreement/arrangement, the Commission has not considered this power purchase proposed from open market during FY 2015-16.

The Commission has considered the quantum of power purchase from various sources for FY 2015-16 as detailed in the Table below:

Table 6.21: Power Purchase approved for FY 2015-16

(MU)

Sl. No	Source	Projected for FY 2015-16	Approved for FY 2015-16
<b>A</b>	<b>Central Sector Stations</b>	<b>7,979.31</b>	<b>7,979.31</b>
<b>I</b>	<b>NTPC Stations</b>	<b>6,986.56</b>	<b>6,986.56</b>
<i>a</i>	<i>Farakka 1,2&amp;3</i>	2,335.41	2,335.41
<i>b</i>	<i>Talchar</i>	1,714.57	1,714.57
<i>c</i>	<i>Kahalgoan 1 &amp;2</i>	1,621.87	1,621.87
<i>d</i>	<i>Barh – Stg 2U #1</i>	1,314.71	1,314.71
<b>II</b>	<b>NHPC Stations</b>	<b>498.76</b>	<b>498.76</b>
<i>a</i>	<i>Rangit</i>	76.68	76.68
<i>b</i>	<i>Teesta</i>	422.08	422.08
<b>III</b>	<b>PTC Stations</b>	<b>493.99</b>	<b>493.99</b>
<i>a</i>	<i>Chukka</i>	159.35	159.35
<i>b</i>	<i>Tala</i>	334.64	334.64
<b>B</b>	<b>State Generating Stations</b>	<b>950.11</b>	<b>1552.58</b>
<b>I</b>	KBUNL Stage 1 U# 1	475.05	475.05
<b>II</b>	KBUNL Stage 1 U# 2	475.05	475.05
<b>III</b>	BTPS	0	602.48
<b>C</b>	<b>Medium/ Short Term/ Others</b>	<b>3,886.01</b>	<b>1,589.28</b>
<b>I</b>	Adani	794.64	794.64
<b>II</b>	Open Market Purchase	2,296.73	0.00
<b>III</b>	GMR Karmangala	794.64	794.64
<b>D</b>	<b>Renewable Power Purchase</b>	<b>146.26</b>	<b>146.26</b>
<b>I</b>	BSHPC	17.96	17.96
<b>II</b>	Sugar Mills	99.34	99.34
<b>III</b>	Solar Power Purchase	28.96	28.96
<b>E</b>	<b>Total</b>	<b>12,961.69</b>	<b>11,267.43</b>

## 6.8 Energy Balance

### Petitioner's submission

SBPDCL has submitted the revised energy balance for FY 2015-16 based on the energy sales, losses and power availability as given in the Table below:

Table 6.22: Energy Balance Projected for FY 2015-16

				(MU)
Sl. No	Particulars	UoM	MYT Order Dated 15.03.2013	Projected in ARR
A	Energy sales including sales to Nepal		10451.00	7143.79
B	Distribution Losses (%)		20.00%	41.65%
C	Distribution Losses	$C = (D-A)$	2612.75	5098.26
D	Energy required at Distribution periphery	$D = (A/1-B)$	13063.75	12242.05
E	State Transmission Loss (%)		4.00%	4.00%
F	State Transmission Loss	$F = (G-D)$	544.32	510.09
G	Energy required at Transmission periphery	$G = (D/1-E)$	13608.07	12752.14
H	Total Available Power	$H = (i+ii+iii)$	28971.00	12961.69
i	Central Generating Station			7979.31
ii	State Generating Stations			950.11
iii	Others			4032.26
I	CTU Transmission Losses on CGS Power (%)		2.73%	2.19%
J	CTU Transmission Losses	$J = (I*i)$	492.00	209.55
K	Net Power available after CTU Losses	$K = (H-J)$	28479.00	12752.14
L	<b>Surplus / (Deficit) Energy at state periphery</b>	<b><math>L = (K-G)</math></b>	<b>14870.93</b>	<b>0</b>

### Commission analysis

From the energy balance projected by the Petitioner in the above Table, the Commission has noted that the distribution losses are also considered on input energy supplied to the Distribution Franchisees (DF).

The energy balance for FY 2015-16 has been worked out based on the energy sales, T&D loss and the power purchase considered by the Commission for FY 2015-16 as detailed in the Table below:

Table 6.23: Energy Balance approved for FY 2015-16

				(MU)
Sl. No	Particulars	Approved for FY 2014-15 in TO dated 15-03-2013*	Projected for FY 2015-16	Approved for FY 2015-16
1	Energy sales	10451	7143.79	6286.50
2	Less: Energy supplied to DF area	-	-	1124.94
3	Net energy sale excluding DF	10451	7143.79	5161.56
4	Distribution Losses (%)	20.00%	41.65%	20.00%
5	Distribution Losses	2612.75	5098.26	1290.39
6	Energy required (3+5)	13063.75	12242.05	6451.94
7	Add: Energy supplied to DF	-	-	1124.94
8	Add: 33 kV Distribution Losses @ 6% on the input of DF			71.80
8	Energy required at Distribution periphery	13063.75	12242.65	7648.69
9	State Transmission Loss (%)	4.00%	4.00%	3.92%
10	Transmission Loss	544.32	510.09	312.06
11	Energy required at Transmission Periphery (8+10)	13608.07	12752.14	7960.75
<b>12</b>	<b>Available Energy</b>	<b>28971</b>	<b>12961.69</b>	<b>11,267.43</b>
13	CGS and IPP (NTPS, NHPC, PTC, Adani and GMR)		7979.31	9,568.59
i	SGS and Others		4982.37	1698.84
ii	Losses in Regional transmission system (%)	2.73%	2.19%	2.19%
14	Losses in Regional transmission system	492	209.55	209.55
15	Net power available at State Transmission periphery (12-14)	28479	12752.14	11,057.88
<b>16</b>	<b>Surplus energy at State periphery (15-11)</b>	<b>14870.93</b>	<b>0.00</b>	<b>3,097.13</b>

\* combinedly for SBPDCL & NBPDC

The energy requirement at T&D losses projected by the Petitioner and at T&D losses approved by the Commission for the energy sales approved by the Commission and additional power purchase disallowed due to excess T&D losses for FY 2015-16 are as given below:

**Table 6.24: Surplus Power available and disallowed power due to excess distribution loss**

(MU)

Sl. No	Particulars	Unit	FY 2015-16	
			As per SBPDCL Projected Losses	As per BERC Approved Losses
1	Energy sales	MU	6286.50	6286.50
2	Less: Energy supplied to DF area	MU	1124.94	1124.94
3	Energy sale excluding DF area	MU	5161.56	5161.56
4	Distribution loss	%	41.65%	20.00%
5	Distribution loss	MU	3674.98	1290.39
6	Energy required (3+5)	MU	8845.85	6451.94
7	Add: Energy to DF area	MU	1124.94	1124.94
8	Add: 33 kV Distribution Losses @ 6% on the input of DF		71.80	71.80
9	Energy required at Distribution periphery (6+7+8)	MU	10042.60	7648.69
10	State Transmission loss	%	4.00%	3.92%
11	State Transmission loss	MU	418.44	312.06
12	Energy required at State Transmission periphery	MU	10461.04	7960.75
13	Additional energy at state periphery due to excess T&D loss (10461.04 – 7960.75)	MU	-	2500.29
14	<b>Total power purchase / Required to purchased</b>	<b>MU</b>	<b>11,267.43</b>	<b>8111.61</b>
15	Losses in Regional transmission system	%	2.19%	1.86%
16	Regional loss	MU	209.55	150.86
17	Net Power available / Requirement at state periphery	MU	11,057.88	7960.75
18	<b>Surplus power purchase (10664.95-8102.99)</b>	<b>MU</b>		<b>3155.82</b>
19	Additional power at state transmission periphery due to excess T&D loss	MU		2500.29
20	<b>Additional power purchase due to excess T&amp;D loss disallowed (2500.29/(1-1.86%))</b>	<b>MU</b>		<b>2547.67</b>
21	<b>Surplus power to be sold outside the state (3155.82 – 2547.67)</b>	<b>MU</b>		<b>608.15</b>



\*The total power purchase required to purchase from long-term sources has been worked out by considering the impact of average transmission losses (i.e.  $209.55 / 11267.43 * 100 = 1.86\%$ ) applicable on the total power purchase. The reasons for applying the average regional transmission losses is that the power purchase quantum also include sources of power on which regional transmission losses are not applicable ex-UI power, Nepal, BSHPC, Sugar Mills etc.

Accordingly, the gross power purchase required in FY 2015-16 is 8111.61 MU with a regional transmission loss of 150.86 MU.

The Commission disallowed the power purchase requirement quantum equivalent of 2547.67 MU based on the principle that excess power purchase on account of higher distribution loss i.e. over and above the approved losses shall not be permitted.

## **6.9 Power Purchase Cost**

### **Petitioner's submission**

SBPDCL has submitted that the power purchase cost mainly comprises of fixed charges and energy charges for two part tariff stations i.e. NTPC and NHPC. SBPDCL has considered fixed cost by escalating the cost considered in FY 2014-15 by a nominal rate of 5% and the tariff for Central Generating Station has been considered based on CERC Tariff Regulations, 2014. The average power purchase cost for new sources has been considered at Rs. 5/kWh except GMR Karmangala which is based on actual bill. The power purchase costs for Adani, BSHPC and Sugar Mills are considered as per actual power purchase cost in last 5 months of FY 2014-15. The Petitioner has considered tariff as approved for rest of other power station / source for FY 2015-16.

SBPDCL has projected the power purchase cost for FY 2015-16 as detailed in the Table below:

Table 6.25: Projected Power Purchase Cost for FY 2015-16

Sl. No	Source	Units Purchased MUs	Units at Distribution Periphery MUs	Excess Generation Incentive	Fixed Charges	Energy Charges	Total Cost	Average Cost (Rs./kWh)
	<b>Central Sector</b>							
<b>A</b>	<b>Stations</b>	<b>7,979.31</b>	<b>7,492.38</b>	<b>4.40</b>	<b>615.4</b>	<b>2,303.27</b>	<b>2,923.08</b>	<b>3.66</b>
<b>I</b>	<b>NTPC Stations</b>	<b>6,986.56</b>	<b>6,560.21</b>	<b>4.40</b>	<b>574.56</b>	<b>2,140.19</b>	<b>2,719.14</b>	<b>3.89</b>
<i>a</i>	<i>Farakka 1,2&amp;3</i>	2,335.41	2,192.89	-	275.03	743.23	1,018.26	4.36
<i>b</i>	<i>Talchar</i>	1,714.57	1,609.94	4.40	71.13	324.25	399.79	2.33
<i>c</i>	<i>Kahalgoan 1 &amp; 2</i>	1,621.87	1,522.89	-	228.39	481.09	709.47	4.37
<i>d</i>	<i>Barh – Stg 2U #1</i>	1,314.71	1,234.49	-	-	591.62	591.62	4.5
<b>II</b>	<b>NHPC Stations</b>	<b>498.76</b>	<b>468.33</b>	<b>-</b>	<b>40.85</b>	<b>67.34</b>	<b>108.19</b>	<b>2.17</b>
<i>a</i>	<i>Rangit</i>	76.68	72	-	8.67	11.5	20.17	2.63
<i>b</i>	<i>Teesta</i>	422.08	396.32	-	32.18	55.84	88.02	2.09
<b>III</b>	<b>PTC Stations</b>	<b>493.99</b>	<b>463.85</b>	<b>-</b>	<b>-</b>	<b>95.74</b>	<b>95.74</b>	<b>1.94</b>
<i>a</i>	<i>Chukka</i>	159.35	149.63	-	-	28.15	28.15	1.77
<i>b</i>	<i>Tala</i>	334.64	314.22	-	-	67.6	67.6	2.02
	<b>State Generating</b>							
<b>B</b>	<b>Stations</b>	<b>950.11</b>	<b>912.11</b>	<b>-</b>	<b>-</b>	<b>406.66</b>	<b>406.66</b>	<b>4.28</b>
<b>I</b>	<b>KBUNL Stage 1 U# 1</b>	475.05	456.05	-	-	192.88	192.88	4.06
<b>II</b>	<b>KBUNL Stage 1 U# 2</b>	475.05	456.05	-	-	213.77	213.77	4.5
	<b>Medium/ Short</b>							
<b>C</b>	<b>Term/ Others</b>	<b>3,886.01</b>	<b>3,697.15</b>	<b>-</b>	<b>95.36</b>	<b>1,248.44</b>	<b>1,343.80</b>	<b>3.46</b>
<b>I</b>	<b>Adani</b>	<b>794.64</b>	746.15	-	95.36	266.2	361.56	4.55
<b>II</b>	<b>Open Market Purchase</b>	2,296.73	2,204.86	-	-	689.02	689.02	3
<b>III</b>	<b>GMR Karmangla</b>	<b>794.64</b>	746.15	-	-	293.22	293.22	3.69
<b>D</b>	<b>Renewable Power Purchase</b>	<b>146.26</b>	<b>140.41</b>	<b>-</b>	<b>-</b>	<b>85.63</b>	<b>85.63</b>	<b>5.85</b>
<b>I</b>	<b>BSHPC</b>	<b>17.96</b>	17.24	-	-	4.5	4.5	2.51
<b>II</b>	<b>Sugar Mills</b>	<b>99.34</b>	95.36	-	-	49.56	49.56	4.99
<b>III</b>	<b>Solar Power Purchase</b>	<b>28.96</b>	27.8	-	-	31.57	31.57	10.9
<b>E</b>	<b>PGCIL Charges including POSOCO</b>				-	-	344.39	-
<b>F</b>	<b>BSPTCL Charges</b>				-	-	172.64	-
<b>G</b>	<b>SLDC Charges</b>				-	-	1.75	-
<b>H</b>	<b>Total</b>	<b>12,961.69</b>	<b>12,242.05</b>	<b>4.4</b>	<b>710.76</b>	<b>4,044.00</b>	<b>5,277.95</b>	<b>4.07</b>

**Commission's analysis**

The actual average per unit cost for power procured from various sources during FY 2013-14 and average per unit cost projected by the Petitioner for power purchase for FY 2015-16 are tabulated in the Table below:

**Table 6.26: Average power purchase rates during FY 2013-14 (Actual) and FY 2015-16 (Projected) by Petitioner**

Sl. No	Source	Average cost during FY 2013-14 (Rs. /kWh)	Average cost projected by Petitioner for FY 2015-16
<b>I</b>	<b>NTPC Stations</b>		
a	Farakka 1,2&3	4.09	4.36
b	Talchar	2.40	2.33
c	Kahalgoan 1 &2	3.86	4.37
d	Barh – Stg 2U #1	-	4.50
<b>II</b>	<b>NHPC Stations</b>		
a	Rangit	3.00	2.63
b	Teesta	2.58	2.09
<b>III</b>	<b>PTC Stations</b>		
a	Chukka	1.86	1.77
b	Tala	2.02	2.02
<b>4</b>	<b>DVC</b>	<b>4.19</b>	-
<b>5</b>	<b>State Generating</b>		
A	KBUNL Stage 1 U# 1	3.58	4.06
B	KBUNL Stage 1 U# 2	-	4.50
<b>6</b>	<b>Others</b>		
A	Adani	5.11	4.55
B	NEA	4.79	-
C	IEX/PXIL	3.11	-
D	Open Market	3.75	3.00
E	UI	1.82	-
F	PVVNL	0.63	-
G	GMR Karmangala	-	3.69
<b>7</b>	<b>Renewable Energy</b>		
a	BSHPC	2.49	2.51
b	Sugar Mills	4.55	4.99
<b>C</b>	<b>Solar</b>		10.99

The Petitioner has considered the fixed costs for NTPC, NHPC, PTC and Adani by escalating the fixed costs considered at 5% and energy charges at the same level as considered for FY 2014-15 which are considered reasonable and accepted by the Commission.

The Petitioner has stated that for new sources viz Barh-I and KBUNL-II average per unit rate is considered at Rs. 5 per unit but while computing power purchase cost only Rs. 4.50 per unit is considered. However, the Commission has considered Rs. 5 per unit for purchase of power from these sources.

For purchase of power from other sources viz. BSHPC, Sugar Mills, GMR the average per unit considered as per bills during FY 2014-15 is considered reasonable and accepted.

The purchase of power from BTPS is considered at Rs. 3.95/kWh as approved in the Tariff Order of BSPGCL for FY 2015-16.

The details of source wise power purchase cost for FY 2015-16 considered by the Commission are given in the Table below:

**Table 6.27: Power Purchase cost approve for FY 2015-16**

Sl. No	Source	Units Purchased MUs	Average Cost (Rs. / kWh)	Total Cost (Rs. Crore)
<b>A</b>	<b>Central Sector Stations</b>	<b>7,979.31</b>	<b>3.74</b>	<b>2,988.03</b>
<b>I</b>	<b>NTPC Stations</b>	<b>6,986.56</b>	<b>3.98</b>	<b>2,783.85</b>
<i>a</i>	<i>Farakka 1,2&amp;3</i>	2,335.41	4.36	1,018.24
<i>b</i>	<i>Talchar</i>	1,714.57	2.33	399.49
<i>c</i>	<i>Kahalgoan 1 &amp;2</i>	1,621.87	4.37	708.76
<i>d</i>	<i>Barh – Stg 2U #1</i>	1,314.71	5.00	657.36
<b>II</b>	<b>NHPC Stations</b>	<b>498.76</b>	<b>2.17</b>	<b>108.38</b>
<i>a</i>	<i>Rangit</i>	76.68	2.63	20.17
<i>b</i>	<i>Teesta</i>	422.08	2.09	88.21
<b>III</b>	<b>PTC Stations</b>	<b>493.99</b>	<b>1.94</b>	<b>95.80</b>
<i>a</i>	<i>Chukka</i>	159.35	1.77	28.20
<i>b</i>	<i>Tala</i>	334.64	2.02	67.60
<b>B</b>	<b>State Generating Stations</b>	<b>1,552.58</b>	<b>4.30</b>	<b>668.37</b>
<b>I</b>	KBUNL Stage 1 U# 1	475.05	4.06	192.87
<b>II</b>	KBUNL Stage 1 U# 2	475.05	5.00	237.53
<b>III</b>	BTPS	602.48	3.95	237.98
<b>C</b>	<b>Medium/ Short Term/ Others</b>	<b>1,589.28</b>	<b>4.12</b>	<b>654.78</b>
<b>I</b>	Adani	794.64	4.55	361.56
<b>II</b>	GMR, Karmangla	794.64	3.69	293.22
<b>D</b>	<b>Renewable Power Purchase</b>	<b>146.26</b>	<b>5.86</b>	<b>85.65</b>

Sl. No	Source	Units Purchased MUs	Average Cost (Rs. / kWh)	Total Cost (Rs. Crore)
I	BSHPC	17.96	2.51	4.51
II	Sugar Mills	99.34	4.99	49.57
III	Solar Power Purchase	28.96	10.9	31.57
<b>E</b>	<b>Total</b>	<b>11,267.43</b>	<b>3.90</b>	<b>4,396.83</b>

## 6.10 Transmission Charges

### Petitioner's submission

SBPDCL has submitted that the calculation of PGCIL charges is done as per prevailing CERC methodology. The CERC charges for withdrawal and Injection and the Drawal quantum are taken from CERC Order No. L -1 /44/2010 – CERC dated 14.10.2014. SBPDCL has also submitted that for BSPTCL the rates as approved by the Commission in its Order dated 28<sup>th</sup> February 2014 are considered.

SBPDCL stated that in addition, the Petitioner has also to pay POSOCO charges and open Access Charges which are projected.

SBPDCL has submitted the summary of the PGCIL, BSPTCL and SLDC charges for FY 2015-16 as given in the Table below.

**Table 6.28: PGCIL and BSPTCL Charges Projected for FY 2015-16**

Sl. No	Particulars	Amount (Rs. Crore)
1	PGCIL charges including POSOCO	344.39
2	BSTPCL charges	172.64
3	SLDC charges	1.75
<b>4</b>	<b>Total</b>	<b>518.78</b>

### Commission analysis

The Commission has considered PGCIL charges including POSOCO & ERLDC charges at Rs. 287.63 Crore for FY 2014-15 (RE) based on the actuals as per bills for the first nine months of FY 2014-15.

The Commission considers PGCIL charges (including POSOCO and ERLDC charges) for FY 2015-16 at Rs. 316.39 Crore considering 10% escalation on the PGCIL charges

considered for FY 2014-15 (RE).

BSTPCL charges are considered at Rs. 129.43 Crore including SLDC charges as per the transmission charges approved for FY 2015-16 in the Tariff Order of BSPTCL for FY 2015-16.

#### 6.11 Total Power Purchase Cost

Summarizing the above, the total power purchase cost for FY 2015-16 including PGCIL and BSPTCL charges is as given in the Table below:

**Table 6.29: Total Power Purchase cost approved for FY 2015-16**

(Rs. Crore)

Sl. No	Particulars	Projected for FY 2015-16	Approved for FY 2015-16
1	Power Purchase cost from various sources	4759.17	4396.83
2	PGCIL (including POSOCO & ERLDC)	344.39	316.39
3	BSPTCL charges	174.39	129.43
4	<b>Total cost</b>	<b>5277.59</b>	<b>4842.65</b>

#### 6.12 Disallowance of Power Purchase cost due to excess Distribution Loss

##### Petitioner submission

SBPDCL submitted that as per methodology approved by the Commission in previous tariff orders, the power purchase cost due to excess distribution loss is computed as given in the Table below:

**Table 6.30: Projected disallowance of power purchase cost due to excess distribution loss for 2015-16**

Sl. No	Particulars	MYT Order Dated 15.03.2013	Projected in ARR
1	Additional power purchase by DISCOM due to excess Distribution loss (MUs)	5241.00	3507.02
2	Average power purchase rate (Rs. / kWh)	3.89	4.07
3	Total Disallowed Power Purchase cost (Rs. Cr)	2038.75	1428.04

SBPDCL stated that the support for the disallowance cost has been provided by the State Government.

##### Commission's analysis

The difference in the actual power purchase and the power purchase requirement approved by the Commission for FY 2015-16 is disallowed at the average power purchase rate and is treated as “Disincentive for non-achievement of Distribution Loss Target”.

As per the approved trajectory the maximum permissible distribution loss level for FY 2015-16 was set to 20.00%, which the Petitioner was not able to achieve.

The Commission, while computing the Energy Balance has noticed that 2547.67 MU of energy (Gross) was additionally purchased due to not achieving the distribution loss trajectory of 20.00% approved for FY 2015-16. Accordingly, the Commission has computed the disincentive for non-achievement of distribution loss reduction target at Rs.1065.70 Crore for FY 2015-16, considering average power purchase rate at Rs. 4.18 per kWh (including PGCIL charges) as shown in the Table below:

**Table 6.31: Total Power Purchase cost disallowed for FY 2015-16**

Sl. No	Particulars	Unit	FY 2015-16
1	Gross Power Purchase disallowed	MU	2547.67
2	Average Power Purchase cost	Rs. / kWh	4.18
3	Cost of Power Purchase disallowed	Rs. Crore	1065.70

### 6.13 Net Power Purchase Cost

The surplus power purchased by SBPDCL, after deducting the disallowed power due to SBPDCL not maintaining the distribution loss level approved by the Commission has to be sold outside the state at a rate not less than the average power purchase cost arrived in the Table 6.25. The net power purchase cost is arrived as detailed in the Table below:

**Table 6.32: Net power purchase cost approved for FY 2015-16**

Sl. No	Particulars	Unit	FY 2015-16
1	Total Power purchase cost	Rs. Core	4,842.65
2	Surplus Power	MU	3155.82
3	Disallowed power due to excess distribution loss	MU	2547.67
4	Surplus power to be sold outside	MU	608.15
5	Average power purchase cost	Rs/ kWh	4.18

Sl. No	Particulars	Unit	FY 2015-16
6	Cost of surplus power (4*5)	Rs. Crore	254.39
7	Net power purchase cost (1-6)	Rs. Crore	4,588.26

#### 6.14 Capital Expenditure

##### Petitioner's submission:

SBPDCL has submitted that it has considered revised projections for Capex, capitalisation and funding as per the schemes now being pursued by SBPDCL.

SBPDCL has submitted the details of opening CWIP, investment during the year, capitalisation and funding of capex for FY 2015-16 as detailed in the Table below:

**Table 6.33: CWIP, Capex, Capitalisation and Funding of Capitalisation projected for FY 2015-16**

(Rs. Crore)

Sl. No.	Particulars	Approved for Discoms in MYT order for FY 2015-16	Projected by SBPDCL for FY 2015-16
1	Opening CWIP	7551.00	1740.31
2	New Investment	5248.00	3600.00
<b>3</b>	<b>Less: Capitalisation (4+5)</b>	<b>6086.00</b>	<b>577.19</b>
4	Opening CWIP	6086.00	188.10
5	New Investment		389.09
<b>6</b>	<b>Closing CWIP (1+2-3)</b>	<b>6713.00</b>	<b>4763.12</b>
<b>7</b>	<b>Funding</b>		
<b>8</b>	<b>CWIP Capitalisation (9+10)</b>	<b>6086.00</b>	<b>188.10</b>
9	Grant	3788.00	178.70
10	Loan	2298.00	9.40
<b>11</b>	<b>New Investment (12+13)</b>	<b>0.00</b>	<b>389.09</b>
12	Grant		369.64
13	Loan		19.45
<b>14</b>	<b>Total Capitalisation (8+11)</b>	<b>6086.00</b>	<b>577.19</b>
<b>15</b>	<b>Total Grant (9+12)</b>	<b>3788.00</b>	<b>548.33</b>
<b>16</b>	<b>Total Loan (10+13)</b>	<b>2298.00</b>	<b>28.86</b>

SBPDCL has requested the Commission to approve the capital expenditure, capitalisation and funding of capitalisation for FY 2015-16 as per above Table.



**Commission's analysis:**

The Commission has approved, for Distribution system as a whole, a total capital investment of Rs.5248.00 Crore with a capitalisation of Rs.6086.00 Crore for FY 2015-16 in the MYT order dated 15<sup>th</sup> March 2013.

The Petitioner has projected the capital investment and capitalisation at Rs.3600.00 Crore and Rs.577.19 Crore respectively for FY 2015-16. However, the Petitioner has not furnished scheme-wise details of capital expenditure and capitalisation for FY 2015-16.

The Commission has considered capitalisation of capex as per the schedule approved in MYT order dated 15<sup>th</sup> March 2013 for FY 2014-15 as given hereunder:

Particulars	1 <sup>st</sup> year	2 <sup>nd</sup> year	3 <sup>rd</sup> year
For Opening CWIP	30%	30%	40%
For all New Capex	30%	30%	40%

**Table 6.34: Capitalisation approved for FY 2014-15****(Rs. Crore)**

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18	Total
Opening CWIP as on 1-4-2013	540.90					540.90
New Investment during the year	439.40	1076.86	3600.00			5116.26
<b>Capitalisation</b>						
Opening CWIP as on 1-4-2013	58.46 *	266.08	216.36			540.90
New investment in FY 2013-14	47.49 *	216.15	175.76			439.40
New Investment in FY 2014-15		323.06	323.06	430.74		1076.86
New Investment in FY 2015-16			1080.00	1080.00	1440.00	3600.00
<b>Total capitalisation</b>	<b>105.95</b>	<b>805.29</b>	<b>1795.18</b>	<b>1510.74</b>	<b>1440.00</b>	<b>5657.16</b>

\* as per audited annual accounts for FY 2013-14 and as projected by the Petitioner.

The Petitioner has considered funding of the capex capitalised @ 95% through Grants and balance 5% of capitalisation through Loans. The Commission considers the same for FY 2015-16.

Accordingly, the Commission considers the capitalisation of opening CWIP, new investment and funding as detailed in the Table below:

**Table 6.35: Capitalisation and funding considered for FY 2015-16**

(Rs. Crore)				
Sl. No.	Particulars	Approved for Discoms in MYT order for FY 2015-16	Projected by SBPDCL for FY 2015-16	Now approved for FY 2015-16
1	Opening CWIP	7551.00	1740.31	1145.92
2	New Investment	5248.00	3600.00	3600.00
<b>3</b>	<b>Less: Capitalisation (4+5)</b>	<b>6086.00</b>	<b>577.19</b>	<b>1795.18</b>
4	Opening CWIP	6086.00	188.10	715.18
5	New Investment		389.09	1080.00
<b>6</b>	<b>Closing CWIP (1+2-3)</b>	<b>6713.00</b>	<b>4763.12</b>	<b>2950.74</b>
<b>7</b>	<b>Funding</b>			
<b>8</b>	<b>CWIP Capitalisation (9+10)</b>	<b>6086.00</b>	<b>188.10</b>	<b>715.18</b>
9	Grant	3788.00	178.70	679.42
10	Loan	2298.00	9.40	35.76
<b>11</b>	<b>New Investment (12+13)</b>	<b>0.00</b>	<b>389.09</b>	<b>1080.00</b>
12	Grant		369.64	1026.00
13	Loan		19.45	54.00
<b>14</b>	<b>Total Capitalisation (8+11)</b>	<b>6086.00</b>	<b>577.19</b>	<b>1795.18</b>
<b>15</b>	<b>Total Grant (9+12)</b>	<b>3788.00</b>	<b>548.33</b>	<b>1705.42</b>
<b>16</b>	<b>Total Loan (10+13)</b>	<b>2298.00</b>	<b>28.86</b>	<b>89.76</b>

#### 6.15 Interest During Construction (IDC)

##### Petitioner's submission

The Petitioner has submitted that for the purpose of IDC, the amount capitalised during the year is assumed as loan drawn and weighted average interest rate is considered for charging the IDC for FY 2015-16. The IDC projected by the petitioner is as detailed in the Table below:

**Table 6.36: Interest During Construction (IDC) projected for FY 2015-16**

(Rs. Crore)

Sl No.	Particulars	Approved for Discoms in MYT order for FY 2015-16	Projected by SBPDCL for FY 2015-16
1	Loan drawal	2298.00	28.86
2	Average Loan	1149.00	14.43
3	Interest Rate	13.00%	13.00%
4	IDC (on average loan)	149.37	1.88

The Petitioner has requested the Commission to approve the IDC for FY 2015-16 as detailed in the Table above.

#### Commission's analysis

The Commission has examined the computation of the petitioner. The petitioner has charged IDC on normative loan drawl based on the capex capitalised during FY 2015-16.

The Commission considered the normative loans based on the capitalisation of capex vis-à-vis Grants and loans and interest rate @ 13% for FY 2015-16. Accordingly, the Commission considered IDC for FY 2015-16 as detailed in the Table below:

**Table 6.37: Approved Interest during Construction (IDC) for FY 2015-16**

(Rs. Crore)

Sl. No.	Particulars	Approved for Discoms in MYT order for FY 2015-16	Projected by SBPDCL for FY 2015-16	Now approved for FY 2015-16
1	Loan drawal	2298.00	28.86	89.76
2	Average Loan	1149.00	14.43	44.88
3	Interest Rate	13.00%	13.00%	13.00%
4	IDC (on average loan)	149.37	1.88	5.83

The Commission, accordingly, approved Interest during Construction (IDC) at Rs.5.83 Crore as detailed in the Table above for FY 2015-16.

#### 6.16 Gross Fixed Assets (GFA)

##### Petitioner's submission

SBPDCL has submitted the computation of GFA based on the capitalisation schedule for FY 2015-16 as detailed in the Table below:

**Table 6.38: Gross Fixed Assets projected by the petitioner for FY 2015-16**

(Rs. Crore)			
Sl. No.	Particulars	Approved for Discoms in MYT order for FY 2015-16	Projected by SBPDCL for FY 2015-16
1	Opening GFA	13850.63	4325.46
2	Additions during the year	5779.00	577.19
3	Add : IDC	149.37	1.88
<b>4</b>	<b>Closing GFA (1 to 3)</b>	<b>19779.00</b>	<b>4904.52</b>

SBPDCL has requested the Commission to approve the GFA as per above Table for FY 2015-16.

**Commission's analysis:**

The Commission has adopted the opening GFA based on the closing GFA considered for FY 2014-15 (RE) as discussed in paragraph 5.17 and further updated with the additions during the year 2015-16 to arrive at the closing GFA as on 31<sup>st</sup> March 2016.

The opening GFA, additions to assets during the year and closing GFA for FY 2015-16, arrived at by the Commission is as detailed in the Table below:

**Table 6.39: Gross Fixed Assets approved for FY 2015-16**

(Rs. Crore)				
Sl. No.	Particulars	Approved for Discoms in MYT order for FY 2015-16	Projected by SBPDCL for FY 2015-16	Now approved for FY 2015-16
1	Opening GFA {as per FY 2014-15 (RE)}	13850.63	4325.46	4922.31
2	Additions during the year	6086.00	577.19	1795.18
3	IDC	149.37	1.88	5.83
<b>4</b>	<b>Closing GFA</b>	<b>20086.00</b>	<b>4904.52</b>	<b>6723.32</b>

### 6.17 Depreciation

#### Petitioner's submission:

SBPDCL has submitted that depreciation is computed annually on straight line method by applying weighted average rate of depreciation on the average GFA adopting the approach considered by the Commission in MYT order dt.15<sup>th</sup> March 2013. SBPDCL has further submitted that the depreciation on assets created out of grants and consumer contribution is reduced from the gross depreciation to arrive at the depreciation to be charged.

The petitioner has projected the depreciation for FY 2015-16 as detailed in the Table below:

**Table 6.40: Depreciation projected for FY 2015-16**

(Rs. Crore)			
Sl. No.	Particulars	Approved for Discoms in MYT order for FY 2015-16	Projected by SBPDCL for FY 2015-16
1	Opening GFA	13850.63	4325.46
2	Additions during the year	5779.00	577.19
3	IDC	149.37	1.88
<b>4</b>	<b>Closing GFA (1+2+3)</b>	<b>19779.00</b>	<b>4904.52</b>
<b>5</b>	<b>Average GFA (1+4)/2</b>	<b>16814.81</b>	<b>4614.99</b>
6	Weighted average rate of depreciation	5.22%	2.88%
<b>7</b>	<b>Depreciation (5*6)</b>	<b>877.73</b>	<b>132.84</b>
8	Opening Grants	9660.50	1451.62
9	Grants during the year	3783.00	548.33
<b>10</b>	<b>Total Grants (8+9)</b>	<b>13443.50</b>	<b>1999.95</b>
<b>11</b>	<b>Average Grants (8+10)/2</b>	<b>11552.00</b>	<b>1725.78</b>
12	Weighted average rate of depreciation	5.22%	0.84%
<b>13</b>	<b>Depreciation for GFA on Grants (11*12)</b>	<b>603.01</b>	<b>14.42</b>
<b>14</b>	<b>Depreciation for GFA on Loans (7-13)</b>	<b>274.72</b>	<b>118.42</b>

SBPDCL has requested the Commission to approve the computation of depreciation cost for FY 2015-16.

**Commission's analysis:**

The Commission has examined the computation of depreciation for FY 2013-14. The Petitioner has computed the depreciation adopting the CERC rates of depreciation. The weighted average rate of depreciation is arrived at 2.88% in respect of GFA and 0.74% in respect of Grants. The Petitioner has not furnished the details for computation of weighted average rate of depreciation for GFA and Grants.

The Commission has considered the opening GFA based on Closing GFA considered for FY 2014-15 (RE) (excluding value of land) and further updated with the additions to assets during FY 2015-16 based on capitalization and arrived at the closing GFA for FY 2015-16. The Commission has considered weighted average rate of depreciation in line with the weighted average rate of depreciation considered for FY 2013-14 in true up i.e. @ 4.59%.

The Commission, accordingly, has considered the opening GFA, additions to GFA, closing GFA, rate of depreciation, depreciation on assets created out of grants and depreciation to be charged for FY 2015-16 is as detailed in the Table below:

**Table 6.41: Depreciation approved for FY 2015-16****(Rs. Crore)**

Sl. No.	Particulars	Approved for Discoms in MYT order for FY 2015-16	Projected by SBPDCL for FY 2015-16	Now approved for FY 2015-16
1	Opening GFA	13850.63	4325.46	3405.97
2	Additions during the year	5779.00	577.19	1795.18
3	IDC	149.37	1.88	5.83
4	<b>Closing GFA (1+2+3)</b>	<b>19779.00</b>	<b>4904.52</b>	<b>5206.98</b>
5	<b>Average GFA (1+4)/2</b>	<b>16814.81</b>	<b>4614.99</b>	<b>4306.47</b>
6	Weighted average rate of depreciation	5.22%	2.88%	4.59%
7	<b>Depreciation (5*6)</b>	<b>877.73</b>	<b>132.84</b>	<b>197.67</b>
8	Opening Grants	9660.50	1451.62	3207.77
9	Grants during the year	3783.00	548.33	1705.42
10	<b>Total Grants (8+9)</b>	<b>13443.50</b>	<b>1999.95</b>	<b>4913.19</b>
11	<b>Average Grants (8+10)/2</b>	<b>11552.00</b>	<b>1725.78</b>	<b>4060.48</b>
12	Weighted average rate of depreciation	5.22%	0.84%	4.59%
13	<b>Depreciation for GFA on Grants (11*12)</b>	<b>603.01</b>	<b>14.42</b>	<b>186.38</b>
14	<b>Depreciation for GFA on Loans (7-13)</b>	<b>274.72</b>	<b>118.42</b>	<b>11.29</b>

The Commission, accordingly, considers depreciation at Rs.11.29 Crore for FY 2015-16

#### 6.18 Interest on Loans

##### Petitioner's submission:

SBPDCL has submitted that the opening loan balance as on 1<sup>st</sup> April 2014 is considered as per closing balance as on 31<sup>st</sup> March 2014 based on the audited annual accounts for FY 2013-14 and further updated with the normative loans arrived at based on capitalisation during FY 2014-15 and FY 2015-16.

SBPDCL has submitted that the average rate of interest for existing as well as new loans is considered @ 13% as per the agreements executed with the lenders. SBPDCL has projected the interest charges for FY 2015-16 as detailed in the Table below:

**Table 6.42: Projected interest on loans for FY 2015-16**

(Rs. Crore)

Sl No.	Particulars	Approved for Discoms in MYT order for FY 2015-16	Projected by SBPDCL for FY 2015-16
1	Opening loans	3961.89	272.95
2	Additions	2298.00	28.86
3	Repayment	282.60	118.42
4	<b>Closing Loan</b>	<b>5977.28</b>	<b>183.38</b>
5	<b>Average Loan</b>	<b>4969.58</b>	<b>228.16</b>
6	Rate of Interest	13.00%	13.00%
7	<b>Interest and Finance charges</b>	<b>646.05</b>	<b>29.66</b>

SBPDCL has requested the commission to approve the interest on loans for FY 2015-16 as per above Table.

##### Commission's analysis:

The Commission has examined the projected interest on loans computation of the Petitioner. The Petitioner has projected funding of capitalisation through Grants at 95% and through Loans at 5%, accordingly, the Commission has considered the loan additions in line with funding of capitalisation for FY 2015-16 as shown in Table 6.33.

The Commission has considered the opening loan based on the closing loan of FY 2014-15 (RE).

As per CERC (Terms and Conditions for Determination of Tariff) Regulations 2009, repayment of loan shall be equal to the depreciation allowed for the year. The Commission has considered 'Nil' depreciation for the year 2015-16 as the depreciation on Grants used for creation of assets is higher than the depreciation on GFA. The Commission has considered the rate of interest @ 13% and loan addition based on the capitalisation and repayment equal to depreciation for FY 2015-16.

Considering the above, the Commission has computed interest on loans for FY 2015-16 as detailed in the Table below:

**Table 6.43: Interest on loan approved for FY 2015-16**

				Rs. Crore)
Sl. No.	Particulars	Approved for Discoms in MYT order for FY 2015-16	Projected by SBPDCL for FY 2015-16	Now approved for FY 2015-16
1	Opening loans	3961.89	272.95	351.71
2	Additions	2298.00	28.86	89.76
3	Repayment	282.60	118.42	11.29
4	<b>Closing Loan</b>	<b>5977.28</b>	<b>183.38</b>	<b>430.18</b>
5	<b>Average Loan</b>	<b>4969.58</b>	<b>228.16</b>	<b>390.95</b>
6	Rate of Interest	13.00%	13.00%	13.00%
7	<b>Interest and Finance charges</b>	<b>646.05</b>	<b>29.66</b>	<b>50.82</b>

The Commission, accordingly, approved Rs.50.82 Crore towards interest on loans for FY 2015-16.

#### 6.19 Operation and Maintenance (O&M) Expenses

##### Petitioner's submission

SBPDCL has submitted that most of the SERCs have adopted a weighted average method of WPI : CPI in the ratio of 45 : 55 and considered last year average inflationary increases for Employee and A&G expenses.



SBPDCL has further submitted that R&M expenses are provided as a % of Gross Fixed Assets.

SBPDCL has proposed following inflation index for FY 2014-15 and FY 2015-16 for Employee cost, R&M and A&G expenses:  $INDX_n = 0.55 * CPI_n + 0.45 * WPI_n$

**Table 6.44: O & M Expenses – weightage of Indexation / inflation factor**

Sl. No.	Particulars	WPI	CPI	Total
1	Weightage	0.45	0.55	1.00
2	<b>Index points for FY 2012-13</b>	<b>167.62</b>	<b>215.17</b>	
4	Indexation n-1 (index point * weightage)	75.43	118.34	193.77
3	<b>Index points for FY 2013-14</b>	<b>177.64</b>	<b>236.00</b>	
5	Indexation n (index point * weightage)	79.94	129.80	209.74
6	<b>Combined inflation {( 5-3) / 3}</b>			<b>8.24%</b>

The Commission has considered the above indexation/inflation factor for FY 2014-15 and FY 2015-16.

## 6.20 Employee Costs

### Petitioner's submission:

SBPDCL has submitted that the employee expenses comprises of salaries, dearness allowance, bonus, staff welfare, medical benefits, leave travel and earned leave encashment and the terminal benefits in the form of pension, gratuity, etc. The inflation index of 8.24% is considered over FY 2014-15 (RE) to arrive at the employee cost for FY 2015-16.

The petitioner has projected the employee expenses for FY 2015-16 as detailed in the Table below:

**Table 6.45: Employee Cost for FY 2015-16 proposed by the Petitioner**

(Rs. Crore)			
Sl. No.	Particulars	Approved for Discoms in MYT order for FY 2015-16	Projected by SBPDCL for FY 2015-16
1	Previous year employee cost FY 2014-15 (RE)		258.06
2	Add: Inflationary index @ 8.24%		21.26

3	<b>Employee Cost</b>	<b>465.22</b>	<b>279.32</b>
4	Add: New Manpower cost	10.00	5.00
5	<b>Total Employee Cost.</b>	<b>475.22</b>	<b>284.32</b>

The petitioner has requested the Commission to approve the employee expenses for FY 2015-16 as per the Table above.

#### **Commission's analysis:**

The Commission has considered the employee cost as per the revised estimates considered by the Commission for FY 2014-15 (RE) excluding new manpower cost as base value and escalated to inflationary increase @ 8.24%. Further, the Commission has considered Rs.5.00 Crore towards additional new manpower cost for FY 2015-16. The Commission has arrived at the total employee cost for FY 2015-16 as detailed in the Table below:

**Table 6.46: Approved Employee Cost for FY 2015-16**

(Rs. Crore)

Sl. No.	Particulars	Approved for Discoms in MYT order for FY 2015-16	Projected by SBPDCL for FY 2015-16	Now approved for FY 2015-16
1	Employee cost considered for FY 2014-15 (RE)		258.06	253.05
2	Add: Inflationary increase @ 8.24%		21.26	20.85
3	<b>Employee Cost</b>	<b>465.22</b>	<b>279.32</b>	<b>273.90</b>
4	Add: New Manpower cost	10.00	5.00	5.00
5	<b>Total Employee Cost.</b>	<b>475.22</b>	<b>284.32</b>	<b>278.90</b>

The Commission has approved employee cost at Rs.278.90 Crore for FY 2015-16 as detailed in the above Table.

#### **6.21 Repairs and Maintenance (R&M)**

##### **Petitioner's submission:**

SBPDCL has submitted that R&M expenses primarily include costs related to repair of different class of fixed assets, etc..

SBPDCL has projected R&M expenses based on the expenditure considered for FY 2014-15 (RE) with inflationary increase @ 8.24% for FY 2015-16. The R&M expenses projected by the Petitioner are as given in the Table below:

**Table 6.45: Projected Repairs and Maintenance expenses for FY 2015-16**  
(Rs. Crore)

Sl. No.	Particulars	Approved for Discoms in MYT order for FY 2015-16	Projected by SBPDCL for FY 2015-16
1	<b>R &amp; M Cost</b>		80.14
2	Inflationary index %		8.24%
3	Add: Inflationary increase		6.60
4	<b>Total R &amp; M Cost</b>	<b>92.63</b>	<b>86.74</b>

SBPDCL has requested the Commission to approve the R&M expenses for FY 2015-16 as projected in the Table above.

#### Commission's analysis

The Commission has examined the R&M expenses projected by SBPDCL. The Petitioner has projected based on FY 2014-15 (RE) R&M expenses with escalation @8.24% for inflationary increase for FY 2015-16 as detailed in the Table below:

**Table 6.48: Approved R&M expenses for FY 2015-16**  
(Rs. Crore)

Sl. No.	Particulars	Approved for Discoms in MYT order for FY 2015-16	Projected by SBPDCL for FY 2015-16	Now approved for FY 2015-16
1	Previous year R&M expenses		80.14	80.14
2	Inflationary index %		8.24%	8.24%
3	Add: Inflationary increase		6.60	6.60
4	<b>R &amp; M Cost</b>	<b>92.63</b>	<b>86.74</b>	<b>86.74</b>

The Commission, accordingly, considered R&M expenses at Rs.86.74 Crore for FY 2015-16 as detailed in the above Table.

## 6.22 Administrative & General (A&G) Expenses

### Petitioner's submission

SBPDCL has submitted that Administration and General expenses mainly comprise of rents, telephone and other communication expenses, professional charges, conveyance and travelling expenses etc. The Petitioner has submitted that inflation index of 8.24% has been considered over FY 2014-15 (RE) to arrive at the A&G cost for FY 2015-16.

The SBPDCL has estimated the A&G expenses for FY 2015-16 as detailed in Table below:

**Table 6.49: Proposed Administration and General Expenses for FY 2015-16**  
(Rs. Crore)

Sl. No.	Particulars	Approved for Discoms in MYT order for FY 2015-16	Projected by SBPDCL for FY 2015-16
1	Previous year A&G cost		32.22
2	Add: Indexation @ 8.24%		2.65
3	<b>A &amp; G Expenses</b>	<b>53.39</b>	<b>34.87</b>

SBPDCL has requested the Commission to approve the A&G expenses for FY 2015-16 as detailed in the Table above.

### Commission's analysis:

The Commission has examined the A&G expenses projected by SBPDCL. The A & G expenses are projected based the expenses considered for FY 2014-15 (RE) with inflationary escalation of 8.24%.

The Commission has considered the A&G expenses for FY 2015-16 as detailed in the Table below:

**Table 6.50: Approved Administration & General Expenses for FY 2015-16**

(Rs. Crore)				
Sl. No.	Particulars	Approved for Discoms in MYT order for FY 2015-16	Projected by SBPDCL for FY 2015-16	Now approved for FY 2015-16
1	A&G expenses considered for FY 2014-15 (RE)		32.22	29.99
2	Add: Inflationary increase @ 8.24%		2.65	2.47
3	<b>A &amp; G expenses</b>	<b>53.39</b>	<b>34.87</b>	<b>32.46</b>

The Commission, accordingly, considered Rs.32.46 Crore for FY 2015-16 towards Administration and General Expenses as detailed in the Table above.

### 6.23 Allocation of Holding Company Expenses

#### Petitioner's submission

SBPDCL has submitted that the Schedule 'D' Holding undertaking Part-III of the Bihar State Electricity Reforms Transfer Scheme, 2012 defines the Functions and Duties of Bihar State Power (Holding) Company Limited. As per Clause (i) of the schedule 'D', the Holding Company shall handle all issues relating to the subsidiary companies in respect of;

Business of purchasing, importing, exporting and trading of power subject to the provision of Electricity Act, 2003 and to supply electric power generated by other plants to transmission companies, distribution companies, trading companies, other generation companies and other persons, and in this regard execute agreements with Central and State Generating authorities, departments or companies, independent Power Producers and other persons.

SBPDCL has further submitted that BSPHCL provides common services to all the segregated entities and as per the Transfer Scheme "operating expenses incurred by the Holding Company like administration and general expenses, legal and consulting fees, etc. would be shared by the BSPGCL, BSPTCL, SBPDCL and SBPDCL in the ratio of their respective equity".

SBPDCL has also submitted that as per Schedule 'F', the Holding Company shall handle all issues relating to the subsidiary companies in respect of the testing divisions, training department at Headquarter and all the departments of the Corporate head office viz. General Administration, Accounts and Finance, IT, Stores & Purchase, Transmission/Distribution/Generation, Personnel, Publicity, Legal, Vigilance & Security, Commercial, Planning, Civil Engineers, Transmission (O&M), Rural Electrification, shall constitute "Common Services" which shall continue to provide services to all successor entities during the interregnum period, until issue of further transfer notifications allocating the employees to respective companies.

The SBPDCL has estimated the Holding Company expenses at Rs.10.83 Crore for FY 2015-16 as furnished in Table below:

**Table 6.51: Expenses of Holding Company projected for FY 2015-16**

(Rs. Crore)			
Sl. No.	Particulars	Approved for Discoms in MYT order for FY 2015-16	Projected by SBPDCL for FY 2015-16
1	Employee expenses		4.00
2	R&M expenses		0.08
3	A&G expenses		1.33
<b>4</b>	<b>Total</b>	--	<b>5.41</b>

SBPDCL has requested the commission to approve the expenditure as part of overall O&M expenditure for FY 2015-16.

**Commission's analysis:**

SBPDCL has projected holding company expenses at Rs.5.41 Crore for FY 2015-16.

The Commission has observed that BSPHCL vide letter No.1618 dated 22.10.2014 has estimated the holding company expenses at Rs.9.67 Crore for FY 2015-16 and the same is communicated to the SBPDCL.

The Commission observes that the Petitioner has claimed lower amount towards holding company expenses. The Commission, accordingly, has considered the

Holding Company expenses for FY 2015-16 as projected by the Petitioner in terms of Bihar State Electricity Reforms Transfer Scheme, 2012 as detailed in the Table below:

**Table 6.51: Allocation of Expenses of Holding Company considered for FY 2015-16 (Rs. Crore)**

Sl. No.	Particulars	Approved for Discoms in MYT order for FY 2015-16	Projected by SBPDCL for FY 2015-16	Now approved for FY 2015-16
1	Employee expenses		4.00	4.00
2	R&M expenses		0.08	0.08
3	A&G expenses		1.33	1.33
4	<b>Total</b>	--	<b>5.41</b>	<b>5.41</b>

The Commission, accordingly, considered Rs.5.41 Crore for FY 2015-16 towards Holding Company expenses as detailed in the Table above.

#### 6.24 Summary of Operations and Maintenance (O&M) Expenses

**Table 6.53: Total O & M cost considered by the Commission for FY 2015-16 (Rs. Crore)**

Sl. No.	Particulars	Approved for Discoms in MYT order for FY 2015-16	Projected by SBPDCL for FY 2015-16	Now approved for FY 2015-16
1	Employee cost	475.22	284.32	278.90
2	R&M expenses	92.63	86.74	86.74
3	A&G Expenses	53.39	34.87	32.46
4	Holding company expenses allocated		5.41	5.41
5	<b>Total O &amp; M cost</b>	<b>621.24</b>	<b>411.35</b>	<b>403.51</b>

The Commission considered total O&M costs at Rs.403.51 Crore for FY 2015-16

#### 6.25 Interest on Working Capital

##### Petitioner's submission:

SBPDCL has submitted that it has arrived at the working capital requirement according to applicable norms for Distribution function provided in the BERC (Terms and Conditions of Tariff) Regulations, 2007 which are reproduced in the following Table:

**Table 6.54: Norms for working capital requirement**

Sl. No.	Particulars	Norm
1	O&M expenses	One month
2	Maintenance spares	@1% of historical cost of GFA escalated @6% per annum
3	Receivables	Two months of charges for sale of energy
4	Rate of interest on working capital	Short-term PLR of SBI as on 1 <sup>st</sup> April of the year

The rate of interest applied on the proposed working capital is @14.75% as per the SBI PLR as on 1<sup>st</sup> April 2014.

SBPDCL has claimed interest on working for FY 2015-16 computed on the above norms as detailed in the Table below:

**Table 6.55: Projected Interest on working capital for FY 2015-16**

(Rs. Crore)			
Sl. No.	Particulars	Approved for Discoms in MYT order for FY 2015-16	Projected by SBPDCL for FY 2015-16
1	O&M expenses (1 month)	51.77	34.28
2	Maintenance spares @1% of opening GFA with 6% escalation	146.82	48.74
3	Receivables - 2 months	1575.71	945.80
<b>4</b>	<b>Total working capital</b>	<b>1774.30</b>	<b>1028.82</b>
5	Less: Govt. assistance for power purchase	360.00	429.91
<b>6</b>	<b>Net working capital requirement</b>	<b>1414.30</b>	<b>598.91</b>
7	Rate of interest	14.45%	14.75%
<b>8</b>	<b>Interest on working capital</b>	<b>204.37</b>	<b>88.34</b>

The petitioner has requested the commission to approve the computation of interest on working capital and the interest charges for FY 2015-16 as detailed in the Table above.

#### **Commission's analysis**

The Commission has examined the computation of interest on working capital submitted by the Petitioner. The Petitioner has considered maintenance spares



@1% of the opening GFA. The opening GFA includes the assets revalued by Rs.1478.84 Crore. Further, the Petitioner has considered the escalation of 12.69% on the 1% amount of opening GFA.

The Commission has adjusted the GFA to its original value and considered maintenance spares @1% of GFA (adjusted) with escalation at 6% in its computations in true up for FY 2013-14 and FY 2014-15 (RE). The Commission has considered closing GFA of FY 2014-15 (RE) as opening GFA for FY 2015-16 and accordingly, considered maintenance spares @1% of GFA with escalation at 6% over 1% value for FY 2015-16.

The Petitioner has considered the working capital as per Regulations and the rate of interest as per SBI PLR as on 1<sup>st</sup> April 2014. The Petitioner has computed the interest on working capital as per the norms prescribed in Regulation 85 (ii) (8) of the BERC Regulations, 2007. The rate of interest applied on the proposed working capital is @14.75% as per the SBI PLR as on 1<sup>st</sup> April 2014.

The petitioner has projected a total Government support of Rs.2579.46 Crore to the petitioner for FY 2015-16.

The Government of Bihar vide letter No.16/Misc.74/2014 dated 16-12-2014 has communicated a total subsidy of Rs.1762.20 Crore for FY 2015-16 for both Discoms.

However after adjustment of cost of power purchase disallowed towards higher T&D losses over and above the T&D losses approved by the Commission for both the Discoms of Rs.1281.81 Crore (SBPDCL Rs.1065.70 Crore and NBPDC Rs.216.11 Crore), balance subsidy available is at Rs.480.39 Crore. The Commission has allocated the balance subsidy of Rs.480.39 Crore in the ratio of 40.60 : 59.40 to SBPDCL (Rs.195.04 Crore) and NBPDC (Rs.285.35 Crore) respectively. Thus the total subsidy for SBPDCL is computed at Rs.1260.74 Crore (Rs.1065.70 Crore + Rs.195.04 Crore) from out of total subsidy of Rs.1762.20 Crore.

The State Government is extending financial support in the form of tariff subsidy and cost of power disallowed due to excess distribution loss over and above the loss trajectory allowed by the Commission. The Government is releasing the funds on monthly basis. The Commission has considered the State Government funding/financial support to the SBPDCL on monthly basis, for which no working capital is required. Accordingly, the amount equivalent to two months of financial support from the State Government to the SBPDCL is reduced from the working capital requirement of the SBPDCL. The two months support to SBPDCL works out to Rs.210.12 Crore and the same is reduced from the working capital requirement of SBPDCL.

The commission has considered the rate of interest as per the SBI PLR @14.75% as on 1<sup>st</sup> April 2014 and based on the expenses/costs approved for FY 2015-16, has computed the working capital and interest on working capital for FY 2015-16 as detailed in the Table below:

**Table 6.56: Approved Interest on working capital for FY 2015-16**

(Rs. Crore)				
Sl. No.	Particulars	Approved for Discoms in MYT order for FY 2015-16	Projected by SBPDCL for FY 2015-16	Now approved for FY 2015-16
1	O&M expenses (1 month)	51.77	34.28	33.63
2	Maintenance spares @1% of opening GFA with 6% escalation	146.82	48.74	36.10
3	Receivables - 2 months	1575.71	945.80	839.18
<b>4</b>	<b>Total working capital</b>	<b>1774.30</b>	<b>1028.82</b>	<b>908.91</b>
5	<b>Less: Govt. assistance for power purchase</b>	360.00	429.91	210.12
<b>6</b>	<b>Net working capital requirement</b>	<b>1414.30</b>	<b>598.91</b>	<b>698.79</b>
7	Rate of interest	14.45%	14.75%	14.75%
<b>8</b>	<b>Interest on working capital</b>	<b>204.37</b>	<b>88.34</b>	<b>103.07</b>

The Commission, accordingly, has considered Rs.103.07 Crore towards interest on working capital for FY 2015-16 as detailed in the Table above.

## 6.26 Return on Equity

### Petitioner's submission:

SBPDCL has submitted that computation of Return on Equity is excluding revaluation of reserves and subsidies and is claimed as per Regulation 72 (2) (c) of BERC Tariff Regulations 2007.

SBPDCL has computed the return on equity for FY 2014-15 as detailed in the Table below:

**Table 6.57: Projected Return on Equity for FY 2015-16**

(Rs. Crore)			
Sl. No.	Particulars	Approved for Discoms in MYT order for FY 2015-16	Projected by SBPDCL for FY 2015-16
1	Equity	879.00	621.53
2	Rate of Return per annum %	14.00%	14.00%
3	<b>Return on Equity - Opening Equity</b>	<b>123.06</b>	<b>87.01</b>

SBPDCL has requested the Commission to consider the Return on Equity as per the computations furnished in the Table above for FY 2015-16.

### Commission's analysis

The Commission has examined the computation of RoE claim of SBPDCL. The Petitioner has computed RoE on the enhanced Equity. However, no details were furnished for the equity amount. The Petitioner has stated that RoE is claimed as per Regulation 73(2)(c) of the BERC Tariff Regulations 2007.

The Regulation 84 (Principles for fixation of tariff for a Distribution Licensee) of the BERC (Terms and Conditions for Determination of Tariff) Regulations 2007, specify *“the tariff for a distribution licensee shall be fixed in such a manner that the licensee in a financial year shall ordinarily earn a return, which shall comprise of 14% on equity invested in the capital expenditure (apportioned to the quantum for the purpose of performing the electricity business in the present debt – equity structure). ..... The definition of equity thus would involve all net worth deployed in the capital of the unit but does not include any revaluation of reserves and subsidies. The*

*paid up equity capital for this purpose shall be the average of the opening and closing balances of paid up equity capital for that year”.*

Regulation 73 (2) (c) of the BERC (Terms and Conditions for Determination of Tariff) Regulations, 2007, specifies that **“Return on Equity shall be computed on the equity base determined in accordance with Regulation 71 and shall be @ 14% per annum”.**

Regulation 71 (1) specifies that;

**(c) in case of all projects, the Debt : Equity ratio as on the date of commercial operation shall be 70 : 30 for determination of tariffs.**

The Commission, in view of the above Regulations, for the purpose of computation of Return on Equity, has considered opening equity as on 1st April 2015 based on closing equity considered for FY 2014-15 (RE).

The Commission, based on the Petitioner’s projections, has considered capitalisation at Rs.1795.18 Crore and funding of capitalization through Grants @94% (Rs.1705.42 Crore) and balance through Loans @6% (Rs.89.76 Crore) for FY 2015-16. Hence no addition to equity is considered for FY 2015-16.

Accordingly, the Commission has computed return on equity for FY 2015-16 as detailed in the Table below:

**Table 6.58: Return on Equity considered for FY 2015-16**

(Rs. Crore)				
Sl. No.	Particulars	Approved for Discoms in MYT order for FY 2015-16	Projected by SBPDCL for FY 2015-16	Now approved for FY 2015-16
1	Opening Equity	879.00	621.53	494.00
2	Closing equity	879.00	621.53	494.00
3	Average equity (1+2)/2	879.00	621.53	494.00
4	Rate of Return on equity	14.00%	14.00%	14.00%
5	<b>Return on equity (3*4)</b>	<b>123.10</b>	<b>87.01</b>	<b>69.16</b>

The Commission, accordingly, considers Return on Equity at Rs.69.16 Crore for FY 2015-16 as detailed in the Table above.

## 6.27 Interest on Security Deposit

### Petitioner's submission:

SBPDCL has submitted that interest on Security Deposit amount has been claimed as per the provisions of BERC Supply Code. The interest for security deposit has been considered as per prevailing RBI Bank Rate of 9%. The Petitioner has projected interest on security deposit for FY 2015-16 as detailed in the Table below:

**Table 6.59: Projected Interest on security deposit for FY 2015-16**

(Rs. Crore)		
Sl. No.	Particulars	Projected by SBPDCL for FY 2015-16
1	Opening Security Deposit	325.70
2	Addition / (Deletion)	85.31
3	Closing Security Deposit	411.01
4	Average Security Deposit	368.36
5	RBI Bank Rate (as on 7.10.2013)	9.00%
6	Interest on Security Deposit	33.15

The Petitioner has requested the commission to approve the computation of interest on security deposit for FY 2015-16 as detailed in the table above.

### Commission's analysis:

*Section 47(1)(a) of the Electricity Act, 2003 specifies that any person who requires a supply of electricity to give reasonable security in respect of the electricity supplied to such person.*

*BERC Supply Code Regulations 2007 specifies that the distribution licensee shall pay interest at the RBI Bank rate, applicable on security deposits taken from the consumers. The interest amount of previous financial year shall be adjusted in the energy bill issued in May/June of each financial year depending on billing cycle.*

*The Commission in the Tariff Order for FY 2011-12 has opined that the consumer security deposits provided to the distribution licensees by the consumers should be*

*either be used for funding working capital requirement or should be kept with the Bank and interest earned on the amount should be passed on to the consumers.*

The Commission is of the view that the Petitioner has utilised and invested these consumer deposits in the Regulated business. In such a scenario, there is no additional financial implication on distribution licensee because it is compensated for its working capital funding on a normative basis or the interest earned can be passed on to the consumers. However, the Commission following the principle of prudence and consistency has not considered any notional normative income on consumers' security deposit, but disallowed the actual interest paid towards the interest on consumers' security deposits in the true up for FY 2013-14. Accordingly, the Commission has not considered interest on SD in review for FY 2014-15 (RE) and in ARR for FY 2015-16. ***If interest paid on consumers security deposit is allowed as pass through in tariffs, it tantamount to recovery of the interest from consumers itself.***

**In view of the above, the Commission disapproves interest on Consumer's Security Deposit for FY 2015-16.**

## **6.28 Non-Tariff Income**

### **Petitioner's submission:**

SBPDCL has submitted that non-tariff income is considered based on actual non-tariff income as per audited annual accounts for FY 2013-14 with escalation @10% for FY 2014-15 (RE) over FY 2013-14 and for FY 2015-16 over FY 2014-15 (RE) . The Petitioner has submitted that the non-tariff income is projected for FY 2015-16 after deducting funding cost of Delayed Payment Surcharge and requested the Commission to approve the Non-tariff income as detailed in the Table below

**Table 6.60: Projected Non-tariff Income for FY 2015-16****(Rs. Crore)**

Sl. No.	Particulars	Approved for Discoms in MYT order for FY 2015-16	Projected by SBPDCL for FY 2015-16
1	Net Non-tariff income	179.27	335.61
2	Increase in income @ 10%		33.56
3	<b>Total non-tariff income</b>	<b>179.27</b>	<b>369.17</b>

The petitioner has requested the commission to approve the non-tariff income for FY 2015-16 as detailed in the Table above.

**Commission's analysis:**

The Commission computed the non-tariff income for FY 2015-16 based on the non-tariff income considered for FY 2014-15 (RE) with escalation at 10% over 2014-15 (RE) as detailed in the Table below:

**Table 6.61: Non-tariff Income approved for FY 2015-16****(Rs. Crore)**

Sl. No.	Particulars	Approved for Discoms in MYT order for FY 2015-16	Projected by SBPDCL for FY 2015-16	Now approved for FY 2015-16
1	Net Non-tariff income	179.27	335.61	198.07
2	Increase in income @ 10%		33.56	10.00%
3	<b>Total non-tariff income</b>	<b>179.27</b>	<b>369.17</b>	<b>217.88</b>

The Commission, accordingly, considered non-tariff income at Rs.217.88 Crore for FY 2015-16 as detailed in the table above.

**6.29 Revenue from sale of power at existing Tariff****Petitioner's submission**

SBPDCL has submitted the category wise revenue based on the existing tariff including sale to Nepal for FY 2014-15 as detailed in the Table below:

**Table 6.62: Projected Revenue from sale of power at existing tariff for FY 2015-16**

Sl. No	Category	Sales (MU)	Revenue (Rs. Crore)
1	KJY	1186	203.33
2	DSI	361	75.43
3	DSI I	1470	602.03
4	DS III	1	0.30
5	NDS I Commercial	12	2.93
6	NDS II Commercial	707	501.26
7	NDS III Commercial	3	1.16
8	SS I	2	1.32
9	SS II	16	10.16
10	Irrigation and Agriculture I	152	15.93
11	Irrigation and Agriculture II	78	38.48
12	PWW	40	24.46
13	LTIS I	107	66.50
14	LTIS II	101	64.23
15	HTIS I	487	315.67
16	HTIS II	169	118.49
17	HTIS III	66	40.39
18	HTIS SS	502	268.77
19	RT	560	358.96
20	Sale to Nepal	-	-
21	UI	-	-
22	DF	1125	245.26
<b>23</b>	<b>Total</b>	<b>7143.79</b>	<b>2955.07</b>

**Commission's analysis**

The Petitioner has considered the actual average revenue billed for each category as per Audited Annual Accounts for FY 2013-14 to project the Revenue at existing Tariff for FY 2015-16. There is no change in Tariff rates during FY 2014-15 i.e., the Tariff of FY 2013-14 is continued during FY 2014-15 also. Hence, the Commission accepts the methodology considered for projecting category wise revenue for FY 2015-16. Applying the average revenue billed rate during FY 2013-14 on the sales approved for the FY 2015-16 the revenue at existing Tariff for FY 2015-16 is approved as detailed in the Table below. For DF the average per unit rate and revenue are considered as projected by the Petitioner.



**Table 6.63: Revenue from sale of power at existing tariff considered for FY 2015-16**

Sl. No	Category	Sales (MU)	Average Rate (Rs./kWh)	Revenue (Rs. Crore)
1	KJY	265.24	1.66	43.92
2	DSI	360.84	2.10	75.82
3	DSI I	1469.6	4.48	657.77
4	DS III	0.69	4.36	0.30
5	NDS I Commercial	11.9	2.46	2.92
6	NDS II Commercial	706.54	6.41	452.72
7	NDS III Commercial	2.95	3.55	1.05
8	SS I	2.11	7.00	1.48
9	SS II	16.17	8.52	13.78
10	Irrigation and Agriculture	146.31	1.34	19.61
11	Irrigation and Agriculture	70.64	6.08	42.96
12	PWW	40.37	7.76	31.33
13	LTIS I	107.3	5.89	63.21
14	LTIS II	100.78	6.24	62.85
15	HTS I	528.03	7.38	389.76
16	HTS II	183.52	7.23	132.62
17	HTS III	68.63	6.32	43.41
18	HT SS	520.01	6.53	339.32
19	RT	559.93	6.62	370.85
20	DF	1124.94	2.18	245.26
<b>21</b>	<b>Total</b>	<b>6286.50</b>	<b>4.76</b>	<b>2990.94</b>

### 6.30 Resource gap funding from State Government for FY 2015-16

#### Petitioner's submission

The Petitioner has submitted that the total subsidy to be received for FY 2015-16 is Rs.2579.46 Crore. The Petitioner has furnished utilization of subsidy amount by the Petitioner and balance amount to be adjusted against revenue gap as detailed in the Table below:

Table 6.64: Projected Resource Gap Utilization for FY 2015-16

(Rs. Crore)		
Sl. No.	Particulars	Projected by SBPDCL for FY 2015-16
1	Proposed subsidy from State Govt.	2579.44
2	<b>Less:</b> Disallowed power purchase funded through State Govt. grant/subsidy	1428.04
3	Available Revenue Subsidy	1151.40

**Commission's analysis:**

The Commission observes that the subsidy to be received from the State Government against the subsidized categories is at Rs.854.16 Crore [SBPDCL Rs.346.81 Crore (40.60%) and NBPDC Rs.507.35 Crore (59.40%)].

The Government of Bihar vide letter No.16/Misc.74/2014 dated 16-12-2014 has communicated a total subsidy of Rs.1762.20 Crore for FY 2015-16 for both Discoms.

However after adjustment of cost of power purchase disallowed towards higher T&D losses over and above the T&D losses approved by the Commission for both the Discoms of Rs.1281.81 Crore (SBPDCL Rs.1065.70 Crore and NBPDC Rs.216.11 Crore), balance subsidy available is at Rs.480.39 Crore. The Commission has allocated the balance subsidy of Rs.480.39 Crore in the ratio of 40.60 : 59.40 to SBPDCL (Rs.195.04 Crore) and NBPDC (Rs.285.35 Crore) respectively. Thus the total subsidy for SBPDCL is computed at Rs.1260.74 Crore (Rs.1065.70 Crore + Rs.195.04 Crore) from out of total subsidy of Rs.1762.20 Crore.

The Commission has adjusted the cost of additional power purchase requirement on account of difference in actual distribution loss of SBPDCL and distribution loss approved by the Commission from resource gap funding by State Government as detailed in the Table below:

**Table 6.65: Approved Resource Gap Utilization for FY 2015-16**

(Rs. Crore)

Sl. No.	Particulars	Projected by SBPDCL for FY 2015-16	Approved for FY 2015-16
1	Proposed resource gap assistance	2579.44	1260.74
2	<b>Less:</b> Disallowed power purchase funded through State Govt. grant/subsidy	1428.04	1065.70
3	Available balance resource gap assistance	1151.40	195.04

**6.31 Renewable Purchase Obligation (RPO)**

The Commission has approved Rs. 32.70 Crore towards shortfall of RPO for FY 2013-14 in true up of FY 2013-14 and directed the Petitioner to deposit the same in a

separate fund. Accordingly, the amount (Rs.32.70 Crore) has been factored in the ARR for FY 2015-16.

### 6.32 ARR and Revenue Gap / (Surplus) projected for FY 2015-16

#### Petitioner's submission

The Petitioner has submitted that the gross ARR consists of the power purchase costs, interest and finance cost, O&M cost, depreciation and interest on working capital duly adjusted for non-tariff income and other income. The Petitioner has computed the total revenue requirement for FY 2015-16 against allocation from total approved revenue requirement by the Commission for FY 2015-16, as detailed in the Table below:

**Table 6.66: Projected Net ARR and Revenue Gap for FY 2015-16**

(Rs. Crore)

Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2015-16	Projected by SBPDCL for FY 2015-16
1	Purchase of power	7238.96	4759.16
2	PGCIL & Other transmission charges	190.00	346.14
3	BSPTCL transmission charges	304.00	172.64
4	<b>O &amp; M Expenses</b>	<b>621.24</b>	<b>411.34</b>
A	Employee expenses	475.22	284.32
B	R&M expenses	92.63	86.74
C	A&G expenses	53.39	34.87
D	Holding company expenses		5.41
5	Depreciation	282.60	118.42
6	Interest & Finance charges	646.05	29.66
7	Return on equity	123.06	87.01
8	Deposits for RPO obligation		
9	Interest on SD		33.15
10	<b>Less: IDC</b>		-1.88
11	Interest on working capital	204.37	88.34
12	<b>Total Revenue requirement</b>	<b>9610.27</b>	<b>6044.00</b>
13	Less:: Non-tariff income	179.27	369.17
14	<b>Net Revenue requirement</b>	<b>9431.00</b>	<b>5674.83</b>
15	Less: Expenditure disallowed due to excess T&D losses	2038.75	1428.04
16	Revenue from Existing tariff	4879.15	2955.07
17	Revenue from sale of power-Nepal	255.20	
18	<b>Gross Gap / (Surplus)</b>	<b>2257.90</b>	<b>1291.72</b>

**Commission's analysis:**

The Commission has computed the net annual revenue requirement based on the costs approved in the preceding paragraphs as detailed in the Table below:

**Table 6.67: ARR and Revenue Gap (Surplus) approved by the Commission for FY 2015-16**

(Rs. Crore)

Sl. No.	Particulars	Discoms ARR approved in MYT order for FY 2015-16	Projected by SBPDCL for FY 2015-16	Now approved for FY 2015-16
1	Purchase of power	7238.96	4759.16	4142.44
2	PGCIL & Other transmission charges	190.00	346.14	316.39
3	BSPTCL transmission charges	304.00	172.64	129.43
4	<b>O &amp; M Expenses</b>	<b>621.24</b>	<b>411.34</b>	<b>403.52</b>
A	Employee expenses	475.22	284.32	278.90
B	R&M expenses	92.63	86.74	86.74
C	A&G expenses	53.39	34.87	32.46
D	Holding company expenses		5.41	5.41
5	Depreciation	282.60	118.42	11.29
6	Interest & Finance charges	646.05	29.66	50.82
7	Return on equity	123.06	87.01	69.16
8	Deposits for RPO obligation			32.70
9	Interest on SD		33.15	
10	<b>Less: IDC</b>		1.88	5.83
11	Interest on working capital	204.37	88.34	103.07
12	<b>Total Revenue requirement</b>	<b>9610.27</b>	<b>6044.00</b>	<b>5252.99</b>
13	Less: Non-tariff income	179.27	369.17	217.88
14	Less: Expenditure disallowed due to excess T&D losses	2038.75	1428.04	1065.70
15	<b>Net Revenue requirement</b>	<b>7392.29</b>	<b>4246.79</b>	<b>3969.40</b>
16	Revenue from Existing tariff	4879.15	2955.07	2990.94
17	Revenue from sale of power-Nepal	255.20		0.00
18	<b>Gross Gap / (Surplus)</b>	<b>2257.90</b>	<b>1291.72</b>	<b>978.46</b>
19	Add: Revenue Gap/(Surplus) of past period (FY 2013-14)	0.00	1259.99	(642.92)
20	<b>Gap/(Surplus) before subsidy</b>	<b>2257.95</b>	<b>2551.71</b>	<b>335.54</b>
21	Grant from State Government	2160.00	2579.44	1260.74
22	Grant used for disallowed power	2038.75	1428.04	1065.70
23	Grant available for revenue gap	121.25	1151.40	195.04
24	<b>Net Gap / (Surplus) after subsidy</b>	<b>2136.69</b>	<b>1400.32</b>	<b>140.51</b>

The Commission approves the net revenue gap of Rs.140.51 Crore for FY 2015-16 in SBPDCL subject to final truing up as and when the audited annual accounts for FY 2015-16 are submitted by the Petitioner.

### **6.33 Approved Revenue Gap / (Surplus) with existing tariff for FY 2015-16**

The trued up revenue surplus approved by the Commission for FY 2013-14 amounts to Rs.642.92 Crore (including carrying cost). The Commission has considered this trued up surplus and carried forward and adjusted in the ARR of the SBPDCL for FY 2015-16.

The revenue gap arrived at for FY 2014-15 (RE) for SBPDCL is not considered in the ARR for FY 2015-16 as it is only indicative and worked out on the revised estimates projected by SBPDCL and not based on the approved/audited annual accounts. However, the gap of FY 2014-15 (RE) will be considered in the ARR for FY 2016-17 after truing up when the audited annual accounts are made available by the Petitioner.

Based on the Annual Revenue Requirement of SBPDCL approved for FY 2015-16 and estimated revenue from sale of power with existing tariff, considering adjustment of past years revenue surplus and after considering the State Government support for cost of additional power purchase requirement on account of difference in actual distribution loss approved by the Commission for SBPDCL, the net revenue gap approved by the Commission for FY 2015-16 is at Rs.140.51 Crore.

### **Consolidated approved revenue gap of DISCOMs for FY 2015-16**

Based on the ARR of the DISCOMs (SBPDCL and NBPDC) approved for FY 2015-16 and estimated revenue from sale of power with existing tariff, the consolidated revenue gap for FY 2015-16 is given in the Table below:

Table 6.68: Approved Revenue Gap for FY 2015-16

Sl. No.	Particulars	(Rs. Crore)		
		NBPDCL	SBPDCL	Total
1	Net Aggregate Revenue Requirement for FY 2015-16	2988.37	3969.40	6957.77
2	Add: Recovery of trued up revenue Gap / (Surplus) of FY 2013-14 (including Carrying cost)	(465.56)	(642.92)	(1108.48)
3	<b>Net Revenue Requirement (1+2)</b>	<b>2522.80</b>	<b>3326.48</b>	<b>5849.29</b>
4	<b>Less: Revenue from existing Tariff</b>	1633.11	2990.94	4624.05
5	<b>Less: Revenue from sales to Nepal</b>	454.20	0.00	454.20
6	<b>Gap / (Surplus) [3 - (4+5)]</b>	<b>435.49</b>	<b>335.54</b>	<b>771.04</b>
7	Total Grant from State Government	501.46	1260.74	1762.20
8	Grant used for compensating disallowed power	216.11	1065.70	1281.81
9	Balance resource assistance from State Government (7-8)	285.35	195.04	480.39
10	<b>Net Gap / (Surplus) (6 - 9)</b>	<b>150.14</b>	<b>140.51</b>	<b>290.65</b>

From the above table, it can be seen that after considering the State Government support for cost of additional power purchase requirement on account of difference in actual distribution loss of DISCOMs and loss approved by the Commission, the net consolidated revenue gap approved by the Commission for FY 2015-16 is at Rs.290.65 Crore for both DISCOMs.

#### 6.34 Revenue at approved tariff for FY 2015-16

The Commission, in order to bridge the revenue gap of Rs. 290.65 Crore (i.e. gap of Rs. 140.51 Crore for SBPDCL and gap of Rs. 150.14 Crore for NBPDCL), has marginally increased the tariff about 2.5%, which is giving additional revenue of about Rs. 113 Crore (about Rs. 42 Crore from NBPDCL and about Rs. 71 Crore from SBPDCL) leaving revenue gap of about Rs.177 Crore, which the Commission believes can be met by improving the operational performance by the DISCOMs. The Commission directs the DISCOMs to improve their operational performance and reduce the distribution losses, which are very high.

The estimated additional revenue from the approved tariff for FY 2015-16 is given in the table below:

**Table 6.68: Revenue from sale of power at approved tariff considered for FY 2015-16**

Sl. No	Category	Sales (MU)	Average Rate (Rs./kWh)	Revenue (Rs. Crore)
1	KJY	265.24	1.76	46.73
2	DSI	360.84	2.20	79.46
3	DSI I	1469.6	4.63	679.81
4	DS III	0.69	4.51	0.31
5	NDS I Commercial	11.9	2.56	3.04
6	NDS II Commercial	706.54	6.56	463.32
7	NDS III Commercial	2.95	3.70	1.09
8	SS I	2.11	7.00	1.48
9	SS II	16.17	8.52	13.78
10	Irrigation and Agriculture	146.31	1.34	19.61
11	Irrigation and Agriculture	70.64	6.22	43.91
12	PWW	40.37	7.76	31.33
13	LTIS I	107.3	6.04	64.82
14	LTIS II	100.78	6.39	64.36
15	HTS I	528.03	7.53	397.68
16	HTS II	183.52	7.38	135.37
17	HTS III	68.63	6.47	44.44
18	HT SS	520.01	6.68	347.12
19	RT	559.93	6.77	379.25
20	DF	1124.94	2.18	245.26
<b>21</b>	<b>Total</b>	<b>6286.50</b>	<b>4.87</b>	<b>3062.17</b>

From the above table it can be seen that the additional revenue at the approved tariff for FY 2015-16 for NBPDCCL will be around Rs. 42.52 Crore.

### **6.35 Average Tariff as a percentage of Average Cost of Service in Tariff Order for FY 2014-15 and FY 2015-16.**

The Commission has approved tariff for various consumer categories considering gradual reduction in cross-subsidy in line with the requirement of Tariff Policy. As seen from the table below, tariff as a percentage of average cost service is moving towards the band of +/- 20% of average cost of service as suggested in Tariff Policy. The average tariff as a percentage of average cost of service approved in Tariff Order for FY 2014-15 and that approved in the Tariff Order for FY 2015-16 is as shown in the Table below:

**Table 6.69: Average realisation as a percentage of average Cross Service in FY 2014-15 and FY 2015-18**

Sl. No.	Category	FY 2014-15 (approved in Tariff Order for FY 2014-15)			FY 2015-16 (approved by Commission)		
		Average Ralisation (Rs./kWh)	Average Cost of Service (Rs./kWh)	% of cost of service	Average Ralisation (Rs./kWh)	Average Cost of Service * (Rs./kWh)	% of cost of service
1	Kutir Jyoti	6.68	6.68	100%	6.21	6.21	100%
2	Domestic – I	6.68	6.68	100%	6.21	6.21	100%
3	Domestic - II	3.75	6.68	56%	4.58	6.21	74%
4	Domestic - III	4.20	6.68	63%	4.62	6.21	74%
5	Non-Domestic-I	6.68	6.68	100%	6.21	6.21	100%
6	Non-Domestic-II	7.00	6.68	105%	6.59	6.21	106%
7	Non-Domestic-III	4.37	6.68	65%	3.85	6.21	62%
8	Irrigation IAS-I	6.68	6.68	100%	6.21	6.21	100%
9	Irrigation IAS-II	5.71	6.68	85%	6.23	6.21	100%
10	LT IS-I	6.31	6.68	94%	6.06	6.21	98%
11	LT IS-II	6.03	6.68	90%	6.37	6.21	102%
12	Public Water Works	7.78	6.68	116%	7.75	6.21	125%
13	Street Light-I (Metered)	7.00	6.68	105%	7.00	6.21	113%
14	Street Light-II (Un-metered)	5.81	6.68	87%	6.59	6.21	106%
15	HTS-I	7.12	6.68	107%	7.46	6.21	120%
16	HTS-II	7.13	6.68	107%	7.49	6.21	121%
17	HTS-III	6.14	6.68	92%	7.31	6.21	118%
18	HTSS	5.05	6.68	76%	6.57	6.21	106%
19	RTS-I	6.26	6.68	94%	6.88	6.21	111%

**Note:** The average realisation for Kutir Jyoti, DS-I, NDS-I and IAS-I is including revenue subsidy.

\* average cost of service combinedly for NBPDC and SBPDCL.

### 6.36 Average Tariff as a percentage of Voltage-wise Cost of Supply for FY 2014-15 and FY 2015-16.

The Commission has determined the voltage-wise cost of supply based on the limited data/information made available as detailed in Chapter-7. The average tariff as a percentage of voltage cost of supply approved in Tariff Order for FY 2014-15 and the average tariff as a percentage of voltage-wise cost of supply determined in Chapter-7 for FY 2015-16 is as shown in Table below:



**Table 6.70: Average realisation as a percentage of voltage-wise cost of supply in FY 2014-15 and FY 2015-16**

Sl. No.	Category	FY 2014-15 (approved in Tariff Order for FY 2014-15)			FY 2015-16 (approved by Commission)		
		Average Realisation (Rs./kWh)	Voltage-wise Cost of Supply (Rs./kWh)	% of cost of supply	Average Realisation (Rs./kWh)	Voltage-wise Cost of Supply * (Rs./kWh)	% of cost of supply
1	Kutir Jyoti	6.68	7.22	93%	6.21	6.78	92%
2	Domestic - I	6.68	7.22	93%	6.21	6.78	92%
3	Domestic - II	3.75	7.22	52%	4.58	6.78	68%
4	Domestic - III	4.20	7.22	58%	4.62	6.78	68%
5	Non-Domestic-I	6.68	7.22	93%	6.21	6.78	92%
6	Non-Domestic-II	7.00	7.22	97%	6.59	6.78	97%
7	Non-Domestic-III	4.37	7.22	61%	3.85	6.78	57%
8	Irrigation IAS-I	6.68	7.22	93%	6.21	6.78	92%
9	Irrigation IAS-II	5.71	7.22	79%	6.23	6.78	92%
10	LT IS-I	6.31	7.22	87%	6.06	6.78	89%
11	LT IS-II	6.03	7.22	84%	6.37	6.78	94%
12	Public Water Works	7.78	7.22	108%	7.75	6.78	114%
13	Street Light-I (Metered)	7.00	7.22	97%	7.00	6.78	103%
14	Street Light-II (Un-metered)	5.81	7.22	80%	6.59	6.78	97%
15	HTS-I	7.12	6.84	104%	7.46	6.39	117%
16	HTS-II	7.13	6.54	109%	7.49	6.07	123%
17	HTS-III	6.14	6.30	97%	7.31	5.83	125%
18	HTSS	5.05	6.54	77%	6.57	6.07	108%
19	RTS-I	6.26	6.30	99%	6.88	5.83	118%

**Note:** The average realisation for Kutir Jyoti, DS-I, NDS-I and IAS-I is including revenue subsidy.

\* average cost of service combinedly for NBPDCCL and SBPDCL.

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## 7. Government grant / revenue subsidy

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### 7.1 Background

The Government of Bihar has been giving resource gap grant to the erstwhile BSEB and now to the DISCOMs mainly to facilitate timely payment of power purchase bills and to meet the power purchase cost partly. Energy Department, Govt. of Bihar in its letter dated 19<sup>th</sup> September 2011 communicated to the Commission regarding its decision on the priority of the use of resource gap funding provided by the Government. The letter outlined that the State Government grants shall be used to compensate the financial losses caused on account of additional power purchase due to the difference in the actual T&D loss and the T&D loss determined/approved by the Commission and the remaining portion of grants will be used as subsidy to agriculture and rural consumers. The State Government again clarified during the meeting with the erstwhile BSEB and the Commission held on 19<sup>th</sup> March 2012 that the subsidy would be only for agriculture and rural consumers subject to maximum of Rs. 1080 Crore.

### 7.2 Resource Gap Grants for FY 2015-16

The DISCOMs have projected the Government support @ Rs. 200 Crore per month working to Rs. 2400 Crore for FY 2015-16, which they are receiving from the Government towards power purchase bills and additional subsidy of Rs. 150 Crore per month i.e. Rs. 1800 Crore for both DISCOMs. The allocation to SBPDCL out of this resource gap grant considered in the petition is Rs. 2579.45 Crore.

However, the Finance Department, Government of Bihar vide letter No. 16/Misc.74/2014 dated 16.12.2014 has communicated a total subsidy of Rs.1762.20 Crore for FY 2015-16.

The Commission has considered the revenue gap assistance from State Government for FY 2015-16 at Rs.1260.74 Crore to SBPDCL. The Commission has adjusted the cost of additional power purchase requirement on account of difference in actual

distribution loss of SBPDCL and distribution loss approved by the Commission from resource gap funding by State Government as detailed in the Table below:

**Table 7.1: Approved Resource Gap utilization for FY 2015-16**

(Rs. Crore)			
Sl. No.	Particulars	Projected by SBPDCL for FY 2015-16	Approved for FY 2015-16
1	Proposed resource gap assistance	2579.44	1260.74
2	<b>Less:</b> Disallowed power purchase funded through State Govt. grant/subsidy	1428.04	1065.70
3	Available balance resource gap assistance	1151.40	195.04

### 7.3 Consumer categories eligible for subsidy

The consumer categories which are considered by the Commission for subsidy support are as indicated below:

**Table 7.2: Subsidized Categories**

Sl. No.	Name of Subsidized Category	Applicability
1	Kutir Jyoti (KJ)	This will be applicable to (i) all huts (Kutir) and dwelling houses of rural and urban families below the poverty line (BPL) (ii) houses built under schemes like Indira Awas Yojana and similar such schemes for BPL families.
2	Domestic – I: Rural (DS –I)	This is applicable to domestic premises in rural areas for a load up to 2 kW not covered by areas indicated under DS-II and not being fed from urban / town feeders.
3	Non-Domestic – I: Rural (NDS- I)	Applicable to loads up to 2 kW in rural areas not covered by areas indicated under NDS – II and not being fed from urban / town feeders.
4	Irrigation and Agricultural Pump sets – I (IAS – I)	Applicable for supply of electrical energy for bonafide use for agricultural purposes including processing of Agricultural Produce, confined to chaff - cutter, thrasher, cane crusher and rice Huller when operated by the agriculturist in the field or farm and does not include rice mills, flour mills, oil mills, dal mills or expellers. This is also applicable to hatcheries, poultries (with more than 1000 birds) and fisheries (fish ponds) also including private tube wells.

### 7.4 Subsidy receivable for FY 2015-16

The Commission has worked out the subsidy support for the above listed consumer

categories to compensate the SBPDCL to the extent of the difference between the average Cost of Supply and the average tariff for the respective categories.

The subsidy support for agriculture/rural consumers on the approved sales/ARR for FY 2015-16 as worked out by the Commission is as provided in the table below:

**Table 7.3: Subsidy required from State Government for FY 2015-16**

Sl. No.	Name of Subsidized Category	Average Tariff (Rs./Unit)	Average Cost of Supply (Rs./Unit)	Units Sold (MU)	Subsidy Amount (Rs Crore)
1	Kutir Jyoti (KJ)	1.75	6.31	265.24	120.95
2	Domestic-I: Rural (DS –I)	2.19	6.31	360.84	148.67
3	Non-Domestic-I: Rural (NDS- I)	2.55	6.31	11.90	4.47
4	Irrigation and Agricultural Services-I:	1.34	6.31	146.31	72.72
<b>5</b>	<b>Total subsidy required from State Govt.</b>			<b>784.29</b>	<b>346.81</b>

SBPDCL will require about Rs. 346.81 Crore from the State Government as subsidy support on sales of power to Agriculture/ Rural consumers against which actual subsidy received from the Govt. is Rs. 195.04 Crore after compensating SBPDCL for the loss incurred on account of higher T&D losses compared to losses approved by the Commission.

Further to the above, any FPPCA charges applicable during any month of FY 2015-16 should be added on to the Cost of Supply approved for the year in this Tariff Order for determination of subsidy support to the Agriculture/ Rural categories.

## 8. Voltage-wise Cost Supply

### 8.1 Background

The Appellate Tribunal for Electricity (APTEL) in its Order dated 10<sup>th</sup> May 2012 on the Appeal No. 14 of 2011 of Bihar Industries Association and Appeal No. 27 of 2011 of Kalyanpur Cements Limited has indicated the guidelines on the alignment of tariff to voltage wise cost of supply. The Commission in the MYT order dated 15<sup>th</sup> March 2013, computed the cost of supply at different voltages for FY 2012-13 for the first time and subsequently for FY 2014-15 in the Tariff Order dated 28<sup>th</sup> February 2014.

### 8.2 Pre-requisite for arriving at the voltage wise Cost of Supply (CoS):

As per the APTEL judgment, assessment of the technical loss in the distribution system network by carrying out system studies based on the available load data for 33 kV and above and field studies for representative feeders for 11 kV and 0.4 kV of the various consumer mix prevailing in the distribution system is a pre-requisite for arriving at the voltage-wise cost of supply as per methodology ordered by the APTEL.

### 8.3 Fixation of T&D Loss:

The DISCOMs in their Tariff petition for FY 2015-16 have computed the voltage-wise Cost of Supply considering the T&D losses as projected in their petitions as given below:

#### Voltage wise technical losses projected by SBPDCL

Voltage level	% Technical Loss	% Commercial Loss
220 kV	2.05%	2.05%
132 kV	2.38%	4.38%
33 kV	3.08%	3.08%
11 kV	7.48%	10.38%
LT	34.92%	41.65%

#### Voltage wise technical losses projected by NBPDC

Voltage level	% Technical Loss	% Commercial Loss
220 kV	2.05%	2.05%
132 kV	2.33%	4.38%
33 kV	9.99%	9.99%
11 kV	9.66%	18.68%
LT	12.05%	28.48%

The technical losses indicated by the DISCOMs are based on the limited field study only. It is submitted by the Petitioner that they have computed voltage wise losses based on the sample feeder data collected for FY 2012-13, FY 2013-14, FY 2014-15 (April to October).

The APTEL in its guidelines indicated that the T&D loss as approved by the Commission in its Tariff Order has to be considered while computing the voltage-wise cost of supply. Due to lack of data for segregation of technical and commercial losses, the Commission could not fix the technical and commercial loss level within the total distribution loss of 20.00% approved for FY 2015-16. In view of high loss level of 41.65% by SBPDCL and 28.48% by NBPDC, it is considered appropriate to assume technical and commercial loss levels for realistic assessment of Cost of Supply within overall T&D loss level i.e. Transmission Loss of 3.92% and Distribution Loss of 20.00% allowed by the Commission. The Commission has approved the transmission losses at 3.92% for FY 2015-16. Hence, keeping the transmission losses at 3.92%, the remaining loss is adjusted among others.

The Commission has considered the following voltage-wise technical loss level for FY 2015-16 for computing voltage wise cost of supply:

Sl. No.	Voltage Level	Loss (%)
1	220/132 kV	3.92%
2	33 kV	5.00%
3	11 kV	6.00%
4	LT	7.00%

Based on the above assumptions, the Commission has computed the voltage-wise Cost of Supply. The Commission has computed the voltage-wise cost of supply for both the distribution companies combinedly for FY 2015-16 in view of the common retail supply tariff and distribution loss percentage approved for FY 2015-16.

#### 8.4 Energy Sales:

Approved energy sales and voltage-wise energy sales for FY 2015-16 are as given below:

Sl. No	Category	Approved for FY 2015-16 (SB)	Approved for FY 2015-16 (NB)	Total Sales (MU)
1	KJY	265.24	591.69	856.93
2	DS I	360.84	629.00	989.84
3	DS II	1469.60	958.00	2427.60
4	DS III	0.69	1.00	1.69
5	NDS I Commercial	11.90	25.00	36.90
6	NDS II Commercial	706.54	405.00	1111.54
7	NDS III Commercial	2.95	1.00	3.95
8	SS I	2.11	13.00	15.11
9	SS II	16.17	19.00	35.17
10	IAS-I	146.31	11.18	157.49
11	IAS-II	70.64	92.64	163.28
12	PWW	40.37	30.00	70.37
13	LTIS I	107.30	67.00	174.30
14	LTIS II	100.78	41.00	141.78
15	HTS I	528.03	209.79	737.82
16	HTS II	183.52	80.23	263.75
17	HTS III	68.63	27.77	96.40
18	HTSS	520.01	62.36	582.37
19	RT	559.93	13.00	572.93
20	Sale to Nepal	0.00	876.00	876.00
21	UI	0.00	0.00	0.00
22	DF	1124.94	772.00	1896.94
<b>23</b>	<b>Total</b>	<b>6286.50</b>	<b>4925.66</b>	<b>11212.16</b>

Sl. No.	Voltage and Category	Sales approved (MU)
A	<b>220/132 KV</b>	
	HT Industry (HTS-III)	96.40
	Railway Traction	572.93
	Nepal	876.00
	<b>Sub - Total</b>	<b>1545.33</b>
B	<b>33 KV</b>	
	HTS-II	263.75
	HTSS	582.37
	<b>Sub - Total</b>	<b>846.12</b>
C	<b>11 KV</b>	
	HTS-I	737.82
	DF	1896.94
	<b>Sub-Total</b>	<b>2634.76</b>

Sl. No.	Voltage and Category	Sales approved (MU)
D	LT	
	Domestic, Non-Domestic, Agriculture and Others	6185.95
	<b>Total (A+B+C+D)</b>	<b>11212.16</b>

#### 8.5 Voltage-wise Technical and Commercial Losses:

As stated in para 33 of APTEL order dated 10.05.2012, the voltage-wise commercial losses are to be arrived at by segregating the total commercial losses in proportion to grossed up sales (Actual consumption + technical loss) voltage-wise.

In para 34 of APTEL order it is reiterated that the power purchase cost is to be segregated for different voltage levels taking into account the transmission and distribution losses, both commercial and technical, for relevant voltage level and upstream system. Thus the losses (technical) at 33 KV shall be the losses at that voltage and also at upstream 132 KV voltages.

#### 8.6 Computation of Technical Losses and Commercial Losses:

The technical Losses are arrived based on the following formulae as given below:

Voltage Level	Sales (MU)	Volt. Wise Tech. Loss (%)	Energy Input (MU)	Tech. Losses (MU)
1	2	3	4	5
132/220 KV	A	w	=A/(1-w%)	=(4)-(2)
33 KV	B	x	=B/(1-x%)(1-w%)	=(4)-(2)
11 KV	C	y	=C/(1-y%)(1-x%)(1-w%)	=(4)-(2)
LT	D	z	=D/(1-z%)/(1-y%)(1-x%)(1-w%)	=(4)-(2)
<b>Total</b>	<b>(A+B+C+D)</b>			

The technical losses and commercial Losses are computed as given in the table below:



**Technical Losses:**

Sl. No.	Voltage Level (KV)	Voltage-wise Technical Losses (%)	Cumulative Loss (%)	Energy Sale (MU)	Energy input (MU)	Technical Loss (MU)
1	2	3	4	5	6	7=(6-5)
1	220/132	3.92%	3.92%	1545.33	1608.38	63.05
2	33	5.00%	8.72%	846.12	926.99	80.87
3	11	6.00%	14.20%	2634.76	3070.84	436.08
4	0.4	7.00%	20.21%	6185.95	7752.45	1566.50
<b>Total</b>				<b>11212.16</b>	<b>13358.65</b>	<b>2146.49</b>

**Commercial Losses:**

Sl. No.	Voltage Level (kv)	Energy Sale (MU)	Technical Loss (MU)	Sales + Tech Loss (MU)	Commercial Loss (MU)	Energy Sales + Tech. Loss + Commercial Loss (energy input at state periphery) (MU)
1	2	3	4	5=(3+4)	6	7=(5+6)
1	220/132	1545.33	63.05	1608.38	76.20	1684.57
2	33	846.12	80.87	926.99	43.92	970.91
3	11	2634.76	436.08	3070.84	145.48	3216.32
4	LT	6185.95	1566.50	7752.45	367.27	8119.71
<b>Total</b>		<b>11212.16</b>	<b>2146.49</b>	<b>13358.65</b>	<b>632.86</b>	<b>13991.51</b>

Note: The commercial losses are obtained by reducing the sales + technical losses from the energy input at state periphery (13991.51-13358.65=632.86). The commercial losses so arrived allocated in proportion to the sales and the technical losses to each voltage level.

**8.7 Allocation of Power Purchase Cost for FY 2015-16**

The power purchase cost has been allocated for different voltage levels taking into account the T&D losses, both commercial and technical, for the relevant voltage level and upstream as per methodology indicated by APTEL.

Average unit cost of purchase approved by the Commission is Rs. 4.25/unit. After deducting the regional transmission losses of 316.30 MU from the total power

purchase of 19411.30 MU, the average power purchase cost per unit works out to Rs. 4.25 per unit as detailed below:

Sl. No.	Particulars	SBPDCL	NBPDCL	Total
1	Gross Power Purchase (MU)	11,267.43	8,143.87	19,411.30
2	Less: PGCIL Loss (MU)	209.55	151.74	361.30
3	Net Power Purchase (MU)	11057.88	7992.13	19050.00
4	Power Purchase Cost including PGCIL Charges (Rs. Crore)	4,713.22	3,379.45	8092.68
5	Average purchase Rate (Rs./kWh)	4.26	4.23	4.25

#### Allocation of power purchase cost

Sl. No.	Voltage Level (KV)	Energy Sale (MU)	Energy Sales + Technical loss + Comml. loss (MU)	Unit cost of power purchase approved by the Commission (Rs./unit)	Power Purchase Cost (Rs. Crore)	Cost of Power per unit sale of Energy (Rs./unit)
1	2	3	4	5	6 = (4*5)	7= (6÷3)
1	220/132 kV	1545.33	1684.57	4.25	715.63	4.63
2	33 kV	846.12	970.91	4.25	412.45	4.87
3	11 kV	2634.76	3216.32	4.25	1366.33	5.19
4	LT	6185.95	8119.71	4.25	3449.35	5.58
<b>Total</b>		<b>11212.16</b>	<b>13991.51</b>		<b>5943.77</b>	<b>5.30</b>

#### 8.8 Network Cost

Hon'ble APTEL in its order has indicted the method for allocation of network costs at different voltage levels as under:

“ ..... all other cost such as Return on Equity , interest on loan , interest on working capital and O&M costs can be pooled and apportioned equitably, on pro-rata basis to all the voltage level to determine the cost of supply”.

The network costs have to be calculated on pro-rata basis and its appointment shall be fare and just.

The network costs approved by the Commission for FY 2014-15 are as given below:

Sl. No.	Particulars	NBPDCL (Rs. Crore)	SBPDCL (Rs. Crore)	Total Amount (Rs. Crore)
1	Employee Cost	166.93	278.90	445.83
2	R&M costs	26.03	86.74	112.77
3	A&G expenses	34.60	32.46	67.06
4	Holding Company	9.67	5.41	15.08
5	Depreciation	0.00	11.29	11.29
6	Interest & Finance Charges	72.62	50.82	123.44
7	Interest on Working Capital	75.77	103.07	178.84
8	RPO fund	27.94	32.70	60.64
9	Return on Equity	53.90	69.16	123.06
10	Less: IDC	-9.36	-5.83	-15.19
<b>11</b>	<b>Total (1 to 12)</b>	<b>458.10</b>	<b>664.72</b>	<b>1122.82</b>
12	Transmission cost	93.72	129.43	223.15
<b>13</b>	<b>Total cost</b>			<b>1345.97</b>
14	Energy Sales (MU)			11212.16
<b>15</b>	<b>Network Cost per unit sale of energy (Distribution + Transmission) (Rs./kWh) (13/14)</b>			<b>1.20</b>

#### Allocation of network costs at different voltages

Sl. No.	Voltage Level (kV)	Energy Sale (MU)	Network Cost (Rs./Unit)	Total Network Cost (Rs. Crore)
1	220/132kV	1545.33	1.20	185.44
2	33	846.12	1.20	101.53
3	11	2634.76	1.20	316.17
4	LT	6185.95	1.20	742.31
<b>Total</b>		<b>11212.16</b>		<b>1345.45</b>

#### 8.9 Cost of supply at different voltage levels

Based on the power purchase cost and network cost as above, the cost of supply at different voltage levels is arrived at as below:

Sl. No.	Supply voltage	Cost of Power Purchase (Rs./unit)	Network cost (Rs./unit)	Cost of supply (Rs. /unit)
1	220/132 kV	4.63	1.20	5.83
2	33 kV	4.87	1.20	6.07
3	11 kV	5.19	1.20	6.39
4	LT	5.58	1.20	6.78

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## 9. Tariff Principles, Design and Tariff Schedule

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### 9.1 Background

The Commission in determining the revised Annual Revenue Requirement (ARR) for FY 2015-16 and the retail tariff for FY 2015-16 has been guided by the provisions of the Electricity Act, 2003 the National Electricity Policy 2005 (NEP), the Tariff Policy 2006 (TP), Regulations on Terms and Conditions for Determination of Tariff issued by the Central Electricity Regulatory Commission (CERC) and BERC (Terms and Conditions for Determination of Tariff) Regulations, 2007. Section 61 of the Act lays down the broad principles, which shall guide determination of retail tariff. As per these principles the tariff should progressively reflect cost of supply and also reduce cross subsidies within the period to be specified by the Commission. The Act also lays special emphasis on safeguarding consumer interests and also requires that the costs should be recovered in a reasonable manner. The Act mandates that tariff determination should be guided by the factors, which encourage competition, efficiency, economical use of resources, good performance and optimum investment.

The National Electricity Policy (NEP) aims at increased access to electricity, supply of reliable and quality power at reasonable rates, minimum life line consumption, financial turnaround and commercial viability of electricity sector and protection of consumer's interest. The Commission has considered factors as far as possible which aim at achieving the objectives of NEP while determining the revenue requirement of the two distribution companies and designing the retail tariff for consumers.

The Tariff Policy (TP) notified by Government of India in January 2006 provides comprehensive guidelines for determination of tariff and revenue requirement of power utilities. The Commission has endeavored to follow these guidelines as far as possible.

The Tariff Policy mandates that tariff should be within  $\pm 20\%$  of the average cost of supply by FY 2010-11 and requires Commissions to lay down a road map for

reduction of cross subsidy. The Commission has revised the retail tariffs for FY 2015-16 as detailed later in this chapter. The Commission has computed the average cost of supply on the basis of the revenue requirement allowed and the sale approved by the Commission for FY 2015-16 for arriving at the cross subsidy level during FY 2015-16.

The Commission has also determined the voltage-wise cost of supply as per the direction and guidelines provided by APTEL, for assessing whether the tariff rates are within  $\pm 20\%$  of the voltage-wise cost of supply.

## 9.2 Revenue gap for FY 2015-16

SBPDCL, in its tariff petition for FY 2015-16 has projected revenue gap of Rs. 1729.26 Crore. The total revenue gap projected by SBPDCL and NBPDCCL for FY 2015-16 is Rs. 2540.57 Crore (i.e. Rs. 1729.26 Crore for SBPDCL and Rs. 811.31 Crore for NBPDCCL). The DISCOMs proposed to create a regulatory asset of Rs. 1740.00 Crore. Out of total gap of Rs. 2540.57 Crore, where it is to be amortized in three years starting from FY 2016-17 and then balance gap of Rs. 800.57 Crore (Rs. 2540.57 Crore – Rs. 1740.00 Crore) along with the carrying cost of Rs. 256.65 Crore i.e. total of Rs. 1057.22 Crore to be recovered through tariff hike of 20.66% over the existing tariff.

However, on detailed scrutiny and application of prudence check on the annual revenue requirement filed by the DISCOM, the Commission has arrived at a more realistic annual revenue requirement (net) of Rs. 6957.77 Crore (i.e. Rs. 3969.40 Crore for SBPDCL and Rs. 2988.37 Crore for NBPDCCL) for FY 2015-16. After considering the surplus in truing up from FY 2006-07 to FY 2013-14 and after adjusting the balance resource grant available after meeting the disallowed power cost due to not achieving the targeted distribution loss, the net revenue gap arrived combinedly for both the DISCOMs is Rs. 290.65 Crore (i.e. gap of Rs. 140.51 Crore for SBPDCL and gap of Rs. 150.14 Crore for NBPDCCL).

The revenue gap thus arrived is only based on the projections of the Petitioners for FY 2015-16. The experience shows that the truing up exercise based on the audited

accounts has resulted into surplus. Therefore, the Commission does not consider increasing tariff to meet the entire revenue gap arrived for FY 2015-16. The Commission has marginally increased the tariff to get additional revenue of about Rs. 113 Crore. The Petitioners are directed to make up the balance gap of Rs. 178 Crore by improving their operational performance particularly by reduction of losses.

### **9.3 Changes in Tariff proposed by Petitioner:**

The Petitioner has sought tariff increase of 20.66% over existing tariff. The Petitioner has proposed certain changes in fixed charges, energy charges and monthly minimum charges.

#### **Commission's observation**

The Commission has considered an increase of 10 paisa per unit for Kutir Jyoti (Metered), Domestic Rural (DS-I) (Metered), Non-Domestic Rural (NDS-I) (Metered) and 15 paisa per unit for other categories of consumers. The Commission has not increased charges for Private Irrigation and Agricultural Services i.e. IAS-I, Public Lighting and Public Water Works i.e. PWW. The Commission has considered increase of fixed charges at Rs. 5/month/connection for unmetered Kutir Jyoti, Rs. 10/month for Domestic Rural (DS-I Unmetered) and Non-Domestic Rural (NDS-I Unmetered). The Commission has not increased fixed charges for other category of consumers.

### **9.4 Other Changes proposed by the Petitioner**

#### **1. Revision in minimum contract demand**

The Petitioner proposed to reduce the minimum contract demand in HTS-I category from existing 75 kVA to 50 kVA

#### **Commission's View:**

The Commission accepts the proposal of the Petitioner as it will reduce the line losses to some extent and will also ensure better quality and reliability of supply. However, those consumers having connected load less than 75 kVA/70 kW and availing supply under LT will be continued to be billed at LTIS-II category.

**2. Clarity on admissible penalty in Transformer capacity clause**

The Petitioner submitted that while the Commission has detailed the provisions under which the excess transformer capacity will be treated as malpractice, the Petitioner would like to request the Commission to kindly specify the applicable actions and penalties to be imposed in case the malpractice is established.

**Commission's view:**

The condition that "the transformer capacity of the HT consumer shall not be more than 150% of the contract demand, consumer found to be utilizing the transformer of high capacity than admissible for his contract load, will fall under malpractice" is withdrawn in this Order.

**3. Modification of clause of violation of contract demand**

The Petitioner submitted that the clause for violation of contract demand specified below:

If the actual recorded demand of a consumer exceeds 110% consecutively for three months, Licensee may issue a notice and inform the consumer to get additional contract demand sanctioned or to limit their drawal as per their contract. Otherwise Licensee will take action as per provisions of the Act/Rules/Regulations.

Should be modified as submitted below:

If the actual recorded demand of a consumer exceeds 110% consecutively for three months, Licensee may issue a notice and automatically revise and enhance the contract demand of the consumer to the extent of highest excess demand in past three months of violation. The Licensee will also take action as per provisions of the Act/Rules/Regulations.

**Commission's view:**

If the actual recorded demand of a consumer exceeds 110% consecutively for three months Licensee may issue a notice and inform the consumer to get additional

contract demand sanctioned or to limit their drawal as per their contract. Otherwise Licensee will take action as per provisions of the Act/Rules/Regulations.

In case the consumer do not respond to the notice within 30 days of issue of notice, to get additional demand sanctioned or limit their drawal as per the contract, the Distribution Licensee may revise and enhance the contracted demand of the consumer to the extent of highest demand in the past three months of the violation.

#### **9.5 Changes made by the Commission in Tariff Structure**

The Commission has made some changes in the Tariff structure which are mentioned below:

- a. In pursuance of its observation in earlier tariff orders that monthly minimum charges for different categories of consumers should be done away with in phase, the Commission has taken a decision in this Tariff Order to withdraw the monthly minimum charges on NDS-I consumers as revenue from NDS-I consumers is very small.
- b. The provision of flat rate of 5% power factor surcharge for fall of power factor below ninety percent for LT consumers has been rationalized on pro-rata basis like HT consumers.
- c. The domestic consumers have been exempted from levy of power factor surcharge.
- d. Time of Day (ToD) tariff which was mandatory for HT consumers having contract demand of 200 kVA and above has now been made mandatory to all HT consumers.



**9.6 Tariff Schedule**

The approve Tariff Schedule which shall be effective from 1<sup>st</sup> April 2015 is given in Appendix-I.

Part A- Tariff Schedule for Low Tension

Part B- Tariff Schedule for High Tension

Part C- Miscellaneous and General Charges

**TARIFF SCHEDULE FOR RETAIL TARIFF RATES AND TERMS AND CONDITIONS OF SUPPLY  
FOR FY 2015-16**

**(Effective from 1<sup>st</sup> April, 2015)  
PART - A: LOW TENSION SUPPLY**

**System of supply: Low Tension – Alternating Current, 50 cycles**

Single Phase supply at 230 Volts

Three Phase supply at 400 Volts

The tariffs are applicable for supply of electricity to L.T consumers with a connected load up to 70 kW for domestic and non-domestic category, up to 99 HP for industrial (LTIS) and for public water works (PWW) category and up to 100 HP for irrigation category.

- Single Phase supply up to 7.0 kW
- Three Phase supply 5.0 kW and above

Category of Service and TARIFF RATES

**1.0 DOMESTIC SERVICE**

**Applicability**

This tariff is applicable for supply of electricity to domestic purposes such as lights, fans, radios, televisions, heaters, air-conditioners, washing machines, air-coolers, geysers, refrigerators, ovens, mixers and other domestic appliances including motor pumps for lifting water for domestic purposes. This is also applicable to the common facilities in the multistoried, purely residential apartments, buildings.

**1.1 Kutir Jyoti Connections (KJ) – Rural / Urban**

This will be applicable to (i) all huts (Kutir) and dwelling houses of rural and urban families below the poverty line (BPL) (ii) houses built under schemes like Indira Awas Yojana and similar such schemes for BPL families.

- i. Hut (Kutir) means a living place with mud wall and thatched roof or house built under Indira Awas Yojana and other similar schemes for BPL families which shall not exceed 200 Sq ft area.

- ii. The total connected load of Kutir Jyoti connection in a rural area should not exceed 60 Watts and for an urban connection it should not exceed 100 watts and maximum consumption 30 units per month shall be allowed.
- iii. Use of CFL both in rural areas and urban areas should be encouraged.
- iv. In case it is detected that the norms prescribed in para (i) and (ii) above are violated, the Kutir Jyoti Tariff shall immediately become inoperative and rates applicable to DS – I and DS- II category as the case may be, with appropriate charge shall apply in such cases.

#### **1.2 Domestic Service – I (DS – I)**

This is applicable to domestic premises in rural areas for a load up to 2 kW not covered by areas indicated under DS-II and not being fed from urban / town feeders.

#### **1.3 Domestic Service – II (DS – II)**

This is applicable for domestic premises in urban areas covered by Notified area committee/Municipality/Municipal Corporation/Development Authority/All District and Sub divisional towns/Block Head Quarters/Industrial areas/Contiguous Sub urban areas and also areas getting power from Urban/Town feeders for single phase supply for load up to 7 kW and three phase supply for load of 5 kW and above. Rural consumers having sanctioned load above 2 kW will also come under this category. Consumer has the option to take single -phase or three-phase supply connection for a load between 5 kW and 7 kW.

#### **1.4 Domestic Service – III (DS – III)**

This is applicable for registered societies, for their residential colonies, having not less than 15 houses/flats in the colony. Residential colonies/multistoried residential complexes taking load in bulk at a single point with a minimum load of 2 kW per flat/house and maximum total load up to 70 kW.

## TARIFF RATES

## 1.0 Domestic Service

Sl. No	Category of consumer	Fixed charge (Rs.)	Energy charge (Paisa/ Unit.)
<b>1.1</b>	<b>Kutir Jyoti - BPL Consumers</b>		
<b>(i)</b>	K.J. (Rural) - (Consumption up to 30 units per month)		
	<b>Unmetered</b>	Rs.60 / connection / per month	X
	<b>Metered</b>	X	a) First 30 units at 170 Ps/ unit b) Remaining units, rate as per DS-I metered.  Subject to Monthly Minimum Charge of Rs.40 per month per connection.
<b>(ii)</b>	K.J. (Urban) (consumption up to 30 units per month)		
	<b>Metered only</b>	X	a) First 30 units at 205 Ps/ unit b) Remaining units, rate as per DS-II metered.  Subject to Monthly Minimum Charge of Rs.50 per connection per month.

Fuel and Power Purchase Cost Adjustment (FPPCA) charges as applicable will be charged extra however the same shall be provided by the State Government support to consumers and will not be recovered from consumer.

Sl. No	Category of consumer	Fixed Charge (Rs.)	Energy Charges	
			Consumption in a month (Units)	Rate P/unit
<b>1.2</b>	<b>DS – I : Connected load: up to 2 kW only</b>			
	Unmetered	Rs.170/connection /per month	X	X
	Metered	X	First 50 units	210
			51-100 units	240
			Above 100 units	280
		X	Subject to Monthly Minimum Charge (MMC) of 1st kW – 40 units per month 2nd kW – 20 units per month	

Fuel and Power Purchase cost Adjustment (FPPCA) charges as applicable will be charged extra.

Sl. No	Category of consumer	Fixed charge (Rs.)	Energy charges	
			Consumption in a month (Units)	Rate Ps/unit
<b>1.3</b>	<b>DS – II (Metered)</b>			
	<b>Single phase Up to 7 kW</b>	First kW Rs.55/month or part thereof/connection. Additional kW- Rs.15 per kW per month or part thereof.	1-100 units	300
	<b>Three Phase 5 kW and above</b>	5 kW-Rs.250/ connection /month or part thereof. Additional kW-Rs.15 per kW per month or part thereof.	101-200 units	365
			201-300 units	435
			Above 300 units	545

Fuel and Power Purchase Cost Adjustment (FPPCA) charges as applicable will be charged extra.

### OPTIONAL

#### Domestic DS – II (D) – Demand Based

All consumers under DS-II category opting for demand based tariff shall be required to pay at the rates indicated below:

Sl.	Category of consumer	Demand charge (Rs./kW/month)	Energy charges	
			Consumption in a month (Units)	Rate Ps/unit
<b>1.3.1</b>	<b>DS-II (D)-(OPTIONAL) Demand Based Tariff</b>			
	<b>Single Phase</b> contract demand up to 7 kW	First kW- Rs. 60/ kW per month or part thereof. Additional kW- Rs. 20 per kW per month or part thereof on recorded demand or contract demand whichever is higher.	1-100 units	300
			101-200 units	365
			201-300 units	435
	<b>Three Phase</b> contract demand of 5 kW to 70 kW	Rs. 60/kW per month or part thereof on recorded demand or contract demand whichever is higher.	Above 300 units	545

Subject to

(i) If in any month the recorded maximum demand exceeds 110% of the contract demand, that portion of the demand in excess of the contract demand will be billed at twice the normal rate.

Fuel and Power Purchase Cost Adjustment (FPPCA) charges as applicable will be charged extra.

Sl. No	Category of consumer	Fixed charge (Rs.)	Energy charges	
			Consumption in a month (Units)	Rate (Ps/unit)
<b>1.4</b>	<b>DS – III (Metered)</b>			
		Rs. 55 per kW per month or part thereof	All units	435
			Subject to monthly minimum charge For 1 <sup>st</sup> kW – 40 units / flat per month Additional kW or part there of– 20 units/flat per month	

FPPCA as applicable will be charged extra.

## 2.0 NON-DOMESTIC SERVICE (NDS)

### Applicability

This is applicable for supply of electrical energy for non-domestic consumers having sanctioned load up to 70 kW, using electrical energy for light, fan and power loads for non-domestic purposes like shops, hospitals, nursing homes, clinics, dispensaries, restaurants, hotels, clubs, guest houses, marriage houses, public halls, show rooms, centrally air-conditioning units, offices, commercial establishments, cinemas, X-ray plants, non-government schools, colleges, libraries and research institutes, boarding/lodging houses, libraries, railway stations, fuel/oil stations, service stations, All India Radio/T.V. installations, printing presses, commercial trusts, societies, banks, theatres, circus, coaching institutes, common facilities in multistoried commercial office/buildings Government and semi-government offices, public museums and other installations not covered under any other tariff schedule. Government educational institutions, their hostels and libraries, Government hospitals and government research institutions and non-profitable government aided educational institutions their hostels and libraries, non-profitable recognized charitable cum public institutions, places of worship like temples, mosques, gurdwaras, churches etc. and burial/crematorium grounds.

**2.1 Non-Domestic Service (NDS – I)**

Applicable to loads up to 2 kW in rural areas not covered by areas indicated under NDS – II and not being fed from urban/town feeders.

**TARIFF RATES – NDS - I**

Sl.	Category of consumer	Fixed charge (Rs.)	Energy charges	
			Consumption in a month (Units)	Rate Ps/unit
<b>2.1</b>	<b>NDS- I</b>			
	<b>Unmetered</b>	Rs.230/connection/ per month	X	X
	<b>Metered</b>	x	1-100 units	240
		x	101-200 units	280
		x	Above 200 units	320

FPPCA charges as applicable will be charged extra.

**2.2 Non - Domestic Service – NDS – II (Metered)**

Applicable to loads up to 70 kW in urban areas covered by Notified Area Committees / Municipalities/Municipal Corporations/Regional Development Authorities/District and Sub–divisional towns/Block headquarters/Industrial areas/contiguous sub urban areas getting power from urban/town feeders, except those covered under NDS-III.

Rural consumers having sanctioned load above 2 kW will also come under this category.

**TARIFF RATES – NDS – II**

Sl.	Fixed charge (Rs.) Per month	Energy charges	
		Consumption in a month (Units)	Rate Ps/unit
<b>2.2</b>	<b>NDS – II</b>		
	<b>Single phase</b> Rs.180 /kW or part thereof up to 7 kW	1-100 units	515
		101-200 units	545
		Above 200 units	585
	<b>Three Phase</b> Rs.200/kW or part thereof for loads of 5 kW and above		
		Subject to a monthly minimum charge of 50 units/kW or part thereof	

FPPCA charges as applicable will be charged extra.

### OPTIONAL

#### 2.2.1 Non-Domestic Service – NDS - II (D) – Demand Based

All those consumers under NDS-II with 3 phase supply and contract demand between 5 kW and 70 kW opting for demand based tariff shall be required to pay at the rates indicated below:

Sl.	Category of consumer	Demand charge (Rs./kW/month)	Energy charges	
			Consumption in a month (Units)	Rate Ps/unit
<b>2.2.1</b>	<b>NDS-II (D) – (OPTIONAL) Demand Based Tariff</b>			
	Contract demand of 5 kW to 70 kW	Rs. 250/kW per month or part thereof on recorded demand or contract demand whichever is higher.	1-100 units 101-200 units Above 200 units	515 545 585
Subject to				
(i) Monthly minimum charge of 70 units per month/kW on recorded demand or contract demand, whichever is higher.				
(ii) If in any month the recorded maximum demand exceeds 110% of contract demand, that portion of the demand in excess of the contract demand will be billed at twice the normal rate.				

Fuel and Power Purchase Cost Adjustment (FPPCA) charges as applicable will be charged extra.

#### 2.3 Non-Domestic Service – NDS – III (Metered)

This is applicable for places of worship like temples, mosques, gurudwaras, churches etc. and burial / crematorium grounds. If any portion of the premises is used for commercial purposes, a separate connection shall be taken for that portion and NDS-II tariff schedule shall be applicable for that service.



## TARIFF RATES – NDS - III

Sl.	Fixed charge (Rs.)	Energy charges	
		Consumption in a month (Units)	Rate Ps/unit
<b>2.3</b>	<b>NDS - III</b>		
	Rs.80 /kW with minimum of Rs.165 per connection / month For load up to 30 KW.	1-100 units	315
		101-200 units	395
		Above 200 units	485
		Subject to monthly minimum charge of 50 units/kW or part thereof.	

FPFCA charges as applicable will be charged extra.

## OPTIONAL

## 2.3.1 Non-Domestic Service – NDS - III (D) – Demand Based

All those consumers under NDS-III category with 3 phase supply and with contract demand between 5 kW and 30 kW opting for demand based tariff shall be required to pay at the rates indicated below:

Sl. No	Category of consumer	Demand charge (Rs./kW)	Energy charges	
			Consumption in a month (Units)	Rate Ps/unit
<b>2.3.1</b>	<b>NDS-III (D) – (OPTIONAL) Demand Based Tariff</b>			
	Contract demand of 5 kW to 30 kW	Rs. 80/kW per month or part thereof on recorded demand or contract demand whichever is higher.	1-100 units	315
			101-200 units	395
			Above 200 units	485
	Subject to (i) Monthly minimum charge of 70 units per month/kW on recorded demand or contract demand, whichever is higher. (ii) If in any month the recorded maximum demand exceeds 110% of contract demand, that portion of the demand in excess of the contract demand will be billed at twice the normal rate.			

Fuel and Power Purchase Cost Adjustment (FPPCA) charges as applicable will be charged extra.

**3.0 IRRIGATION and AGRICULTURE SERVICE (IAS) Applicability**

This is applicable for supply of electrical energy for bonafide use for agricultural purposes including processing of Agricultural Produce, confined to chaff-cutter, thrasher, cane crusher and rice Huller when operated by the agriculturist in the field or farm and does not include rice mills, flour mills, oil mills, dal mills or expellers. This is also applicable to hatcheries, poultries (with more than 1000 birds) and fisheries (fish ponds).

**3.1 IAS - I**

This is applicable for all purposes indicated above including private tube wells.

**Tariff Rates****Unmetered Supply**

Rural feeder - Rs.120 / HP per month

Urban feeder - Rs.160 /HP per month

**Note: Hatcheries, poultries and fisheries are not covered under unmetered supply they have to be metered only.**

**Metered supply**

*Rural feeder*

Energy Charges– 110 Ps/unit

*Urban feeder*

Energy Charges– 170 Ps/unit

Subject to monthly minimum energy charges of

Rural feeder - Rs. 85/HP per month

Urban feeder - Rs.130/HP per month

Fuel and Power Purchase cost Adjustment (FPPCA) charges as applicable will be charged extra however the same shall be provided by the State Government support to consumers and will not be recovered from consumer.

**3.2 IAS – II**

This is applicable to state tube wells / state lift irrigation pumps / state irrigation

pumps up to 100 HP.

#### **Unmetered Supply**

Rural feeders - Rs.900 /HP per month

Urban feeders - Rs.1000/HP per month

#### **Metered supply**

Rural feeder

*Energy Charges*– 615 Ps/unit

Urban feeder

*Energy Charges*– 715 Ps/unit

Subject to a monthly minimum energy charge of 225 units /HP per month.

FPPCA charges as applicable will be charged extra.

#### **4.0 LOW TENSION INDUSTRIAL SERVICE (LTIS) Applicability**

This is applicable for supply of electricity to low tension industrial consumers with a connected load up to 99 HP and below including incidental lighting for industrial processing or agro – industries purposes, arc welding sets, flour mills, oil mills, rice mills, dal mills, atta chakki, Huller, expellers etc.

#### **4.1 LTIS – I (Connected load upto 25 HP)**

##### **TARIFF RATES for LTIS - I**

Sl.	Fixed charge (Rs.)	Energy charges	
		Consumption in a month (Units)	Rate (Ps/unit)
<b>4.1</b>	<b>LTIS-I (Connected load up to 25 HP)</b>		
	Rs.85/HP or part thereof / per month	All units	550
	Subject to monthly minimum charge of 70 units/HP or part thereof.		

FPPCA charges as applicable will be charged extra.

**OPTIONAL****4.1.1 LTIS – I (D) Contracted demand 5 kW to 15 kW – Demand Based Tariff**

All those consumers under LTIS-I category with 3 phase supply and with contract demand 5 kW to 15 kW opting for demand based tariff shall be required to pay at the rates indicated below:

Sl. No	Category of consumer	Demand charge (Rs./kW)	Energy charges	
			Consumption in a month (Units)	Rate Ps/unit
<b>4.1.1</b>	<b>LTIS-I (D) (Demand Based Tariff) (OPTIONAL)</b>			
	Contract demand 5 kW to 15 kW	Rs. 170/kW per month or part thereof on recorded demand or contract demand whichever is higher.	All units	550
Subject to (i) Monthly minimum charge of 125 units per month/kW on recorded demand or contract demand, whichever is higher. (ii) If in any month the recorded maximum demand exceeds 110% of contract demand, that portion of the demand in excess of the contract demand will be billed at twice the normal rate.				

Fuel and Power Purchase Cost Adjustment (FPPCA) charges as applicable will be charged extra.

**4.2 LTIS – II (Connected load above 25 HP and upto 99 HP)**

Sl. No	Fixed charge (Rs.)	Energy charges	
		Consumption in a month (Units)	Rate (Ps/unit)
<b>4.2</b>	<b>LTIS-II (Connected load above 25 HP and upto 99 HP)</b>		
	Rs.110/HP or part thereof per month	All units	585
Subject to monthly minimum charge of 100 units/HP or part thereof.			

FPPCA charges as applicable will be charged extra.

Consumers with a connected load above 79 HP and upto 99 HP have option to avail power under LTIS / HTS category.

## OPTIONAL

**4.2.1 LTIS -II (D) (Contract demand above 15 kW and up to 70 kW – Demand Based Tariff)**

All those consumers under LTS-II category with 3 phase supply and with contract demand above 15 kW and up to 70 kW opting for demand based tariff shall be required to pay at the rates indicated below:

Sl. No	Category of consumer	Demand charge (Rs./kW)	Energy charges	
			Consumption in a month (Units)	Rate Ps/unit
<b>4.2.1</b>	<b>LTIS-II (D) (Demand Based Tariff) (OPTIONAL)</b>			
	Contract demand above 15 kW and up to 70 kW	Rs. 195/kW per month or part thereof on recorded demand or contract demand whichever is higher.	All units	585
Subject to				
(i) Monthly minimum charge of 180 units per month/kW on recorded demand or contract demand, whichever is higher.				
(ii) If in any month the recorded maximum demand exceeds 110% of contract demand, that portion of the demand in excess of the contract demand will be billed at twice the normal rate.				

Fuel and Power Purchase Cost Adjustment (FPPCA) charges as applicable will be charged extra.

**5.0 PUBLIC WATER WORKS (PWW) (Connected load upto 99 HP)****Applicability**

This is applicable to public water works, sewerage treatment plant and sewerage pumping stations functioning under state government and state government undertakings and local bodies.

Sl.	Fixed charge (Rs.)	Energy charges	
		Consumption in a month (Units)	Rate (Ps/unit)
<b>5.0</b>	<b>PUBLIC WATERWORKS (PWW) (Connected load upto 99 HP)</b>		
	Rs. 205/HP or part thereof per month	All units	700
Subject to monthly minimum charge of 165 units / HP or part thereof.			

FPPCA charges as applicable will be charged extra.

Consumers with a connected load above 79 HP and up to 99 HP have the option to avail power under PWW / HTS category.

## **6.0 STREET LIGHT SERVICES (SS) Applicability**

This is applicable for supply of electricity for street light system including signal system in corporation, municipality, notified area, committees, panchayats etc. and also in areas not covered by municipality and notified area committee provided the number of lamps from a point of supply is not less than five. Also applicable for Traffic Lights, Mast lights / Blinkers etc.

### **Tariff Rates**

#### **6.1 SS-I Metered Supply**

All units – 700 Ps. /unit

Subject to monthly minimum charge of:-

- i) Gram Panchayats – 160 units / kW or part thereof
- ii) For Nagar Palika / NAC / Municipality – 220 units / kW or part thereof
- iii) For Municipal Corporations – 250 units / kW or part thereof

FPPCA charges as applicable will be charged extra.

#### **6.2 SS-II Unmetered Supply**

Fixed Charges

- i) Gram Panchayats – Rs. 270 per 100 W/month or part thereof
- ii) For Nagar Palika / NAC / Municipality – Rs. 360 per 100 W/month or part thereof
- iii) For Municipal Corporations – Rs. 440 per 100 W/month or part thereof

FPPCA charges as applicable will be charged extra.

### TERMS AND CONDITIONS OF LOW TENSION TARIFF

The foregoing tariffs are subject to the following conditions:

#### 1. Rebate for prompt payment

The due date for making payment of energy bills or other charges shall be 15 days from the date of issue of the bill. Rebate will be allowed for making payment of energy bills on or before due date specified in the bill as given below:

i.	Kutir Jyoti (Unmetered)	Rs.2/- per connection per month.
ii.	DS-I and NDS-I (Unmetered)	Rs.3/- per connection per month.
iii.	Agricultural and Irrigation pump sets (Unmetered)	Rs.5/- per HP/month
iv.	Street Lights (Unmetered)	Rs.3/- per connection/month
v.	All metered categories	10 paise per unit, on units billed

In case a consumer makes full payment after due date but within 10 days after the due date, no DPS shall be leviable for this period but rebate for prompt payment will not be admissible.

#### 2. Accounting of Partial Payment

All payment made by consumers in full or part shall be adjusted in the following order of priority:

- a. Statutory taxes and duties on current consumption
- b. Arrear of Statutory taxes and duties
- c. Delayed payment surcharge
- d. Balance of arrears
- e. Balance of current bill

#### 3. Delayed Payment Surcharge (DPS)

In case a consumer does not pay energy bills in full within 10 days grace period after due date specified in the bill, a delayed payment surcharge of one and half (1.5) percent per month or part thereof on the outstanding principal amount of bill will be levied from the due date for payment until the payment is made in full without prejudice to right of the licensee to disconnect the supply in accordance with Section

56 of the Electricity Act, 2003. The licensee shall clearly indicate in the bill itself the total amount, including DPS, payable for different dates after the due date after allowing for the grace period of 10 days. No DPS shall be charged on DPS arrear. The bill shall indicate the energy charges for the month, arrears of energy charges and DPS separately.

**4. Duties and Taxes**

Other statutory levies like electricity duty or any other taxes, duties etc., imposed by the State Government / Central Government or any other competent authority, shall be extra and shall not be part of the tariff as determined under this order.

**5. Defective / Damaged / Burnt Meters Supply**

In case of meter being defective / damaged / burnt the licensee or the consumer as the case may be, shall replace it within the specified period prescribed in "Standards of Performance for Distribution Licensee", Regulations issued by the Commission.

- (i) Till defective / damaged / burnt meter is replaced, the consumption will be assessed and billed on an average consumption of last 12 months from the date of meter being out of order. Such consumption shall be treated as actual consumption for all practical purposes including calculation of electricity duty until the meter is replaced/ rectified.
- (ii) In cases of newly installed meter of a consumer becoming defective/ damaged/ burnt after installation of the meter prior to completion of 12 months since its installation, the billing for the period for such defective/ damaged/ burnt meter, till it is not replaced, shall be done on the basis of average monthly consumption of the consumer or the MMC whichever is higher.
- (iii) In case of the meter of a consumer becoming defective in the first month of installation itself, without taking any reading the consumer shall be provisionally billed on the basis of amount of security collected for one month. However, the provisional bill will be done for one month only and that will be finalized and adjusted on the basis of consumption of the second month.



**6. Shunt Capacitor Installation**

(a) Every LT consumer including irrigation pump set consumers whose connected load includes induction motor (s) of capacity 3 HP and above and other low power factor consuming appliances shall arrange to install low tension shunt capacitors of appropriate capacity of standard make which meet the Bureau of Indian Standard Specification at his cost across terminals of his motor (s). The consumer shall ensure that the capacitors installed by him are properly matched with the actual rating of the motor so as to ensure power factor of 90%.

(b) All LT consumers having welding transformers will be required to install suitable shunt capacitor(s) of adequate capacity so as to ensure power factor of not less than 90%.

(c) No new supply to LT installations having low power factor consuming equipment such as induction motor of 3 HP and above or welding transformers etc., will be released unless shunt capacitors are installed to the satisfaction of the licensee.

(d) The ratings of shunt capacitor to be installed on the motors of different ratings are provided in the "Electric Supply Code" notified by the Commission.

(e) Any LT consumer except Domestic category of consumer in whose case, the meter installed has power factor recording feature and who fails to maintain power factor of 90% in any month shall pay a surcharge of 1% for every fall of 1% below 90% subject to a maximum of 5% in addition to its normal tariff.

**7. Charges to Tatkal Connections (Optional)**

If any consumer (other than High Tension and Railway) opts for availing connection under Tatkal scheme, the licensee shall release the Tatkal connection to such consumer with the following conditions:

- The Tatkal connections shall be released by licensee in half the time limit prescribed in the Supply code for that consumer category.
- Two (2) times of the following charges approved under head miscellaneous and general charges will be taken from the consumers willing to avail Tatkal connection.
- Application fees for new connection, and;
- Supervision, labor and establishment charge for service connection

- In case licensee fails to release connection within this time limit, licensee will refund the additional amount claimed to the consumer in the first energy bill.

#### 8. Contract Demand for billing under Domestic Tariff:

- For computation of the connected load of a domestic consumer either load of coolers/ fans or room heaters whichever is higher shall be considered. For the premises having Air conditioner (without heater) and that of geysers, the computation of connected load shall be as per the provision of Bihar Electricity Supply Code, 2007.
- The contract demand of those consumers for the monthly billing purpose in the premises who have opted for demand based tariff, the recorded demand or the contract demand, whichever is higher, shall be considered.
- Subject to the minimum load of 1 kW, the fraction of the load below 500 W shall be rounded to its nearest lower level of whole number and 500 W and above shall be rounded to its nearest higher level of whole number, as specified in the Bihar Electricity Supply Code, 2007.
- In case of demand based tariff, verification of connected load is not required.

### PART – B: HIGH TENSION SUPPLY

#### 7.1 HTS – I (11 kV/6.6 kV)

Applicable for supply of electricity for use in installations with a minimum contract demand of 50 kVA and maximum contract demand of 1500 kVA.

Character of service: AC, 50 cycles, 3 phase at 11 kV or 6.6 kV.

#### TARIFF RATES

Demand charge Rs./ kVA / Month of billing demand	Energy charges Paise / kWh
270	All units – 585

The billing demand shall be the maximum demand recorded during the month or 85% of the contract demand whichever is higher.

Surcharge of 7.5% will be levied on the demand and energy charges for supply at 6.6 kV.

If in any month the recorded maximum demand exceeds 110% of contract demand, that portion of the demand in excess of the contract demand will be billed at twice the normal charges.

FPPCA charges as applicable shall be charged extra.

## 7.2 HTS – II (33 kV)

This is applicable for use in installations with a minimum contract demand of 1000 kVA and maximum contract demand of 15,000 kVA.

Character of service: AC, 50 cycles, 3 phase at 33 kV.

### TARIFF RATES

Demand charge Rs. / kVA / Month of billing demand	Energy charges (Paise / unit)
270	All units - 565

The billing demand shall be the maximum demand recorded during the month or 85% of the contract demand whichever is higher.

If in any month the recorded maximum demand exceeds 110% of contract demand, that portion of the demand in excess of the contract demand will be billed at twice the normal charges.

FPPCA charges as applicable shall be charged extra.

## 7.3 HTS – III (132 kV)

This is applicable for installations with a minimum contract demand of 7.5MVA.

Character of service: AC, 50 cycles, 3 phase at 132 kV

### TARIFF RATES

Demand charge Rs. / kVA / Month of billing demand	Energy charges (Paise / unit)
270	All units – 555

The billing demand shall be the maximum demand recorded during the month or 85% of the contract demand whichever is higher.

If in any month the recorded maximum demand of the consumer exceeds 110% of the contract demand, that portion of the demand in excess of the contract demand will be billed at twice the normal charges.

FPPCA charges as applicable shall be charged extra.

#### 7.4 HTSS – (33 kV/11 kV)

This is applicable for supply of electricity to all consumers who have contract demand of 300 kVA and more for induction furnace including Ferro Alloy loads. This tariff will not apply to casting units having induction furnace of melting capacity of 500 Kg and below.

The capacity of induction furnace shall be 600 kVA per metric ton as existing for determining the contract demand of induction furnace in the existing HTSS service connections. However, for new connection and if the furnace is replaced with a new one for the existing connections, the contract demand shall be based on total capacity of the furnace and equipment as per manufacturer technical specifications, and in case of difference of opinion, the provisions of clause Nos. 6.39 and 6.40 of the Bihar Electricity Supply Code shall apply.

Those consumers who are having rolling/re-rolling mill in the same premises will take additional contract demand for the rolling/re-rolling mill over and above the contract demand required for induction furnace. The consumer will have the option to segregate the rolling/re-rolling mill and take separate new connection following all prescribed formalities with a separate transformer. This new connection, if taken by the consumer will be allowed to be billed in appropriate tariff schedule. Such rolling/re-rolling mill will be allowed to avail power at 33 kV.

Character of service: **AC, 50 cycles, 3 phase at 33 kV or 11kV.**

#### TARIFF RATES

Demand charge Rs. / kVA / Month of billing demand	Energy charges (Paise / unit)
700	All units 325

The billing demand shall be the maximum demand recorded during the month or the

contract demand whichever is higher.

If in any month the recorded maximum demand of the consumer exceeds 110% of contract demand that portion of the demand in excess of the contract demand will be charged at twice the normal charges.

If the power is availed at 11 kV a surcharge of five (5) % will be charged extra on demand and energy charges.

FPPCA charges as applicable shall be charged extra.

### 8.0 Railway Traction Service (RTS)

Applicable to Railway Traction loads only.

#### Tariff rates at 132 kV

Demand charge Rs. / kVA / Month of billing demand	Energy charges (Paise / unit)
240	All units 570

- i. 15 Ps/unit of rebate will be provided for availing supply at voltages higher than 132 kV
- ii. 15 Ps/unit of surcharge will be billed for availing supply at lower voltages than 132 kV.
- iii. The billing demand shall be the maximum demand recorded during the month or 85% of the contract demand whichever is higher.

FPPCA charges as applicable shall be charged extra.

#### Time of Day tariff (ToD)

ToD tariff shall be mandatory for all HT consumers. Under the Time of Day (ToD) Tariff, electricity consumption and maximum demand in respect of HT consumers for different periods of the day, i.e. normal period, peak load period and off-peak load period, shall be recorded by installing a ToD meter. The maximum demand and consumption recorded in different periods shall be billed at the following rates on the tariff applicable to the consumer.

Time of use	Demand Charges	Energy Charges
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(i) Normal period (5:00 a.m. to 5:00 p.m)	Normal Rate	Normal rate of energy charges
(ii) Evening peak load period (5:00 p.m to 11.00 p.m)	Normal Rate	120% of normal rate of energy charges
(iii) Off-peak load period (11:00 p.m to 5:00 a.m)	Normal Rate	85% of normal rate of energy charges

In case, the consumer exceeds 110% of the contract demand, the demand in excess of contract demand shall be billed at twice the normal tariff applicable for the day time i.e. 5:00 a.m. to 5.00 p.m. irrespective of the time of use.

**TERMS AND CONDITIONS OF HT TARIFF**

The foregoing tariffs are subject to the following conditions:

**1 Rebate for Prompt Payment**

The due date for making payment of energy bills or other charges shall be 15 days from the date of issue of the bill.

The tariff rates are subject to prompt payment rebate of 1 (one) paise per unit on units billed provided the bill is paid by due date specified therein. If the consumer makes full payment after due date but within 10 days after due date, no DPS shall be leviable for this period but rebate for prompt payment will not be admissible.

**2 Delayed Payment Surcharge (DPS)**

In case of consumer does not pay energy bills in full within 10 days grace period after due date specified in the bill, a delayed payment surcharge of one and half (1.5) % per month or part thereof on the outstanding principal amount of bill will be levied from the original due date for payment until the payment is made in full without prejudice to right of the licensee to disconnect the supply in accordance with Section 56 of the Electricity Act, 2003. The licensee shall clearly indicate in the bill itself the total amount, including DPS, payable for different dates after the due date after allowing for the grace period of 10 days. No DPS shall be charged on DPS arrear.

**3 Duties and Taxes**

Other statutory levies like electricity duty or any other taxes, duties etc., imposed by the State Government / Central Government or any other competitive authority, shall be extra and shall not form part of the tariff as determined under this order.

**4 Power Factor Surcharge**

The average power factor (monthly) of the supply shall be maintained by the consumer not less than 0.90.

If the monthly average power factor falls below 90% (0.9) he shall pay a surcharge in addition to his normal tariff at the following rates:

(i) For each fall of 0.01 in power factor Up to 0.80	One percent on demand and energy charge
(ii) For each fall of 0.01 in power factor below 0.80	1.5 (one and half) percent on demand and energy charge (Actual Recorded)

If the average power factor falls below 0.70 consecutively for 3 months, the Licensee reserves the right to disconnect the consumer's service connection without prejudice for the levy of the surcharge.

## 5 Power Factor Rebate

In case the average power factor (monthly) of the consumer is more than 90% (0.90) a power factor rebate at the following rates shall be allowed.

For each increase of 0.01 in power factor above 0.90 up to 0.95	0.5 (half) percent on demand and energy charge (Actual Recorded)
For each increase of 0.01 in power factor above 0.95	1.0 (one) percent on demand and energy charges. (Actual Recorded)

## 6 Accounting of Partial payment

All payment made by consumers in full or part shall be adjusted in the following order of priority:

- a) Statutory taxes and duties on current consumption
- b) Arrear of Statutory taxes and duties
- c) Delayed payment surcharge
- d) Balance of arrears
- e) Balance of current bill

## 7 Defective / Damaged / Burnt meter replacement

(i) In case of meter being defective / damaged / burnt the Licensee or the consumer as the case may be shall replace the same within the period specified in "Standards of Performance for Distribution Licensee" Regulations issued by the Commission. Till defective meter is replaced the consumption will be assessed and billed on an average consumption of last 12 months from the date of meter being out of order. Such consumption shall be treated as actual consumption for all practical purposes including calculation of electricity duty until the meter is replaced/rectified.



(ii) In case of newly installed meter of a consumer becoming defective/damaged/ burnt after installation of the meter prior to completion of 12 months since its installation, the billing for the period for such defective/ damaged/burnt meter, till it is not replaced, shall be done on the basis of average monthly consumption for the period meter remained working.

(iii) In case of the meter of a consumer becoming defective in the first month of installation itself, without taking any reading, the consumer shall be provisionally billed on the basis of amount of security collected for one month. However, the provisional billing will be done for one month only and that will be finalized and adjusted on the basis of consumption of the second month.

## **8 Exceeding Contract Demand**

If the actual recorded demand of a consumer exceeds 110% consecutively for three months Licensee may issue a notice and inform the consumer to get additional contract demand sanctioned or to limit their drawal as per their contract. Otherwise Licensee will take action as per provisions of the Act/Rules/Regulations.

In case the consumer do not respond to the notice within 30 days of issue of notice, to get additional demand sanctioned or limit their drawal as per the contract, the Distribution Licensee may revise and enhance the contracted demand of the consumer to the extent of highest demand in the past three months of the violation.

## **9 Contract Demand for Induction Furnaces**

The prevailing practice will continue for determining the contract demand of induction furnaces in the existing services connections. However, for new connections and where the furnaces are replaced in existing connections, contract demand shall be based on the total capacity of the furnace and equipment as per manufacturer technical specifications and in case of difference of opinion, the provisions of clause No.6.39 and 6.40 of Bihar Electricity Supply Code shall apply.

### **9.0 Temporary Supply (LT and HT)**

**9.1 Applicability**

This tariff is for connection of temporary in nature for period of less than one year. The applicability shall be as given in the respective category tariff rate schedule. Temporary supply cannot be claimed by a prospective consumer as a matter of right but will normally be arranged by the Licensee when a requisition is made giving due notice subject to technical feasibility and in accordance with electricity supply code issued by the Commission.

**9.2 Tariff**

Fixed charge and energy charge shall be chargeable at one and half times the normal tariff as applicable to the corresponding appropriate tariff category.

**9.3 Terms of Supply**

a) Temporary supply under any category of service may be given for a period not exceeding 30 days in the first instance, the duration of which, however may be extended on month-to-month basis subject to maximum of one year.

b) In addition to the charges mentioned above, the consumer shall have to deposit the following charges before commencement of the temporary supply:

- i. Estimated cost of erection of temporary service line and dismantling.
- ii. Cost of irretrievable materials which cannot be taken back to service.
- iii. Meter rent for the full period of temporary connection as per appropriate Tariff Schedule and miscellaneous charges.
- iv. Rental on the cost of materials as per estimate framed but not payable by the consumer shall be payable at the rate of Rs. 15/- per month on every Rs. 100/- or part thereof.
- v. Ten per cent on the total cost of the estimate for the temporary service connection to cover as security for loss of materials and contingencies. In case such loss is not noticed, the amount will be refunded.

(c) The applicants for temporary supply shall be required to make a deposit in advance of the cost as detailed above including the energy consumption charges estimated for full period on the basis of connected load. This will however, be adjusted against the final bill that will be rendered on disconnection of supply month

to month basis.

(d) If the consumer intends to extend the temporary supply beyond the period originally applied for, he will have to deposit in advance all charges as detailed above including the estimated electricity consumption charges, for the period to be extended and final bill for the previous period, as well.

(e) The temporary supply shall continue as such and be governed by the terms and conditions specified above until the supply is terminated or converted into permanent supply at the written request of the consumer. The supply will be governed by the terms and conditions of permanent supply only after the consumer has duly completed all the formalities like execution of agreement, deposit of security money, cost of service connection and full settlement of the account in respect of the temporary supply etc.

#### **10.0 Seasonal Supply (LT and HT)**

(1) Seasonal supply shall be given to any consumer on written request to the Licensee subject to the following conditions.

<b>Period of Supply</b>	<b>Tariff Rate</b>
Upto 3 consecutive months in a year	Appropriate tariff plus 30 percent
More than 3 consecutive months and upto 6 consecutive months in a year	Appropriate tariff plus 20 percent
More than 6 consecutive months and upto 9 consecutive months in a year	Appropriate tariff plus 15 percent
More than 9 consecutive months but less than one year	Appropriate tariff plus 5 percent.

(2) The meter rent and other charges as provided in the appropriate tariff are applicable to seasonal loads and would be charged extra for the entire period of supply.

(3) The supply would be disconnected after the end of the period unless the consumer wants the supply to be continued. Any reconnection charges have to be borne by the consumer.

(4) Consumer proposing to avail seasonal supply shall sign an agreement with the Licensee to avail power supply for a minimum period of 3 years in the case of HT, and 2 years in the case of LT category of supply.

- (5) The consumers must avail supply in terms of whole calendar month continuously.
- (6) The consumer is required to apply for seasonal supply and pay initial cost and security deposit as an applicant for normal electricity supply.
- (7) The consumer shall ensure payment of monthly energy bills within 7 days of its receipt. The supply will be disconnected if payment is not made on due date.

**PART – C: MISCELLANEOUS AND GENERAL CHARGES****11.0 Miscellaneous and General Charges**

The Miscellaneous and General charges approved by the Commission are as below:

**11.1 Meter Rent**

Particulars	Applicable Charges
Kutir Jyoti	Rs. 10/month
a) Single Phase LT except Kutir Jyoti	Rs. 20/month
b) Three Phase LT up to 100 Amps	Rs. 50/month
c) LT meter with CT	Rs. 500 / month
d) 6.6 kV and 11 kV HTS-I	
(i) Metering at low voltage	Rs. 500 / month
(ii) Metering at 6.6/11 kV	Rs. 700 / month
e) 33 kV HT metering equipment for HTS-II and HTSS	Rs. 3000 / month
f) 132 kV EHT metering equipment for HTS-III	Rs. 15000 / month
g) 25 kV RTS	Rs.3000/month
h) 132 kV RTS	Rs.15000/month

Note: For those consumers who are prepared to pay the entire cost of metering arrangement are allowed to pay the cost estimated by the DISCOM and no meter rent shall be collected from such consumers and from the consumers opting to provide their own meter.

**11.2 Application fee for new connection / reduction of load / enhancement of load / request for permanent disconnection / request for tatkal connection:**

Sl.No.	Category / class	Rate
(i)	Kutir Jyoti	Rs.20.00
(ii)	LT Single phase except Kutir Jyoti	Rs. 75.00
(iii)	LT Three phase	Rs. 200.00
(iv)	LT Industrial	Rs. 300.00
(v)	HT Connection	Rs. 750.00
(vi)	For tatkal connection	Two (2) times the normal rate

**11.3 Testing / Inspection of consumer's Installation:**

Sl.No.	Category / class	Rate
(i)	Initial Test / Inspection	Free of cost
(ii)	Subsequent test and inspection necessitated by fault in installation or by not complying with terms and conditions of supply	Rs. 100.00 for single phase connection Rs. 200.00 for three phase LT connection Rs.800 for HT connection.

**11.4 Meter Testing Fee:**

The meter testing fee at the following rates will be charged from the consumers opting to provide their own meters

Sl. No.	Category / class	Rate
(i)	Single Phase meter (L.T.)	Rs. 100.00
(ii)	Three Phase meter (L.T.)	Rs. 200.00
(iii)	Three Phase meter with CT	Rs. 300.00
(iv)	Tri-vector and special type meter	Rs. 1800.00
(v)	33 kV or 11 kV metering equipment	Rs. 5000.00
(vi)	132 kV/220 kV metering equipment	Rs. 8000.00

Note:

- 1) No meter testing fee shall be charged from the consumers if the meter has been provided by the licensee.
- 2) If the meter is tested at third party testing laboratory at the request of the consumer then the fees charged by the testing laboratory will be payable by the consumer.

**11.5 Removing / Re-fixing / Changing of Meter / Meter Licensee at consumer's request:**

Sl. No.	Category / class	Rate	
(i)	Single Phase meter	Rs. 200.00	Cost of material, as required, will be borne by the consumer
(ii)	Three Phase meter	Rs. 400.00	
(iii)	Three Phase meter with CT	Rs. 500.00	
(iv)	Trivector and special type meter	Rs. 600.00	
(v)	High tension metering equipment	Rs. 1200.00	

**11.6 Reconnection charge:**

Sl. No.	Category/class	Rate
(i)	Single Phase supply, LT	Rs. 100.00
(ii)	Three Phase supply other than LT industrial	Rs. 200.00
(iii)	Three Phase LT industrial supply	Rs. 900.00
(iv)	HT supply	Rs. 3000.00

**11.7 Supervision, Labour and Establishment charge for service connection:**

Sl. No.	Category/class	Rate
(i)	Single Phase LT	Rs. 400.00
(ii)	Three Phase LT other than industrial	Rs. 900.00
(iii)	Three Phase industrial	Rs. 1500.00
(iv)	HT	As per approved estimate
(v)	For tatkal connection	Two (2) times the normal rate

**11.8 Security Deposit:**

- a) The consumer (except Kutir Jyoti rural and Kutir Jyoti urban) shall pay initial security deposit equivalent to the estimated energy charges including fixed / demand charges for a period of two months or as per the provisions of Bihar Electricity Supply Code notified by the Commission.
- b) All Central Government and State Government departments are exempted from payment of security deposit. However all public sector undertakings and local bodies shall pay security deposit, as applicable.
- c) The amount of security deposit obtained from the consumer is liable to be enhanced every year, in April-May of next year on the basis of consumption during previous years or as specified in clause 7.15 of Bihar Electricity Supply Code. In default of payment of additional security deposit, wherever payable after review, the service line may be disconnected on serving thirty days notice and connection thereafter can be restored only if the deposit is made in full along with the prescribed reconnection charges and surcharge @1.5% per month or part thereof on the amount of outstanding.

**11.9 Interest on Security Deposit:**

Security deposit made by a consumer shall bear interest as specified in Bihar Electricity Supply Code, payable at Bank rate notified by RBI from time to time. The interest will be calculated for full calendar months only and fraction of a month in which the deposit is received or refunded, shall be ignored. The interest for the period ending 31<sup>st</sup> March shall be adjusted and allowed to the consumer in the energy bill for May issued in June and in subsequent month(s), if not adjusted completely against the bill for the month of May.

**12.0 Security Deposit:**

The other terms and conditions of supply of electricity not specially provided in this tariff order will continue to be regulated by the provisions specified in the Bihar Electricity Supply Code notified by the Commission.

## 10. Fuel and Power Purchase Cost Adjustment

### 10.1 Background

Section 62 sub-section 4 of the Electricity Act, 2003 provides that no tariff or part of any tariff may ordinarily be amended, more frequently than once in every financial year, except in respect of any changes expressly permitted under the terms of any fuel surcharge formula as may be specified. This provision of the Act requires the Commission to specify the formula for fuel surcharge.

Accordingly, the Commission has been specifying the formula for working out the Fuel and Power Purchase Cost Adjustment (FPPCA) charges and other terms and conditions of FPPCA in each of its tariff orders starting from FY 2006-07 to FY 2012-13. Accordingly, the Commission had allowed erstwhile BSEB/distribution licensees to recover the FPPCA charges from the consumers in terms of the formula specified in the respective tariff orders of the Commission from time to time.

The Commission has issued the BERC (Terms and Conditions for determination of Tariff) (First Amendment) Regulations, 2012 dated 31.08.2012.

As per these Regulations, the amount of Fuel and Power Purchase Cost Adjustment (FPPCA) charges shall be computed as under:

$$\text{FPPCA (Paise / kWh)} = \frac{\text{Qc(Rc}_2\text{-Rc}_1\text{)+Qo(Ro}_2\text{-Ro}_1\text{)+Qpp(Rpp}_2\text{-Rpp}_1\text{)+Vz+A}}{(\text{Qpg}_1 + \text{Qpp}_1\text{+Qpp}_2) \times \left( \frac{1-\text{L}}{100} \right)} \times 100$$

**Where,**

- Qc = Quantity of coal consumed during the adjustment period in Metric Tons (MT)  
 = (SHR x QPg) (1+TSL)x1000 / GCV, or actual whichever is less
- Rc<sub>1</sub> = Weighted average base rate of coal supplied ex-power station coal yard as approved by the Commission for the adjustment period in



	Rs. / MT
$R_{C_2}$	= Weighted average actual rate of the coal supplied ex-power station coal yard for the adjustment period in Rs. / MT
$Q_o$	= Actual Quantity of oil (in KL) consumed during the adjustment period or normative oil consumption as per Tariff order whichever is less.
$R_{O_1}$	= Weighted average base rate of oil ex-power station (Rs./KL) approved by the Commission for the adjustment period.
$R_{O_2}$	= Weighted average actual rate of oil ex-power station supplied (Rs. / KL) during the adjustment period.
$Q_{pp}$	= Total power purchased from different sources (kWh) = $Q_{pp_2} + Q_{pp_3}$
$Q_{pp_1}$	= $Q_{pp_3} \left( 1 - \frac{TL}{100} \right)$ in kWh
$TL$	= Transmission loss (CTU) (in percentage terms).
$Q_{pp_2}$	= Power purchase from sources with delivery point within the state transmission or distribution system (in kWh)
$Q_{pp_3}$	= Power purchase from sources on which CTU transmission loss is applicable (in kWh)
$R_{pp_1}$	= Average rate of power purchase as approved by the Commission (Rs. / kWh)
$R_{pp_2}$	= Average rate of power purchased during the adjustment period (Rs. / kWh)
$Q_{pg}$	= Own power generation (kWh)
$Q_{pg_1}$	= Own power generation (kWh) at generator terminal – approved auxiliary consumption
$L$	= Percentage T&D loss as approved by the Commission or actual, whichever is lower.
$SHR$	= Station Heat Rate as approved by the Commission (Kcal / kWh)

- TSL = Percentage Transit and Stacking Loss as approved by the Commission.
- GCV = Weighted average gross calorific value of coal as fired basis during the adjustment period (Kcal / Kg).
- VZ = Amount of variable charges on account of change of cost of unknown factors like water charges, taxes or any other unpredictable and unknown factors not envisaged at the time of tariff fixation subject to prior approval of the Commission (Rs.)
- A = Adjustment, if any, to be made in the current period to account for any excess / shortfall in recovery of fuel or power purchase cost in the past adjustment period, subject to the approval of the Commission (Rs.)

If there are more than one power stations owned by the Licensee  $Q_c$ ,  $R_{c1}$ ,  $R_{c2}$ ,  $Q_o$ ,  $R_{o1}$ ,  $R_{o2}$ ,  $Q_{pg}$  and  $Q_{pg1}$  will be computed separately for each power station and sum of the increase/decrease of cost of all power stations shall be taken into consideration.

- 10.4 In case of the two distribution companies, there is no generation of their own. Therefore,  $Q_c$ ,  $Q_o$  and  $Q_{pg1}$  will be zero in this case.

Accordingly, the two distribution licensees namely, North Bihar Power Distribution Company and South Bihar Power Distribution Company and the Generating Company can levy FPPCA charges with the prior approval of the Commission. Levy of FPPCA charges shall be subject to the following terms and conditions specified in the BERG (Terms and Conditions for determination of Tariff) (First Amendment) Regulations, 2012 dated 31.08.2012.

**Terms and conditions for application of the FPPCA formula**

- 1) The basic nature of FPPCA is 'adjustment' i.e. passing on the increase or decrease in the fuel costs and power purchase cost, as the case may be, compared to the approved fuel costs and power purchase costs in this Tariff Order.
- 2) The operational parameters / norms fixed by the Commission in the Tariff Regulations / Tariff Order shall be the basis of calculating FPPCA charges.
- 3) The FPPCA will be recovered every month in the form of an incremental

energy charge (Rs/kWh) in proportion to the energy consumption and shall not exceed 10% of the approved avg. cost of supply in the Tariff order and balance amount, if any, in the FPPCA over and above this ceiling shall be carried forward to be billed in subsequent month.

- 4) Incremental cost of power purchase due to deviation in respect of generation mix or power purchase at higher rate shall be allowed only if it is justified to the satisfaction of the Commission.
- 5) Any cost increase by the licensee by way of penalty, interest due to delayed payments, etc. and due to operational inefficiencies shall not be allowed.
- 6) FPPCA charges shall be levied on all categories of consumers.
- 7) Distribution licensee shall file detailed computation of actual fuel cost in Rs./kWh for each month for each of power stations of the state generators as well as cost of power purchase (Fixed and Variable) from each source/station and a separate set of calculations with reference to permitted level of these costs.
- 8) The data in support of the FPPCA claims shall be duly authenticated by an officer of the licensee, not below the rank of Chief Engineer on an affidavit supported with the certified copy of energy bills of power purchase, transmission and RLDC charges, bill for coal purchase and its transportation cost, oil purchase bill and the quantity of coal and oil consumed during the month.
- 9) Levy of FPPCA charge will be allowed only when it is ten (10) paise or more per unit. If it is less than 10 (ten) paise/unit, the same may be carried forward for adjustment in the next month.
- 10) The incremental cost per kWh due to this FPPCA arrived for a month shall be recovered in the energy bill of the month subsequent to the order of the Commission approving FPPCA with full details of rate and unit(s) on which FPPCA charges have been billed. The Generating Company and the Distribution Companies shall provide along with the proposal of FPPCA (as applicable to them) for a month, a compliance report of the previous order

of the commission in respect of FPPCA.

## 11. Wheeling Charges and Open Access Charges

### 11.1 Background

The Commission has computed the wheeling charges for both the DISCOMs combinedly in the MYT order dated 15<sup>th</sup> March, 2013. Further, the Wheeling and Open Access charges are common/uniform to all the consumers across State of Bihar. Accordingly, the Commission has determined the Wheeling and Open Access charges for FY 2015-16.

### 11.2 Wheeling Charges:

The net distribution ARR for both the distribution licensees as approved in chapter 6 is Rs. 8239.58 Crore. The distribution ARR approved is segregated into wires business and retail supply business in the percentages given below:

**Table 11.1: Allocation matrix for segregation of expenses between Distribution Wire Business and Retail Supply Business**

Sl. No.	Particulars	Wire Business (%)	Retail Supply Business (%)
1	Power purchase expenses	--	100%
2	Employee expenses	60%	40%
3	Administration and General expenses	50%	50%
4	Repair and Maintenance expenses	90%	10%
5	Holding Company Expenses	60%	40%
6	Depreciation	90%	10%
7	Interest and finance charges	90%	10%
8	Interest on working capital	10%	90%
9	Contribution to RPO fund	-	100%
10	Return on equity	90%	10%
11	Non-tariff income	10%	90%
12	Interest during construction	90%	10%

The total fixed costs (net ARR) are segregated into wire business and retail supply business as per the above matrix.



**Table 11.2: Segregation of Wires and Retail Supply Costs**

(Rs. Crore)				
Sl. No.	Particulars	Total Fixed Cost	Wire Cost	Retail Supply
1	Power Purchase	7448.17	0.00	7448.17
2	Employee Cost	445.83	267.50	178.33
3	R&M costs	112.77	101.49	11.28
4	A&G expenses	67.06	33.53	33.53
5	Holding Company	15.08	9.05	6.03
6	Depreciation	11.29	10.16	1.13
7	Interest & Finance Charges	123.44	111.10	12.34
8	Interest on Working Capital	178.84	17.88	160.96
9	RPO fund	60.64	0.00	60.64
10	Return on Equity	123.06	110.75	12.31
11	Less: IDC	(15.19)	(13.67)	(1.52)
12	Less: NTI	(331.41)	(33.14)	(298.27)
<b>13</b>	<b>Total (1 to 12)</b>	<b>8239.58</b>	<b>614.64</b>	<b>7624.94</b>

The wheeling charges have been computed on the basis of approved costs of the DISCOMs for its distribution wire business and the total energy expected to be wheeled through their distribution networks. In the absence of segregated data on costs of operation of 33 kV and 11 kV networks, it has been assumed that the two costs are equal. The Commission would revisit this assumption when reliable and concrete data on operating costs (voltage wise) becomes available to it during review/true up. The wheeling charges worked out for 33 kV voltage level are given in the table below:

**Table 11.3: Wheeling Charges at 33 kV Voltage Level**

Sl.	Details	Units	Approved wheeling Charges
1	Energy input into 33 kV system	MU	12567.04
2	Total distribution cost	Rs. Cr.	614.64
3	Distribution cost for 33 kV voltage levels (assuming 50% of item 2)	Rs. Cr.	307.32
<b>4</b>	<b>Wheeling charges for 33 kV voltage level (item 3÷1)</b>	<b>Ps./kWh</b>	<b>24.00</b>

The wheeling charges determined for 11 kV voltage level are as given in table below:

**Table 11.4: Wheeling Charges for 11 kV Voltage Level**

Sl. No.	Details	Units	Approved wheeling Charges
1	Energy input into 33 KV system	MU	12567.04
2	Energy sales in 33 kV system as approved by the Commission	MU	846.12
3	Losses in 33 KV (5% on item 1)	MU	628.35
4	Energy input into 11 kV system [1-(2+3)]	MU	11092.57
5	Total distribution cost	Rs. Cr.	614.64
6	Distribution cost for 11 kV voltage levels (assuming 50% of item 5)	Rs. Cr.	307.32
<b>7</b>	<b>Wheeling charges for 11 kV voltage level (item 6÷4)</b>	<b>Ps./kWh</b>	<b>28.00</b>

The Commission approves wheeling charges at 24 paisa/kWh for 33 kV voltage level and at 28 paisa/kWh for 11 kV voltage level for the FY 2015-16.

### 11.3 Open Access Charges

The Commission feels that the HT consumers should be provided a facilitative open access framework for procurement of power from sources other than that available within the State. For Open access to become a feasible option for HT consumers open access charges should be rational so that the cost of delivered power (from sources other than within the State) is comparable to retail tariff.

Pursuant to Section 39, 40 and 42 and all other enabling provisions of the Electricity Act, 2003, the Commission notified the "Terms and Conditions for open access" Regulations on 20<sup>th</sup> May 2006. The Commission through these regulations has introduced open access in phases in Bihar as given below, having regard to operational constraints, and other relevant factors.

The consumer who seeks open access in accordance with these regulations will have to pay transmission charges, wheeling charges, cross subsidy surcharge, additional surcharge and charges to SLDC. The applicability of these charges to any open access consumer shall be as provided in the regulations for open access. In the following section all the charges to be paid by consumer seeking open access are being determined.

**11.4 Transmission Charge**

The Commission has computed the transmission tariff as provided in clause 75 of the BERG (Terms and conditions for determination of Tariff) Regulations, 2007. The Commission has approved Rs. 223.15 Crore (net) as Transmission charges for FY 2015-16 for BSPTCL. The Petitioner has considered the transmission capacity of 9640 MVA for computing transmission charges (Rs./MVA/Month) instead of considering transmission capacity (in MW) expected to be handled during FY 2015-16 for long term customers. The DISCOMs in its petition have mentioned that they will be getting power from the following new sources during FY 2015-16 as detailed below:

Station	CoD	New capacity (MW)	Capacity after PLF (MW)
KBUNL Stg 2 U#1	Nov 14	110	93.50
Barh Stage 2 U #1	Nov 14	330	280.50
GMR Karmangla	-	-	200.00
<b>Total</b>		<b>440.00</b>	<b>574.00</b>

The DISCOMs have not shown any generation from BTPS. BTPS Unit No. 6&7 are going to generate power after R&M during FY 2015-16. The Commission has considered the capacity of BTPS Unit 6&7 (220 MW \*0.80 = 176 MW) also for computing the transmission tariff. The Commission had considered 3807 MW as transmission capacity during FY 2014-15 in the Tariff Order dated 28.02.2014. But 280 MW from Barh, 450 MW from Essar and 21 MW from Nabinagar was not materialized in FY 2014-15. Hence, the sum of allocated capacity (in MW) to all long term transmission customers of the state transmission system is considered for FY 2015-16 at 3630 MW (3807-751+574). Based on the transmission cost worked out earlier the approved transmission charge for open access consumers for the FY 2015-16 is as given in table below:

**Table 11.5 Transmission Charge**

<b>Particulars</b>	
Transmission ARR	223.15 (Rs. Crore)
Average transmission capacity (MW) – Total capacity (MW) allocated to long term customers of the State	3630 MW
Transmission charges for long term open access customers (Rs./MW/Month)	Transmission ARR ÷ (Average transmission capacity X 12) = Rs. 51,228



Particulars	
Transmission charges for short term open access customers (Rs./MW/Day)	$\text{Transmission ARR} \times 0.25 \div (\text{Average transmission capacity} \times 365) = \text{Rs. } 421$

The Commission decides that the transmission charges in cash will be Rs. 51,228/MW/month or part thereof for long term open access consumers and Rs. 421/MW/day or part thereof for short term consumers. In addition transmission losses of 4% will be reduced in kind from the energy input (i.e. energy injected at the point of injection) at the point of delivery.

### 11.5 Transmission, Wheeling and Open Access Charges

The Open access charges shall be paid as per the table given below if the injection and drawl points of the open access customer are at different voltage levels.

**Table 11.6: Open Access Charges**

Drawl Injection	Transmission	33 KV	11 KV
Transmission	Transmission Charges plus transmission losses @ 3.92%	Transmission charges plus wheeling charges of 33 kV. Losses of both transmission and 33 kV network shall be payable (Cumulative loss @ 8.72%)	Transmission Charges plus wheeling charges of 33 and 11 kV network shall be payable. The losses of transmission, 33 and 11 kV network shall be payable (Cumulative loss @ 14.20%)
33 KV	Transmission charges plus wheeling charges of 33 kV. Losses of both transmission and 33 kV network shall be payable (Cumulative loss @ 8.72%)	*Wheeling charges of 33 kV plus losses of 33 kV network (Loss @ 5.00%)	*Wheeling Charges of 33 and 11 kV network. Losses for 33 and 11 kV shall also be payable (Cumulative loss @ 10.7%)
11 KV	Transmission Charges plus wheeling charges of 33 and 11 kV network shall be payable. The losses of transmission, 33 and 11 kV network shall be payable (Cumulative loss @ 14.20%)	*Wheeling Charges of 33 and 11 kV network. Losses for 33 and 11 kV shall also be payable (Cumulative loss @ 10.7%)	** Wheeling Charges of 11 kV plus losses of 11 kV network (Loss @ 6.00%)

\*Transmission Charges and transmission losses are payable if the transmission network is used.

\*\*1. Wheeling charges of 33 kV and 33 kV loss is applicable if 33 kV network is used.

2. transmission charges and wheeling charges of 33 kV, transmission losses and 33 kV losses are applicable if transmission network is used.

### **11.6 SLDC Charges**

Open access consumer shall pay all charges payable to the State Load Dispatch Centre (SLDC), as determined by the Commission under section 32 of the Act and as per the Regulation 19 (1) of "Terms and Conditions for Open Access" Regulations, 2006 of BERC.

The Annual SLDC and Operating charges for the present have not been determined separately as till date SLDC is not an independent entity but continues to be a part of Transmission Company with no separate accounts. The Commission believes that expenses incurred by the SLDC are a part of the transmission expenses of Transmission Company. The Commission has determined the revenue requirement for transmission function of company and consequently the revenue requirement of SLDC are a part of the revenue requirement of the transmission function. Charges payable to SLDC are a part of the transmission charges determined by the Commission. Till the time separate accounts are established by Transmission Company for SLDC these charges shall continue to be determined as a part of the Transmission Charges of Transmission Company.

### **11.7 Cross Subsidy Surcharge**

The open access consumers are liable to pay cross subsidy surcharge to compensate the distribution utility for any loss of revenue due to shifting of its consumer to the open access system.

In the MYT order dated 15<sup>th</sup> March 2013, the Commission has computed the cross subsidy surcharge for open access consumers as per the formula recommended in the Tariff Policy. In view of the prevailing power shortages in the state at that time, to encourage the HT consumers to seek power purchase options from the sources outside the states and to make the cost of delivered power comparable with the retail tariff approved, the cross subsidy surcharge was approved at 50% of the charge computed for FY 2013-14.

The Commission has noted that the HT consumers have not availed this facility and are not coming forward to purchase the power under open access. The Commission decided to further continue the concessional cross subsidy surcharge approved for FY 2013-14 and FY 2014-15 during FY 2015-16 also as given below:

For 132 kV consumers	= 22 Ps/kWh.
For 33 kV consumers (other than HTSS)	= 53 Ps/kWh.
For 11 kV consumers (other than HTSS)	= 44 Ps/kWh
For HTSS consumers (33 kV & 11 kV)	= Nil

#### **11.8 Additional Surcharge**

The Commission is not in favour of levy of any additional surcharge, in the absence of the necessary data. The same shall be leviable only if it is conclusively demonstrated by BSPHCL that open access will lead to stranding of its fixed cost. BSPHCL should indicate the quantum of such stranded cost and the period over which it would be stranded for determination of additional surcharge.

#### **11.9 Reactive Energy Charges**

The open access consumers should pay a reactive energy charge to Transmission and Distribution companies as the case may be for drawal / injection of reactive energy. The Commission in its last tariff order had directed erstwhile BSEB to conduct a study to determine the reactive energy charge and submit a proposal in the next tariff application. However the Petitioner has not submitted any such proposal and till the time the Petitioner submits a proposal in this regard, the reactive drawal shall continue to be charged at 4 paise/kVAR as determined by the Commission in its tariff order for FY 2012-13.

#### **11.10 Information to be put on the web site**

The Commission directs the Petitioner to put all information related to open access facilities/charges on its web site. The information should include open access regulations, procedure for obtaining open access and details of all charges payable by an open access consumer.

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## 12. Compliance of Directives

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### 12.1 Background

The sub-clause(c) of Section 61 of the Electricity Act, 2003 stipulates that the Appropriate Commission shall be guided by the factors which would encourage competition, efficiency, economical use of resources, good performance and optimum investments. The Bihar Electricity Regulatory Commission (BERC) issued certain directives in its tariff order for determination of ARR and Tariff for retail sale of electricity by South Bihar Power Distribution Company Limited (SBPDCL) for FY 2013-14 and FY 2014-15 for improvement in its operational and financial performance, reducing distribution losses, improvement in quality of supply and services to the consumers and increasing efficiency. The Commission monitors the compliance of the directives given from time to time and has been directing the DISCOMs for complying with the directives.

The Commission has examined the compliance of directives issued to SBPDCL in the Tariff Order dated 28<sup>th</sup> February 2014.

### 12.2 Directives and their compliance

The directives issued in the Tariff order dated 28<sup>th</sup> February 2014 and their compliance by SBPDCL are dealt below:

#### **Directive 1: Cent Percent Metering**

##### Directive Issued in Tariff Order Dated 15-03-2013

The Commission directed both the power distribution companies to ensure provision of electronic static meters to all unmetered consumers and replace all the defective/damaged/burnt meters of consumer by 31<sup>st</sup> March 2013 with static electronic meters and submit compliance report to the Commission by 30<sup>th</sup> June 2013 with details of total number of category wise/sub category wise consumers and status of functioning of the meters.

Follow-up directive issued in Tariff Order Dated 28-02-2014

SBPDCL is directed to submit compliance of 100% metering by 30<sup>th</sup> June 2014 as the Government has provided funds for 100% metering.

### **Compliance Status of directive by SBPDCL**

The status of consumer metering of SBPDCL till 30<sup>th</sup> September 2014 is as follows

<b>Particulars</b>	<b>Metering Status</b>
No. of effective consumers	2286555
No. of metered consumers at the end of reporting month	2088080
Total no. of meters to be installed/ changed/ repaired	172183

As can be observed, about **94%** of the consumers are metered as on 30<sup>th</sup> Sep. 2014.

Following is the status of meter installation during past 3 Months:

<b>Particulars</b>	<b>July 2014</b>	<b>Aug 2014</b>	<b>Sept 2014</b>	<b>Total in Past 3 Months</b>
Meters Installed (No.'s)	51,465	44,962	39,310	1,35,737

SBPDCL is undertaking all possible endeavours to improve metering for consumers and intends to achieve 100% metering within next few months.

### **Commission's comments**

Action taken by SBPDCL is noted. 100% metering of all categories of consumers is yet to be completed.

SBPDCL is directed to submit compliance of 100% metering of all categories of consumers by 30<sup>th</sup> August, 2015.

### **Directive 2: Efficient meter reading, billing and collection**

Directive Issued in Tariff Order Dated 15-03-2013

In order to improve cash flow for erstwhile BSEB (now BSPHCL), Commission has provided following specific directives to be implemented:

- The full details of FPPCA charges or any other charge must appear in the energy bill served to the consumer

- In urban areas hundred percent meter reading, issue of bills in each month shall be ensured and monitored
- In rural areas hundred percent meter reading, issue of bills to all consumers be ensured and monitored at least bimonthly
- Each DISCOM shall at least collect 90% of current bill amount and a minimum of 10% of arrear amount in each month.

Follow-up directive issued in Tariff Order Dated 28-02-2014

SBPDCL is directed that the progress of appointment of revenue franchisees in urban and rural areas and input based franchisees in major towns shall be reported by 30<sup>th</sup> June 2014 furnishing the level of improvement in meter reading, billing and revenue collection.

**Compliance Status of directive by SBPDCL**

Month wise collection efficiency status of SBPDCL is here below:

Month	Collection Efficiency
July'14	88%
Aug'14	89%
Sept'14	84%

Improvement in cash flow through efficient meter reading, billing and collection is one of the foremost priorities of SBPDCL. In order to implement multiple steps have been taken both at strategic and operational level.

- **Operational level improvement measures:**

Considering lack of manpower and investment constraints, task of meter reading, billing and collection has been outsourced to private sector. Outsourcing has been undertaken till section level with adequate empowerment so that efficiency can be improved through quick decision making. Following are the key features:

- ✓ Concerned AE of supply subdivision/JE of supply section has been empowered to select the agency at his own discretion on the specified commercial terms and conditions.
- ✓ Compensation for such services has been kept quite remunerative to attract private sector.
- ✓ Incentive scheme for meeting the target over and above certain level has been introduced so as to improve the productivity.

- ✓ Multiple agencies could be engaged upto feeder level with emphasis on hiring of local personnel.

Implementation of Rural Revenue Franchisee Scheme for engaging collection based franchisee in village/group of villages/11 KV feeder having around 1000 nos. of consumers.

With above measures, SBPDCL expect to be improved its billing to 80% by November 2013.

- **Strategy level improvement measures:**

In order to improve the efficiency for meter reading, billing and collection, input based Distribution Franchise in urban areas has been introduced in the licensee area.

Following is the progress for award of Distribution Franchise for identified areas:

Area	Status
Patna	NIT Floated
Gaya	Handover on 1 <sup>st</sup> Jun 2013
Bhagalpur	Handover on 1 <sup>st</sup> January 2014

- ✓ Input based distribution franchise require bidder to reduce AT&C losses through reduction of technical losses by system improvement, reduction in commercial losses & through efficient meter reading, billing and collection. Private sector participation at strategic level is expected to improve the above parameters in long term.
- ✓ Further, village Rural Revenue franchisee scheme 2013 has been introduced to improve meter reading, billing and collection in rural areas at village/ group of villages / 11kV feeder level. The scheme shall be implemented by engaging local and capable individuals or persons working in Village Level Enterprises or Village Vasudha Kendra or running a cyber I in and around the franchisee.

With reference to inadequate information about FPPCA charges to the consumers, SBPDCL would like to state that all the essential details has been published in the

monthly electricity bills and further details are also available on website of SBPDCL for consumer assistance. SBPDCL is also providing sample bill copies for the same.

### **Commission's comments**

Action taken by SBPDCL is noted. Input based Distribution Franchisee at Gaya and Bhagalpur are already functioning.

SBPDCL is directed to furnish the level of improvement in meter reading, billing and revenue collection in DF area. SBPDCL is also directed to furnish the percentage of meter readings, billing and revenue collection during FY 2014-15 in other than DF area, month wise by 30<sup>th</sup> June, 2015.

### **Directive 3: Timely delivery of bills and Revenue Collection Counters**

#### Directive Issued in Tariff Order Dated 15-03-2013

The Commission directed to BSPHCL and two distribution companies that;

- In city areas at least one collection counter at division should remain open since 8AM in morning. So that the office goers may deposit energy bills.
- Adequate number of collection centres/ counters considering the number of consumers shall be established to facilitate depositors and to ensure that consumer do not have to wait in long queues.
- Minimum facilities of shade, drinking water and toilets should be provided at the bill centres. Special faculties should be provided for comfort of ladies and senior citizens
- Number of collection counters operating in each Electricity Supply Division, indicating the timing, facility provided to the consumers shall be submitted by BSPHCL by 30<sup>th</sup> Sep 2014.
- Facility for online payment of bills, using bank account/credit card/debit card may also be introduced.
- The delivery of energy bills to consumers be ensured as per clause 9.20 of the Bihar Electricity Supply Code 2007 viz. 14 days before the due date and in case of delay in delivery of bills at least 14 days time from the date of delivery of the bill should be provided for making payment



Follow-up directive issued in Tariff Order Dated 28-02-2014

In course of public hearings large number of complaints were, regarding non-meter reading and non- delivery of bills.

It is directed that collection centres and other facilities provided for collections of bills shall be maintained to ease payment of bills by consumers.

Status report of functioning of the facilities shall be reported periodically (Every Six Months). Arrangement should also be made for 100% meter reading and bill delivery atleast once in two months or once in three months if monthly delivery is not feasible.

**Compliance Status of directive by SBPDCL**

SBPDCL would like to bring to attention of the Commission that the following steps are taken to improve ease of payment to consumers:

- ✓ Facility for online payment has been made available in association with State Bank of India, Canara Bank and Bill Desk (associated with more than 43 banks);
- ✓ More than 1200 branches of Grameen Bank has been authorized as collection centres;
- ✓ Any Time Payment (ATP) machines (timing 8AM to 8PM) in association with Canara Bank have been installed for reducing payment hassles in various areas of PESU which is likely to be extended to other towns;
- ✓ Payment through mobile has been initiated in association with Airtel Money/Oxygen and Sahaj Vasudha Kendra
- ✓ All bill collection counters in urban areas remain open on Sundays to facilitate bill payment on holidays.
- ✓ Mobile collection vans have been introduced in PESU Area for facilitating bill payment in local areas.
- ✓ Total 182 No. of regular and 170 No. of temporary Collection Counters are operating to serve the hassle free payment facility to consumers (The division wise details of operating collection counters is provided in Annexure: A). SBPDCL is also planning to operate some more collection counters.
- ✓ Collection counters of towns are being facilitated with green shed, aquaguard for drinking water, chairs, T.V. etc.
- ✓ Payment through POS (Point Of Sale) (For PESU AREA).

- ✓ Payment through manual KIOSK.
- ✓ Rural Revenue Franchisee.
- ✓ Input based Franchisee at Muzaffarpur, Gaya & Bhagalpur.
- ✓ New connection drive by organising special camps without taking application money , security charge & service connection charge at initial level.
- ✓ Load enhancement(V.D.L.S)
- ✓ SBPDCL have made all attempts to reduce the consumer hassles for payment.

**Commission's comments**

In the course of public hearings on the tariff petition filed by SBPDCL for FY 2015-16, still large number of complaints were regarding non-meter readings and non-delivery of bills. Many complaints were also on bills with assessed consumption without recording actual meter reading and consumption.

SBPDCL is directed to ensure that 100% meter reading and bill delivery for Kutir Jyoti, DS – I and NDS I category of consumers is done bi-monthly or once in three months.

**Directive 4: Regulation of Power Supply to Rural Areas**Directive Issued in Tariff Order Dated 15-03-2013

The Commission directed both power distribution companies to chalk out plan so that the small towns and rural areas of the state get at least 1- 3 hours of supply between 6PM to 9PM and submit the progress of the work during FY2012-13 for strengthening/maintenance of distribution network by 30<sup>th</sup> June 2013.

Follow-up directive issued in Tariff Order Dated 28-02-2014

SBPDCL has not reported whether 1 to 3 hours supply is being made available between 6.00 PM to 9.00 PM.

SBPDCL shall improve the infrastructure in rural areas by providing more 33/11 KV substations and improving 11 KV and LT network to ensure the quality of supply in rural areas. With likely improved power supply position in the State, SBPDCL shall increase the supply hours to rural areas and provide continuous power supply. It shall be ensured that power supply is made available to all villages atleast for 1-2 hours to ensure the

children to study and the consumers to complete cooking and other house hold works between 6.00 Pm and 9.00 PM. The status at power supply month-wise during FY 2013-14 shall be reported by 30<sup>th</sup> June, 2014.

#### **Compliance Status of directive by SBPDCL**

SBPDCL would like to emphasise that all attempts are taken to increase the power supply to rural areas. On average 700-800 MW power is made available to rural areas with average 10-12 hours of supply in a day.

With additional power expected from Barh Stage I (330MW) and KBUNL (220MW) in the remaining part of the year, power supply situation rural areas is expected to improve further.

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

Action taken by SBPDCL is noted. SBPDCL is directed to put forth the efforts to make at least power supply is available to rural areas also between 6.00 PM to 6.00 AM next and submit a report in this regard by 30<sup>th</sup> June 2015.

#### **Directive 5: Prompt release of new connections**

##### Directive Issued in Tariff Order Dated 15-03-2013

The Commission directed two distribution companies to provide new connection within 30 days of application. DISCOMs should monitor the progress of disposal of applications for release of new connections by getting application registers inspected by their Electrical Superintending Engineer of Supply Circle and also should hold camps for disposing the applications.

##### Follow-up directive issued in Tariff Order Dated 28-02-2014

SBPDCL is directed to submit monthly report from April, 2013 to March 2014 indicating the number of category wise applications pending as on first of the month, applications received during the month and supply released during the month. The report shall be submitted by 30<sup>th</sup> June, 2014.

**Compliance Status of Directive by SBPDCL**

Following is the Status of new connection issued by SBPDCL (As on Sep'14) and pending new connection applications:

Month	11 kV HT	LTCT	Three Phase	Single Phase	Total
Aug-14	6	12	439	1974	2431
Sep-14	4	10	547	29658	30219

Circle	Consumer Category wise Pending Connection No's (As on 09.09-2014)			
PESU (E)	200	58	5	10
PESU (W)	1,590	310	22	8
Patna	11,650	314	40	17
Ara	1872	143	1	0
Nalanda	7,915	155	0	9
Bhagalpur	1,870	108	0	4
Munger	4,592	169	4	5
Gaya	1,817	157	8	0
Sasaram	1,255	217	2	20
Total				73

SBPDCL would like to assure the Commission that all new connections are being released as per stipulated regulations.

**Commission's comments**

It is noted that the details called for in the Directive are not provided by SBPDCL. SBPDCL is directed to submit the month-wise report indicating the number of applications pending at the beginning of the month, applications received during the month, supply released during the month and number of applications pending at the end of the month for FY 2014-15 by 30<sup>th</sup> June, 2015.

**Directive 6: Strengthening of Consumer Redressal Mechanism**Directive Issued in Tariff Order Dated 15-03-2013

The Commission directed the two power distribution companies to specify at least one or two days in a week for officers to remain available in the office for redressal of grievances of consumers particularly the grievances about delay in release of new connections, correction

of different bills and submit monthly list of grievances received and redressed to the concerned ESE of the supply circle.

Follow-up directive issued in Tariff Order Dated 28-02-2014

SBPDCL is directed to appoint some third party to study to what extent the consumer satisfaction has improved by various measures taken by the DISCOM to improve the service to consumers. The study report of 3<sup>rd</sup> party with comments of SBPDCL shall be submitted by 30<sup>th</sup> September 2014. SBPDCL is directed to allow CGRF to hold camp hearings in districts atleast once in a month to facilitate consumers to get their grievances redressed.

**Compliance Status of directive by SBPDCL**

Improvement in quality of service to consumers is one of the prime objectives for SBPDCL. For prompt redressal of consumer grievances SBPDCL have taken multiple measures to improve the Grievance Redressal Mechanism. Some of these measures are :

- ✓ Establishment of Consumer Grievance Redressal Forum at Patna
- ✓ Jan Shikayat Protsahan Samiti has been formulated at headquarter level
- ✓ Helpline no. has been established at the SCADA office
- ✓ Officers across all levels have been sensitized to promptly address the consumer grievances
- ✓ Janta Darbar is being organised across all levels( JE to CMD)
- ✓ Facilitation centre has been established for redressing the problems of billing and new connections for Patna Town

Following statement shows the Consumer Complaints addressed by SBPDCL on monthly basis:

Month	No. of Complaints Received	No. of Complaints Redressed
March'13	320	309
Apr'13	195	181
May'13	180	178
June'13	235	223
July'13	345	320
Aug'13	420	398

Sept'13	219	203
Total	1914	1812

**Commission comments**

The Directive in Tariff Order dated 28-02-2014 is not complied. Therefore, the directive is reiterated.

SBPDCL is directed to appoint some third party, to study to what extent the consumer satisfaction has improved by various measures taken by the DISCOM to improve the service to consumers. The study report of 3<sup>rd</sup> party with comments of SBPDCL shall be submitted by 30<sup>th</sup> September, 2014. SBPDCL is also directed to allow CGRF to hold camp hearings in districts at least once in a month to facilitate consumers to get their grievances redressed.

**Directive 7: Interest on Security Deposit**Directive Issued in Tariff Order Dated 15-03-2013

The Commission directed both distribution companies to:

- Indicate the amount of security money deposited by the consumers on their monthly energy bills
- Indicate the amount of interest on security deposit and adjust the same in energy bills as specified by Bihar Electricity Supply Code 2007.

Follow-up directive issued in Tariff Order Dated 28-02-2014

The L.T consumers are deprived of their genuine claim of interest on security deposit. As per Regulations of BERC (Standard of Performance of Distribution Licensee) Regulations 2006, the licensee is required to maintain Security Deposit Register. It is also understood that the revenue ledger of each consumer should contain the amount of security deposit of the consumer held by SBPDCL. The compliance indicates that the SBPDCL consumer accounts do not have the amount of security deposit of each consumer. This is serious lapse on the part of the licensee. Since Reliance Infra is appointed to provide facilities to collect the information required on security deposits, SBPDCL is directed to submit a report on the security deposit of consumers by 30<sup>th</sup> June, 2014.

**Compliance Status of directive by SBPDCL**

Interest on security deposit is promptly being paid to all the HT consumers. SBPDCL is in the process of collating & updated information regarding security deposit paid by LT consumers

under I.T. implementation of R-APDRP Part-A . M/s Reliance Infra Ltd has undertaken initial survey under R-APDRP Part A and is expected to provide it's report shortly.

After full information is collected and configured under I.T. implementation, necessary action for adjustment of interest on security deposit will be made.

### **Commission's comments**

SBPDCL is directed to submit the report on security deposit of consumers, based on information collected by M/s. Reliance Infra, by 30<sup>th</sup> June, 2015.

### **Directive 8: Voltage-wise Cost of Supply**

#### Directive Issued in Tariff Order Dated 15-03-2013

The Commission directed the two DISCOMs to carry out a study to ascertain voltage wise and consumer category wise cost of supply to find out nature and extent of cross subsidy. A report in this regard shall be submitted by 15<sup>th</sup> July, 2013.

#### Follow-up directive issued in Tariff Order Dated 28-02-2014

SBPDCL is directed to get the study conducted on more number of feeders to assess the technical and commercial losses in the system. The action taken shall be reported to the Commission by 30<sup>th</sup> June, 2014.

### **Compliance Status of directive by SBPDCL**

SBPDCL has initiated comprehensive data collection exercise across all the voltage levels so as to determine actual technical losses and cost of supply at each voltage level.

Following is the average loss figures at individual voltage level, monitored during last five month:

<b>Voltage Level</b>	<b>% Technical Loss</b>
220 kV	3.17%
132 kV	4.2%
33 kV	4.8%
11 kV	9.2%
LT	10.5%

SBPDCL would like to assure the Commission that the process of collecting data is still under the process and every possible effort has been made to monitor more numbers of feeders as may possible

**Commission's comments**

As per methodology ordered by APTEL, assessment of technical losses in the distribution systems network by carrying out system studies based on available data for 33 KV and above and field studies for representative feeders for 11 KV and 400 volt of various consumers mix prevailing in the distribution system is a pre-requisite for arriving at voltage wise cost of supply.

SBPDCL is directed to assess technical losses of all 33 KV feeders based on load curve and load duration curve of the feeders during FY 2014-15. Similarly technical losses for 11 KV feeders and LT lines (including distribution transformers and consumer connections) by selecting feeders of various consumer mix i.e. some feeders predominantly industrial and some feeders predominantly rural domestic, some feeders predominantly urban domestic and some feeders having different categories of consumers. An interim report on the action taken may be furnished by 30<sup>th</sup> September, 2015. Final report to be submitted along with the Tariff Petition for FY 2016-17.

**Directive 9: Reduction in Transmission & Distribution Loss**Directive Issued in Tariff Order Dated 15-03-2013

The Commission directed the DISCOMs to chalk out an action plan for reduction of T&D losses and fix circle wise T&D losses reduction target to the level of target fixed by the Commission and submit the action plan and circle wise loss reduction achieved to the Commission by 30<sup>th</sup> June, 2013

Follow-up directive issued in Tariff Order Dated 28-02-2014

Main reason for high T&D losses apart from theft are non-metering, non-meter readings and non delivery of bills. No significant progress has been made in this regard in rural areas. Even revenue based rural franchisees are not taking meter readings on a regular basis. This has to be monitored intensively to get results. It is observed that the action taken by SBPDCL has not reduced T&D losses, rather the losses have increased.



According to its own projection, the T&D loss for FY 2014-15 should be 34% as per tariff petition for FY 2013-14 but SBPDCL is projecting it at 45%. It is not reported as to what extent various steps taken have helped in reducing the losses. Basically the energy audit has to be conducted at feeder level and distribution transformer level to arrive at losses under each and remedial measures taken to reduce the technical and commercial losses in feeders and DT's with high losses.

SBPDCL is directed to furnish the steps taken to reduce the technical losses to maintain the trajectory of reduction of losses every year by 30<sup>th</sup> September, 2014.

#### Compliance Status of directive by SBPDCL

SBPDCL hereby submits that a circle wise loss reduction program is under preparation and below is the status of District wise monthly % AT&C Loss figures :

District	% AT&C Loss		
	June'14	July'14	Aug'14
PESU (E)	40%	38%	29%
PESU (W)	29%	32%	21%
Patna	54%	49%	54%
Nalanda	71%	66%	73%
Ara	65%	63%	70%
Gaya	79%	70%	77%
Sasaram	66%	66%	73%
Bhagalpur	60%	57%	67%
Munger	58%	61%	68%

However, we have taken multiple measures to reduce the overall AT&C losses. Some of these measures are as follows:

- ✓ Re-conductoring of dilapidated conductors/ replacement of GI wires in 33 KV, 11 KV & LT lines with higher size conductors for reduction in line loss.
- ✓ Procurement of star rated distribution transformers for replacement as well as new D/S/S for reduction in transformation loss.
- ✓ Cent percent system metering and consumer metering by 31-10-2013 for proper accounting of energy & reduction in wastage.
- ✓ Engagement of distribution franchisee for PESU Area, Bhagalpur Town & adjoining areas, Gaya Town and adjoining areas, Twin towns of Ara-Buxar, Biharshariff- Rajgir, Munger- Lakhisarai and Rohtas-Dehri-On-Sone for reduction in AT & C losses in town area.

- ✓ Proper meter reading, bill distribution and bill generation in fixed cycle to boost revenues.
- ✓ Use of Ariel bunched cables in place of L.T. overhead lines in theft prone areas to prevent theft of electricity.
- ✓ Raid against power theft being conducted on regular basis at section/sub-division/division level under supervision of DGM/ESE with its close monitoring at Apex Level.
- ✓ I.T. implementation & installation of system metering, Energy Accounting under R-APDRP, Part-A for proper & accurate information/details of the entire activity of the Distribution System.
- ✓ Strengthening of distribution infrastructure under R-APDRP Part-B, ADB, BRGF, RGGVY Schemes for reduction of technical & commercial losses.

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

The action taken by SBPDCL has not reduced the T&D losses to required level. The losses are still not at acceptable level. Reduction of distribution losses has to be monitored feeder wise.

The Commission has observed that only 4636.66 MU has been billed by SBPDCL during FY 2013-14 against 8690.28 MU received at Distribution Periphery for sale i.e. 53.35% of energy was billed by NBPDCCL during the said year. Similarly, only 6185.35 MU is proposed to be billed by NBPDCCL during FY 2014-15 against 11175.86 MU received at distribution periphery during FY 2014-15 i.e. only 55.35% during the said year.

SBPDCL is directed to assess distribution loss, feeder wise and division wise, set trajectory for reduction of distribution losses division wise, review the status of distribution losses every month, with effect from 1<sup>st</sup> April 2015. A report on details of division wise losses during FY 2014-15 and target set for each division for reduction of losses is to be furnished to the Commission by 30<sup>th</sup> June, 2015.

#### **Directive 10: Energy Accounting/Audit**

##### Directive Issued in Tariff Order Dated 15-03-2013

The Commission has directed both distribution companies

- To provide meter at all feeders and report compliance by 30<sup>th</sup> September

- To carry out energy accounting/audit in each month on the basis of meter reading of the meters installed in the feeders and in case the meter is not installed or is defective a particular feeder, the energy consumption should be assessed on the basis of hours of supply and the average load in the feeder
- To carry out the energy accounting of DTs on quarterly basis in which meter has been provided
- To operationalize circles as cost centres
- Circle wise energy accounting/audit for FY 2012-13 along with energy accounting of these DTs in which meter is installed shall be submitted to the Hon'ble Commission by 30<sup>th</sup> September 2014

Follow-up directive issued in Tariff Order Dated 28-02-2014

Energy accounting should have been conducted on all the feeders where meters have been provided. The results of the energy accounting shall be reported to the Commission every quarter. The report sought by the Commission on the energy accounting/audit for FY 2012-13 is not submitted. This should be expedited. It shall be ensured that all the meters provided for Energy accounting are operative to give proper data and inferences. The energy audit/accounting for FY 2012-13 and FY 2013-14 should be submitted to the Commission by 30<sup>th</sup> June, 2014.

**Compliance Status of directive by SBPDCL**

SBPDCL has initiated energy accounting/audit on monthly basis for all the installed feeders at 33kV level.

SBPDCL is submitting circle wise feeder metering status for 33kV and 11kV feeders

Circle	11 kV Feeder Metering Status (Aug 2014) (No's)		
	Total Feeders	Feeders with Running Meters	Un-metered Feeders
PESU (E)	67	57	10
PESU (VV)	102	89	13
Patna	101	78	23
Ara	97	40	57
Nalanda	171	58	113
Bhagalpur	101	78	23
Munger	114	82	32
Gaya	231	62	169
Sasaram	144	45	99
<b>Total</b>	<b>1128</b>	<b>589</b>	<b>539</b>

Circle	33 kV Feeder Metering Status (Aug 2014) (No's)		
	Total Feeders	Feeder with Running Meters	Un-metered Feeder
PESU (E)	20	14	6
PESU (W)	67	56	11
Patna	38	30	8
Ara	26	15	11
Nalanda	51	9	42
Bhagalpur	38	30	8
Munger	47	32	15
Gaya	65	16	49
Sasaram	56	13	43
<b>Total</b>	<b>408</b>	<b>215</b>	<b>193</b>

SBPDCL is making every possible effort to attain feeder metering as per the directive.

#### Commission's comments

It is noted from the compliance status of metering, 58% of 33 KV feeders, 70% of 11 KV feeders are provided with meters.

SBPDCL is directed to provide meters to all 33 KV and 11 KV feeders on top priority and report compliance by 30<sup>th</sup> June, 2015. SBPDCL is directed to submit the reports on energy accounting, circle wise for FY 2012-13 and FY 2013-14 as called for in earlier directives

immediately. Unless energy auditing/accounting is conducted regularly and appropriate action is initiated, the distribution losses cannot be brought down to the targeted level. SBPDCL is directed to conduct energy accounting/auditing every month and submit copy of report to the Commission. The first such report shall be submitted by 30<sup>th</sup> June, 2015.

### **Directive 11: Energy Conservation and Demand Side Management**

#### Directive Issued in Tariff Order Dated 15-03-2013

The Commission issued specific directives for energy conservation and demand side management consisting of following

- To enforce of CFLs under Kutir Jyoti/RGGVY
- To create awareness cell at headquarter level for energy conservation and DSM and arrange programmes in each supply circle periodically

#### Follow-up directive issued in Tariff Order Dated 28-02-2014

SBPDCL is also directed to submit quarterly report on the implementation of various measures taken for energy conservation and demand side management. First, such report should reach the Commission by 15<sup>th</sup> July 2014 for the quarter ending of 30<sup>th</sup> June, 2014.

### **Compliance Status of directive by SBPDCL**

The following steps have been taken to improve the energy conservation and demand side management:

- ✓ Time of day tariff is made mandatory for all HT consumers having contract demand 200kVA and above;
- ✓ Use of CFL is mandatory for Kutir Jyoti Connection;
- ✓ Each Kutir Jyoti connection is provided 2 CFLs under RGGVY scheme;
- ✓ Induction of slab wise tariff;
- ✓ Launching of DEEP (Distribution Energy Efficiency Programme) by ESSL.
- ✓ Procurement of star rated transformers.

### **Commission's comments**

Action taken is noted. The results of Demand Side Management can be achieved with public participation mainly. It is essential to create awareness in the public by arranging

programmes in each supply circle periodically. NBPDCCL is directed to submit quarterly report on the implementation of various measures taken for energy conservation and Demand Side Management.

### **Directive 12: Asset Register**

#### Directive Issued in Tariff Order Dated 15-03-2013

The Commission directed BSPHCL and its four subsidiary companies to prepare Asset Register for each company and report by 30<sup>th</sup> September 2013 the action taken in this regard

#### Follow-up directive issued in Tariff Order Dated 28-02-2014

The Commission notes that inspite of the directives given since long, the asset register has not been prepared. SBPDCL is directed to submit a report on the present status of preparing Fixed Assets Registers and a road map for completion of the Fixed Assets Register. The report shall be submitted by 30<sup>th</sup> September, 2014.

### **Compliance Status of directed by SBPDCL**

Recognizing the importance of Fixed Asset Register, BSPHCL has appointed Power Finance Corporation (PFC) for all the successor companies. As per the strategy, methodology and road map prepared by PFC, a Task Force for each company at head quarter level is formed as given below:

Company	Relevant Officials
BSPHCL	1) Sr. Manager of Finance 2) Executive Engineer (IT) 3) Asst Engineer (Civil)
BSPGCL	1) DGM (Finance) 2) Electrical Executive Engineer 3) AE (Civil)
BSPTCL	1) DGM (Finance) 2) Electrical Executive Engineer 3) EE (Civil)
SBPDCL	1) DGM (Finance) 2) Electrical Executive Engineer 3) AE (Civil)
SBPDCL	1) DGM (Finance) 2) Electrical Superintendent Engineer 3) AE (Civil)

Following is the roles and responsibility of Task Force

- Approval of data collection formats designed by PFC
- Definition of custodian and source of data for filling the data collection formats
- Work along with PFC to evolve appropriate costing methodologies for each category of asset items
- Sorting and compiling secondary data pertaining to fixed assets and making it available to respective custodian during physical verification
- Scheduling and coordinating the training session to custodian of assets who should do the data collection
- Undertake model physical verification with the support of PFC
- Acting as help desk to custodian during physical verification and data collection
- Monitoring and follow up of the data collection activity
- Compiling secondary data available in various centralised offices for costing and reconciliation purposes
- Costing, reconciliation and preparation of Fixed Assets Register with the assistance of PFC
- Present the Fixed Asset Register to the audit

The work progress of various tasks assigned to Task Force is on track and SBPDCL is making its best efforts in same direction.

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

The Commission is pursuing since the year 2006 to maintain Asset Registers.

Still SBPDCL is at the initial stage, SBPDCL is directed to furnish the present status of preparing Fixed Assets Register and by which date they will be able to complete preparation of Fixed Assets Register. The reply to be furnished by 30<sup>th</sup> April 2015.

#### **Directive 13: Installation of pre-paid meters**

##### Directive Issued in Tariff Order Dated 15-03-2013

The Commission directed BSPHCL and its two subsidiary distribution companies to obtain a copy of specification approved by CEA for prepaid meters where it is finalized and to start

with implement pre paid meters on pilot basis in Patna town. Installation of prepaid meters for consumers in the Government may also be discussed with state government officials and implemented for some government offices

Follow-up directive issued in Tariff Order Dated 28-02-2014

SBPDCL is directed to submit a report by September, 2014 when the prepaid meters are likely to be installed on pilot basis in the Government offices.

**Compliance Status of directive by SBPDCL**

SBPDCL is in process of floating NIT shortly for installation of pre- paid meters for Government connections in Patna town.

**Commission comments**

The latest status on installation of prepaid meters is to be provided to the Commission by 30<sup>th</sup> September, 2015

**Directive 14: Issues related to HT & High Value LT Consumers**

Directive was dropped, since action was taken.

**Directive 15: Renewable Energy Purchase**

Directive Issued in Tariff Order Dated 15-03-2013

The Commission directed BSPHCL/DISCOMs to submit the details of the transmission lines which are now proposed for evacuation of power from RE projects which are being constructed and supervised by the BSPHCL/DISCOMs in line with the “Bihar Policy for promotion of new and renewable energy sources 2011” of the government of Bihar on quarterly basis.

Further the Commission also directed BSPHCL/DISCOMs to submit compliance in respect of Renewable Purchase Obligation (RPO) as provided in BERC (REC Framework Implementation) Regulation 2010 to the BREDA with a copy to Commission.

Follow-up directive issued in Tariff Order Dated 28-02-2014

RPO obligation is not met in some cases, though co- generation based power from sugar mills is available. PPA has not been signed inspite of directive from the Commission.



BSPHCL/SBPDCL is directed to sign PPAs with all sugar mills who offer to generate power and supply. SBPDCL shall make all the efforts to meet the Renewable Purchase Obligation (RPO) by purchase of renewable energy. SBPDCL shall submit the plan for compliance of fulfillment of RPO by 30<sup>th</sup> September, 2014 along with their proposal if any for purchase of REC or to deposit the amount determined on the basis of shortfall in units of RPO in a separate fund in accordance with BERC (Renewable Purchase Obligation, its compliance and REC framework implementation) Regulations; 2010 in case of default.

#### **Compliance Status of directive by SBPDCL**

Evacuation Arrangement for new Renewable Energy Projects:

We would like to invite the attention of the Commission on the following executed power purchase agreements with Bihar State Power Holding Company Ltd:

<b>Particulars</b>	<b>Location</b>	<b>Technology</b>	<b>Capacity</b>
Glatt Solutions Ltd	Naroda	Solar PV	3MW
Response Renewable Energy Ltd	Naroda	Solar PV	10MW
Alex Green Ltd	Banka	Solar PV	10MW
Moser Baer Clean Energy Pvt Ltd	Ramnagar	Solar PV	10MW
Avantika Contractors (I) Ltd	Gawnaha	Solar PV	5MW

The application process for evacuation approval for above project is under process and is expected to be cleared shortly.

#### Non Solar RPO Compliance:

The Commission vide order dated 15<sup>th</sup> March 2013, approved total energy purchase of 15674MUs (excluding renewable energy purchase) for FY 2013-14 which is applicable for RPO compliance.

Further the Commission vide order dated 16<sup>th</sup> Nov 2010, approved total RPO of 4.5% in the state out of which 1% has to be met by Solar. In order to meet Non Solar RPO, following PPA from Bagasse based project has been executed.

Sl. No	Details of Non-Solar (Bio-Gas, Bagasse)	Capacity (MW)	Supply-Season	Supply Off Season	PLF (As approved by regulatory commission)
1	New Swadeshi Sugar Mills, Narkatiaganj	10	5	8	53%
2	Bharat Sugar Mill, Sidhwalia	18	10	13	53%
3	Hari Nagar Sugar Mill	14.5	11	11	53%
4	HPCL Bio-Fuel Ltd, Sugauli	20	13	16	53%
5	HPCL Bio-Fuel Ltd, Lauriya	20	13	16	53%
6	Vishnu Vishal Paper Mill P Ltd	3	1	1	53%

The above PPAs are expected to supply ~400MUs against Non Solar RPO requirement of ~550 MUs. The remaining shortfall shall be met by REC purchase.

#### Compliance of Solar RPO:

Total Solar RPO requirement is ~90MW for the year FY 2013-14. BSPHCL is undertaking bid process for solar power procurement of 100MW (Phase I) and 150MW (Phase II). Price bid for Phase I is opened on 4<sup>th</sup> September, evaluation of Financial bid has been done and selection of successful bidder is under process.

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

Action taken is noted. SBPDCL shall put forth all efforts to procure actual energy from Renewable sources to meet RPO instead of meeting RPO by purchasing RE Certificates etc.

#### **Directive 16: Database and Management Information System**

##### Directive Issued in Tariff Order Dated 15-03-2013

The Commission directed BSPHCL / DISCOMs to arrange data base management information system (MIS) for each companies and submit the status of compliance of MIS system and implementation of SCADA system with full details by 30<sup>th</sup> Sep 2013

##### Follow-up directive issued in Tariff Order Dated 28-02-2014

SBPDCL is directed to report the present Status of developing the MIS in the company and road map for developing full pledged MIS by 30<sup>th</sup> June, 2014.

#### **Compliance Status of directive by SBPDCL**

SBPDCL has appointed following agencies to provide division wise monthly billing data of all categories of consumers in the areas as:

Area	Agency
Central	M/s Crystal Computers
Magadh	M/s Infrosoft

These agencies are maintaining and providing division wise monthly billing data for all categories of consumers. SBPDCL is also in the process of implementing SCADA Project under RAPDRP Scheme.

There are some other plans are under discussion in order to manage data base & implement efficient MIS

**Commission's comments:**

Action taken is noted. SBPDCL is directed to expedite the process for developing the database management information system and submit the latest status of the compliance by 30<sup>th</sup> September 2015.

**Directive 17: Energy Consumption of Kutir Jyoti an Agriculture Consumers**

Directive Issued in Tariff Order Dated 15-03-2013

The Commission directed two subsidiary distribution companies

- Conduct extensive survey for ascertaining the total number of Agriculture consumers (private/state tube well) and Kutir Jyoti consumers and no. of consumers being billed in the respective category.
- Find out the number of Kutir Jyoti consumers who are violating the load/consumption limit for such consumers and to bill such consumers under DSI category
- Ensure 100% metering of Kutir Jyoti and Agricultural consumers
- Circle wise quarterly compliance report should be submitted by 15<sup>th</sup> July 2013.

Follow-up directive issued in Tariff Order Dated 28-02-2014

100% metering of all Kutir Jyoti consumers shall be completed and reported to the Commission by 30<sup>th</sup> June, 2014. The billing on consumption basis should be done from 1<sup>st</sup> July 2014 and compliance shall be submitted by 30<sup>th</sup> September, 2014.

**Compliance Status of directive by SBPDCL**

SBPDCL is submitting following details about Agriculture and Kutir Jyoti consumers in compliance to the directive:

Particular	KJ consumers	Agri. consumers
Effective Consumers	4,23,299	43,614
Metered consumers	3,64,824	11,390
Metered consumers (%)	86.18%	26.11%

SBPDCL is undertaking all efforts to ensure better metering for KJ and Agricultural category consumers and many steps have been taken in same direction. SBPDCL is also sensitized to its supply area persons to have a watch on load consumption pattern on KJ consumers and any violation should not be allowed. Necessary steps also taken for metering of Agricultural unmetered connections.

#### Commission's comments

SBPDCL is directed to;

- Computerize the data of each consumer, category-wise village-wise along with sanctioned load, date of release of supply etc.
- Ensure 100% metering of Kutir Jyoti and DS-I and NDS – I category consumers.
- Ensure meter readings are recorded periodically and bills are served to 100% of consumers.
- To provide meters on LT side of distribution transformers which are predominantly feeding agriculture connection to assess the consumption.

#### Directive 18: Pilferage of Electricity

Directive Issued in Tariff Order Dated 15-03-2013

The Commission directed BSPHCL / DISCOMs to submit circle wise details of raids conducted, FIR lodged, amount assessed and amount realized for FY 2011-12 and FY 2012-13 and thereafter to submit quarterly compliance report

Follow-up directive issued in Tariff Order Dated 28-02-2014

The Commission has directed SBPDCL to submit circle wise details of raid conducted, FIR lodged, amount assessed and amount realized during FY 2011-12, FY 2012-13 and thereafter to submit quarterly compliance report. SBPDCL in the Format-20 of their Tariff

petition has not shown any amount during FY 2013-14 against theft/pilferage. The compliance report as directed shall be submitted by 30<sup>th</sup> June, 2014.

### Compliance Status of directive by SBPDCL

Under anti-theft drive, SBPDCL is conducting strictly inspection of consumer premises regularly. Also anti-theft posters, slogans as well as advertisement publishing in prompt news papers have been the practices to create public awareness against electricity theft.

The month wise details of FIR lodged , fine imposed and fine recovery is given below:

Month	Total FIR Lodged (Nos)	Fine Imposed (Rs. Lakhs)	Fine Recovered (Rs. Lakhs)
May-14	357	119	38
Jun-14	680	181	93
Jul-14	986	405	144
Aug-14	1222	350	193
Sep-14	606	143	106
<b>Total</b>	<b>3851</b>	<b>1198</b>	<b>574</b>

### Commission's comments

Action taken by SBPDCL is noted.

SBPDCL is directed to take action as provided in the Electricity Act 2003 whenever any malpractice / theft of energy is noticed. SBPDCL is directed to put forth more efforts till the distribution losses are brought down to atleast to 15%. Quarterly report on number of inspections, number of cases registered, number of arrests made, Amount assessed, amount collected showing for each division, month wise is to be submitted by the Commission. The report for 1<sup>st</sup> quarter FY 2015-16 is to be submitted by 31<sup>st</sup> July, 2015.

## 12.3 New Directives

### 12.3.1 Consumer Database

The Petitioner is directed to computerize the billing and collection of revenue. The consumer database shall include consumer category, connected load, tariff slab wise consumption, details of security deposit and all other information pertaining to all

consumers. The Petitioner shall submit the category wise billing data and revenue realization to the Commission on quarterly basis for review and record.

### **12.3.2 Performance of Distribution Franchisee (DF)**

During public hearings at Gaya and Bhagalpur, number of complaints related to erroneous billing, delay in giving new connections etc. in DF areas reported by the consumers.

On review of the sales and revenue projected for FY 2014-15 and FY 2015-16 it is noted that the average billing rate in DF area is less than the average billing rate in the licensee area excluding DF area. The Distribution Franchisee has put forth efforts to reduce line losses, to increase sales and to increase revenue.

The very purpose of entrusting areas on input energy basis to Distribution Franchisees is to improve the consumer service and to reduce line losses in these areas.

The DISCOMs are directed to closely monitor the functioning of Distribution Franchisee in their respective areas and report to the Commission on quarterly basis regarding the a) Billing Efficiency b) Collection Efficiency c) Number of consumers complaints received and resolved d) computation of line losses in the DF area to the Commission.

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## 13. Renewable Purchase Obligation

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### 13.1 Background

Electricity is one of the vital ingredients of the economic activity. A major chunk of electricity used today is generated by burning fossil fuels which is the main source of air pollution. Further, fossil fuels are a limited resource. To reduce dependence on conventional energy sources, promotion of renewable energy sources is essential. India has an average of 300 sunny days in a year and receives an average daily radiation of 5.5 KW/square meter. The Government of India launched the Jawaharlal Nehru National Solar Mission (JNNSM) in January 2010 with the objective of achieving 20,000 MW of solar Power capacity by 2022. This is a major initiation to tap India's naturally available energy sources and contribute to lower carbon growth in the Country. Now, Central Government has launched an ambitious plan to achieve 150 GW of renewable energy based power generation capacity by the year 2022 which includes 100 GW of solar power.

Renewable energy is an important solution to reduce power shortage especially in states like Bihar where fossil fuel or hydro power potential is not available. Developing renewable energy will increase power availability in the State and help balanced regional development. Besides, it will reduce adverse impacts on the local environment and carbon density. Bihar is primarily an agriculture based State and majority of the people live in the rural areas. Better power availability in rural areas will not only boost agriculture production, but income and quality of life in rural areas will also improve. There is a potential of 2000 MW of power generation based on Agro-residues such as rice husk, paddy straw, maize cob, bagasse etc. There is also a good potential of Solar Photovoltaic (SPV) power of the order of 8500 MW. Off grid SPV too has potential of over 7000 MW.

**13.2 Renewable Purchase Obligation (RPO)**

Provision of Renewable Purchase Obligations (RPOs) has been made to ensure that the distribution licensee and other obligated entities procure a certain minimum percentage of their total power requirement from renewable energy sources at preferential tariff.

**13.3 Renewable Energy Policy**

The Government of Bihar (GoB) had issued policy guidelines for increasing private sector participation for developing renewable energy sources in 2003 which was applicable for five years. Keeping in the view that the potential for the renewable is yet to be harnessed, the Govt. of Bihar has issued revised policy for the promotion of power generation from renewable energy sources in June 2011 vide Letter No. Pra02/Breda Apra Niti-11/08/2845 dated 24/6/2011. The revised policy is applicable for the development of all forms of renewable energy resources. The responsibility for the development of renewable energy projects lies with the Bihar Renewable Energy Development Agency (BREDA), the State nodal agency for the renewable energy generation programmes. For the development of micro/mini/small Hydel plants (up to 25 MW), the responsibility lies with the Bihar State Hydroelectric Power Corporation. The revised policy 2011 has issued guidelines on the key issues stated as follows:

1. Project Approval process & role of institutional authorities
2. Regarding the sale of power to the BSEB, wheeling of power for third party sale or captive use;
3. Project monitoring and activity milestones;
4. Incentives /applicability e.g. applicability of policies notified by the state and Central Government from time to time, incentives under prevalent industrial incentive policy of the GoB and also such similar applicable policies, exemption from electricity duty and entry tax;
5. Special concession for the sustainability of the biomass based projects that no two biomass based projects are taken up in an area of radial distance of 25 km to ensure the availability of biomass;



6. Regarding the Renewable Energy Purchase Obligation, the policy has emphasized that the BSEB or the distribution licensee should purchase more power from renewable resources than the minimum specified by the BEREC.

#### **13.4 BEREC (Renewable Purchase Obligation, its Compliance and REC Framework Implementation) Regulations, 2010**

The Commission has notified BEREC (Renewable Purchase Obligation, its Compliance and REC Framework Implementation) Regulations, 2010 (hereinafter referred as BEREC RPO Regulations) on 16<sup>th</sup> November 2010. The Clause 4(1) of the regulation specifies that,

*“Every obligated entity shall purchase not less than 1.5%, 2.5%, 4%, 4.5% and 5% of its total energy consumption (total energy input minus T&D losses) during 2010-11, 2011-12, 2012-13, 2013-14 and 2014-15 respectively from renewable energy sources under the Renewable Purchase Obligation or until reviewed by the Commission. Provided that 0.25% out of the renewable purchase obligation so specified in the year 2010-11 shall be procured from generation based on solar as renewable energy source and shall be increased at a rate of 0.25% every year thereafter till 2014-15 or until reviewed by the Commission.”* Further, it is specified that if the licensees are not able to meet the purchase obligation (including the RE capacity available in the State) from sources located within the State, they shall have the option of purchase the shortfall energy from outside the State. The Clause 5.1 facilitates the licensees purchase of certificates issued under the CERC (Terms and Conditions for recognition and issuance of Renewable Energy Certificate for Renewable Energy Generation) Regulations 2010 as valid instrument for the discharge of the mandatory RE purchase obligation.

The BEREC through its 1<sup>st</sup> amendment in BEREC (Terms and Conditions for Tariff Determination from Solar Energy Sources) Regulations 2012 notification dated 7<sup>th</sup> September 2012 has notified that *“out of the renewable purchase obligation, 0.25% of the consumption in the year 2012-13 shall be procured from generation based on*

*solar energy sources and shall be increased by 0.25% every year thereafter till 2019-20 and by 0.50% in 2020-21 as well as in 2021-22”.*

Based on the above regulations it is made obligatory for erstwhile BSEB and now BSPHCL/DISCOMs to purchase certain percentage of energy of their total energy consumption from Renewable Energy sources from FY 2010-11 to FY 2014-15.

Pending amendment of the BERC RPO regulations, the Commission considers the Renewable Power Purchase Obligation at 5.5% for FY 2015-16 as shown in the table below:

**Table 13.1: Percentage of Renewable Purchase Obligation (RPO)**

<b>From Renewable Sources</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>
Renewable Power Purchase obligation (RPO)	1.50%	2.50%	4.00%	4.50%	5.00%	5.50%
% share of solar power RPO of total RPO	0.25%	0.50%				
% share of solar power in RPO of total energy consumption			0.25%	0.50%	0.75%	1.00%
% share of non-solar power in RPO	1.50% - Solar RPO	2.50% - Solar RPO	3.75%	4.00%	4.25%	4.50%

### **13.5 Power purchases from FY 2010-11 to FY 2013-14 and the Renewable Purchase Obligations (RPO)**

The Commission observed that the NBPDC and SBPDCL have not met the Solar RPO from FY 2010-11 to FY 2012-13 and has approved an amount of Rs.21.08 Crore (NBPDC Rs.7.38 Crore and SBPDCL Rs.13.70 Crore) and factored the same in the ARR of FY 2014-15 and directed the DISCOMs to deposit this amount in a separate fund with a bank to be used for the purposes as directed by the Commission.

The Commission has observed in the truing up for FY 2013-14 that there is a short fall of renewable energy power purchases in FY 2013-14 by Rs.60.64 Crore (NBPDC Rs.27.94 Crore and SBPDCL Rs.32.70 Crore) and accordingly the same is approved

and factored in the ARR of FY 2015-16. The Commission directs NBPDC and SBPDCL to deposit the same in a separate fund in a bank. This amount shall be used with the approval of the Commission for meeting the cost of evacuation and transmission to the nearest interconnection point of the grid of power generated from renewable energy projects which are not covered under clause 4.2.3 of Bihar policy for promotion of New and Energy Sources, 2011.

### 13.6 Co-generation and Biomass Based Plants

Bihar does not have any specific policy for Co-generation at present. However, BEREC issued order for determination of tariff for purchase of electricity by the BSEB from biomass based power plant and bagasse based cogeneration plant in the State of Bihar in suo-motu proceeding No. 2008 vide order dated 21<sup>st</sup> May 2009. The Commission vide order dated 30.11.2012 in suo-motu proceedings no. 31/2012 determined tariff for Biomass based plants and bagasse based cogeneration plants to be commissioned on or after 30.11.12 in FY 2012-13. Further, vide its order in SMP-08/2013 dated 18.6.2013, the Commission determined generic tariff for Bagasse based co-generation plants and Biomass based plant for FY 2013-14 and vide order dated 22.9.2014 in SMP-11/2014 determined generic tariff for Bagasse based co-generation, Biomass based power plants and Biomass gasifier plants for FY 2014-15. Some bagasse based cogeneration plants are generating power in the State. Details of running bagasse based cogeneration plants with whom erstwhile BSEB now BSPHCL has signed PPAs are as follows:

**Table 13.2: Co-generation Plants in Bihar**

Sl. No.	Details of Non-solar (Biomass, Bagasse)	Agreement of Power supply (in MW)	
		Season	Off season
1	New Swadeshi Sugar Mill	5	8
2	Bharat Sugar Mill	10	13
3	JHV Distilleries & Sugar Mills	14.54	18.05
4	Hashan Sugar Mills	5	8
5	BPCL, Sugauli	13	20
6	BPCL, Lauria	13	20
7	Vishnu Vishal Paper Mills Pvt. Ltd.	1	1

BSPHCL expects 3 MW from new cogeneration plant and 7 MW from biomass based plants in 2015-16. Additional 25 MW from cogeneration and 12 MW from biomass is expected in near future.

### **13.7 Small Hydro Power**

Total installed capacity of small hydro power projects is 55 MW. Bihar State Hydroelectric Power Corporation has indentified 40 projects of 275 MW aggregate capacity.

### **13.8 Solar Power**

There is no solar power plant in the State. BSPHCL has signed PPA for an aggregate capacity of 38 MW of solar power with 5 developers. Further in phase-I, BSPHCL has also signed PPAs for 100 MW of solar power based on tariff based competitive bidding process. Another 150 MW of solar power in phase-II is to be procured.

### **13.9 Rural Electrification through Non-Conventional Energy Sources**

One scheme has been sanctioned for electrification of 48 remote villages in Gopalganj and Kaimur districts through non-conventional energy sources under Rajiv Gandhi Gramin Vidyutikaran Yojna. It is being implemented.

**Bihar Electricity Regulatory Commission (BERC)****Vidyut Bhawan-II, Bailey Road, Patna****Time: 11:00 A.M.****Dated: 13<sup>th</sup> January, 2015**

**Minutes of the meeting of the State Advisory Committee (SAC) constituted under section 87 of the Electricity Act 2003 held on 13.01.2015 in the Conference Room of the Commission to discuss on the Tariff petition of BSPGCL, BSPTCL, NBPDC and SBPDCL for FY 2015-16.**

1. The meeting of the State Advisory Committee (SAC) was held on 13.01.2015 under the chairmanship of Sri U. N. Panjiar, IAS (Retd.), Chairman, BERC and SAC. The list of participants present in the meeting is enclosed with the minutes.
2. Welcoming the members, the Chairman explained that the erstwhile Bihar State Electricity Board (BSEB) has been restructured into five companies' viz. Bihar State Power (Holding) Company Limited (BSPHCL), Bihar State Power Generation Company Ltd (BSPGCL), Bihar State Power Transmission Company Ltd. (BSPTCL), North Bihar Power Distribution Company Ltd. (NBPDC) and South Bihar Power Distribution Company Ltd. (SBPDCL). The aforesaid generation, transmission and distribution companies have filed their separate petitions for true up of Aggregate Revenue Requirement (ARR) for FY 2013-14, Annual Performance Review for FY 2014-15 and approval of revised ARR for FY 2015-16 and determination of Generation Tariff of Barauni Thermal Power Station (BTPS), Transmission Tariff for Transmission of electricity by BSPTCL and Tariff for retail sale of electricity by NBPDC and SBPDCL for FY 2015-16.

It was stated by the Hon'ble Chairman that the NBPDC and SBPDCL have proposed common tariff for retail sale of electricity during FY 2015-16. The Chairman also informed the SAC that the Commission has held public hearings at Gaya, Muzaffarpur, Munger, Bhagalpur and Chhapra and have received objections/suggestions on the petitions. The Commission would also conduct public hearing at Darbhanga, Saharsa, Purnea and Patna and would take feedback from the

stakeholders and general public. It was further stated that the suggestion of SAC has also to be considered.

3. The chairman directed the Petitioners to present their proposals to the SAC.

### **GENERATION**

#### **Bihar State Power Generation Company Limited (BSPGCL)**

4. BSPGCL presented the details of the petition stating the status of generating units of BTPS, details of ARR and proposed tariff for FY 2015-16. They proposed generation tariff of Rs. 4.89/unit as against Rs. 4.27/unit approved by the Commission for FY 2015-16.

It was stated by BSPGCL that the unit No. 6 and 7 is under Renovation and Modernization (R&M) and Unit 7 will come in operation from April 2015 and unit 6 from July 2015. Regarding extension project at BTPS, it was stated by BSPGCL that the expected project completion dates for Unit 8 is August 2015 and for Unit 9 is November 2015. The status of Ganga River Water scheme and BTPS Infrastructure Strengthening schemes were presented during the presentation.

5. After the presentation, the committee discussed the following issues pertaining to BSPGCL:

#### **(i) Weighted Average Landed Price of Oil**

During the presentation given by BSPGCL, it was stated that the ratio of Heavy Furnace Oil to that of Light Diesel Oil has been taken in the ratio of 60:40 during the first year of operation, as a result of which, the weighted average works out to be Rs. 58,400/KL.

Chief Engineer Railway, ECR, Hajipur, stated that as against the ratio of HFO:LDO adopted, the proportion should be in the ratio of 80:20 because LDO will be required only for the purpose of lighting up of the coal and also the cost of the LDO is higher. He further emphasized that adopting the ratio of 80:20 will also cut down the weighted average landed price of the oil.

**(ii) Date of restart (CoD) of Units of BTPS:**

The members of the Bihar Industries Association (BIA) raised the issue about the several extension of the date of restart of the units 6 and 7 of the BTPS. They also stated that due to continuous change in the date of operation of the units, it is affecting the ARR of those units.

In reply to the query made by BIA, BSPGCL stated that R&M work has been carried out by BHEL under the supervision of NTPC. The Energy Secretary and Chairman cum Managing Director, BSPHCL, stated that the Govt. is mounting pressure on them to complete the work soon, so that the units may restart as per the schedule proposed in the petition. It was assured by the BSPGCL that they are hopeful to restart the generation as proposed.

The Chairman stated that while passing the Order, the Commission will take in to consideration the views expressed by the members of the SAC and the ARR will be approved after prudence check.

**TRANSMISSION****Bihar State Power Transmission Company Limited (BSPTCL)**

6. BSPTCL presented the petition showing the details of ARR and proposed tariff for FY 2015-16. The Petitioner has proposed Rs.728.46 Crore as Annual Transmission charges to be recovered from the two distribution companies' i.e. NBPDC and SBPDCL which translates in to transmission charges of Rs. 60.70 Crore per month as against Rs.25.35 Crore per month approved by the Commission for FY 2015-16. BSPTCL has further requested for additional revenue recovery of Rs 102.59 Crore and Rs. 241.36 Crore for FY 2013-14 (true-up) and FY 2014-15 (Review) respectively.
7. After the presentation, the committee discussed the following issues pertaining to BSPTCL:

**(iii) Depreciation**

Sanjay Bhartiya of Bihar Industries Association raised the query that there is a difference in the percentage of net depreciation and depreciation on the assets created out of Grants and Consumer Contribution. He also mentioned that, as a result of different percentages adopted, the amount of depreciation is on higher side amounting to Rs. 106.61 Crore as against Rs. 33.89 Crore approved for FY 2013-14.

In reply to the query, BSPTCL replied that the different rates shown are actually derived from the amount of depreciation and average GFA on grants. This rate is derived one and hence the difference which is only notional.

**(iv) Transmission Loss**

During the presentation, BSPTCL was asked to give the reason for the higher transmission loss against the transmission loss approved in the MYT Order. In the MYT Order dated 15.03.2013, the state transmission loss as detailed below has been approved:

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Transmission Loss	4.02%	3.97%	3.92%

Against the above approved percentage, BSPTCL has claimed the following percentage of state transmission loss.

Particulars	FY 2013-14 (Actual)	FY 2014-15	FY 2015-16
Revised Trajectory of Transmission Loss	4.38%	4.38%	4.33%

In reply, BSPTCL stated that the company has only started its independent operation from November 2012. There is a substantial investment pertaining to strengthening of transmission network such as addition of new lines, augmentation of existing transformer capacities etc. The improvement in losses would be reflected after 1-2 years after the commissioning of the transmission assets.

**(v) Return on Equity**

Member of Bihar Industries Association raised the query about the equity addition of Rs. 590.35 Crore during FY 2013-14 in the company as a result of which Return on



Equity has jumped to Rs. 74.22 Crore as against Rs. 32.90 Crore approved for FY 2013-14.

BSPTCL clarified that they have annexed the supportive document in the petition in support to the amount claimed and they also assured that they will further provide supportive documents in support to the equity infusion to the Company by Govt.

The Chairman assured that the Commission would take into account the views expressed by the members of the SAC and appropriate order will be passed. In addition, the Chairman BERC and SAC, directed BSPTCL to submit the following information/clarification by 25.01.2015:-

- 1) Supportive document in support of the amount of Rs. 590.35 Crore claimed as equity addition during FY 2013-14 along with the details of investment which has come in operation and source of grants/loans,
- 2) Justification for the substantial increase in O&M expenses. The details of new appointments and amount of ACP arrears with details,
- 3) Increase in R&M expenses from Rs. 14 Crore to Rs. 59 Crore requires clarification. Broad item wise expenditure details,
- 4) Power transmitted in MVA by BSPTCL in the FY 2013-14 (actual), FY 2014-15 (RE), FY 2015-16 (Estimate) and energy transmitted in MU,
- 5) Per unit transmission cost (Rs./kWh) and transmission charges (Rs./MVA/month) worked out for FY 2013-14, FY 2014-15 and FY 2015-16,
- 6) Separate ARR of State Load Despatch Centre (SLDC), to have clear idea of SLDC expenses and charges,
- 7) Monthly energy accounting report (Energy received and energy sent out to Distribution Companies) from 1<sup>st</sup> April 2014 to 30<sup>th</sup> November 2014.

#### **DISTRIBUTION**

#### **North Bihar Power Distribution Company Limited (NBPDC) & South Bihar Power Distribution Company Limited (SBPDCL)**

8. The two distribution companies i.e. NBPDC and SBPDCL presented their petition showing the details of ARR and proposed tariff for FY 2015-16. The Petitioners have proposed a combined gap of Rs.2540.28 Crore (Rs. 811.31 Crore for NBPDC and

Rs. 1729.26 Crore for SBPDCL), which will require a tariff hike of 49.65%. To avoid tariff shock, the Petitioners have proposed to create regulatory asset of Rs. 1740 Crore out of total gap, to be amortized in three years starting from FY 2016-17. Further, the balance gap of Rs. 800.57 Crore along with carrying cost of Rs. 256.65 Crore (i.e. total of Rs. 1057.22 Crore), proposed to be recovered through the tariff hike of 20.66%.

9. After the presentation, the committee discussed the following issues pertaining to NBPDC and SBPDCL:

**(vi) Distribution Loss**

The member of Bihar Industries Association queried that why there is a wide difference in the distribution loss of the two DISCOMs. The loss proposed by SBPDCL is much higher than NBPDC. For FY 2015-16 SBPDCL has proposed a loss of 41.65% and the NBPDC has proposed 28.48% against 20% approved by the Commission. In response, Managing Director, SBPDCL, replied that the main difference arises due to supply of power to Nepal by NBPDC where there is no distribution loss. The loss is very minimal while supplying power to Nepal. Also, the rural franchisees under NBPDC are much more successful than SBPDCL. It was also stated by Managing Director, NBPDC, that the response of the general consumers is better during the new connection camps in the area of NBPDC. The Chairman, BER and SAC directed the distribution companies to submit the figures of Distribution losses in franchisee area like Muzaffarpur, Gaya and Bhagalpur. MD, SBPDCL also mentioned that there are 19 districts in South Bihar and 21 districts in North Bihar and general law and order is better in the area of the NBPDC compared to the area under SBPDCL.

**(vii) Power Purchase and Sale Ratio between the two DISCOMs**

The Chairman enquired about the ratio pertaining to the sales and power purchase among the two DISCOMs.

In response, the Managing Director, SBPDCL, replied that as per new resolution of the BSEHCL power purchase has been allocated in the ratio of 58% to SBPDCL and 42% to NBPDC.

**(viii) Adherence of Tariff Policy**

The Chairman, BERC, stated that according to Tariff Policy notified by Govt. of India, category wise tariff should be in the price band of  $\pm 20\%$  of the average Cost of Supply. But the DISCOMs have proposed further deviation from average Cost of Supply for some categories of the consumers.

Bihar industries Association requested that cross subsidization should be as per the Tariff Policy.

The Chairman, BERC, stated that while passing the Tariff Order, the Commission shall try to determine the tariff within  $\pm 20\%$  of the Average cost of Supply.

#### **Retail Tariff Schedule**

- (ix) The Chairman, BERC and SAC invited the member to give their response on the tariff schedule proposed by the DISCOMs.

BIA suggested that limit of transformer capacity of 150% of the Contract Demand in case of HT categories of consumers should be abolished. This practice is not being followed by many other neighbouring states of Bihar.

Prof. W.S. Triar, Head of Department of Electrical Engineering, NIT, Patna stated that the transformer capacity of 150% of the contract demand is sufficient and safe for operation. It is not also proper to keep too much capacity of transformer if it is not required.

The SBPDCL also stated that extra capacity of transformer will increase the no load loss so capacity of transformer of 150% of contract demand is appropriate. It is also to be noted that all HT/EHT consumers having contract demand of 200KVA and above are allowed to have a standby transformer equivalent to the capacity of main transformers, as per existing tariff order.

Chairman, BERC stated that this point will be considered while passing the Tariff Order.

- (x) It was suggested by the member of Bihar Industries Association (BIA) and other members of the SAC to consider for a separate tariff for 500 watts in the Non-Domestic category as minimum demand for tariff purpose, so that small shops like beetle shop, gumti, etc. may not be compelled to take load of 1000 watt and pay for the same. The Chairman BERC and SAC stated that such proposal has also come during public hearings on Tariff Petition. The Chairman stated that the Commission will consider it during determination of tariff schedule.
- (xi) It was also suggested by BIA to abolish the fixed charges and MMC from all the L.T. categories also to which Chairman, BERC, replied that it is not appropriate to completely remove the fixed charges from all the categories as each consumer is required to pay the capacity charges for the load contracted.
- (xii) The members of Bihar Industries Association (BIA) requested to provide the information of energy audit results, metering status, compliance of the directives and others on the website of the related utility.

The Chairman directed NBPDC and SBPDCL to upload all the information/data/clarification which they submit to the Commission on their website.

The Chairman thanked all the Members and officials present in the meeting for attending the meeting and giving valuable suggestions. It was further stated that the Commission would consider these suggestion while passing the tariff orders of the Generation, Transmission and Distribution companies.

List of Participants

1	<b>The Chairman</b> Bihar Electricity Regulatory Commission, Vidyut Bhawan-II, Bailey Road, Patna	15	<b>Shri Lakshman Bhakta</b> , Dy. Director (P) Bihar Electricity Regulatory Commission, Vidyut Bhawan-II, Bailey Road, Patna
2	<b>The Secretary</b> Department of Energy Government of Bihar, Patna	16	<b>Shri S. K. P Singh, Director (Projects)</b> North Bihar Power Distribution Company Ltd, Vidyut Bhawan, Bailey Road, Patna
	<b>The Member</b> Bihar Electricity Regulatory Commission, Vidyut Bhawan-II, Bailey Road, Patna	17	<b>Shri Vijay Kumar, G.M. (Rev)</b> North Bihar Power Distribution Company Ltd, Vidyut Bhawan, Bailey Road, Patna
	<b>The Chairman-cum-Managing Director</b> Bihar State Power (Holding) Company Ltd, Vidyut Bhawan, Bailey Road, Patna	18	<b>Shri Rakesh, EEE/Inter state</b> Bihar State Power (Holding) Company Ltd, Vidyut Bhawan, Bailey Road, Patna
3	<b>The Managing Director</b> North Bihar Power Distribution Company Ltd, Vidyut Bhawan, Bailey Road, Patna	19	<b>Shri Arvind Kumar, DGM (F)</b> Bihar State Power Generation Company Ltd, Vidyut Bhawan, Bailey Road, Patna
4	<b>The Managing Director</b> South Bihar Power Distribution Company Ltd, Vidyut Bhawan, Bailey Road, Patna	20	<b>Shri N. K. Jha, GM (F)</b> South Bihar Power Distribution Company Ltd, Vidyut Bhawan, Bailey Road, Patna
5	<b>The Additional Secretary</b> Food & Consumer Protection Deptt., Govt. of Bihar, Patna	21	<b>Shri Pramod Tiwari, Dy. GM (A/c)</b> BSPTCL & NBPDC Vidyut Bhawan, Bailey Road, Patna
6	<b>The Chief Electrical Engineer,</b> East Central Railway, Hajipur	22	<b>Shri Keshav Ranjan Pd. (OSD)</b> Bihar State Power (Holding) Company Ltd, Vidyut Bhawan, Bailey Road, Patna
7	<b>The Director</b> Bihar Renewable Energy Dev. Agency, Sone Bhawan, Patna	23	<b>Shri Nadeem Ahmad, EEE(Comml.)</b> South Bihar Power Distribution Company Ltd, Vidyut Bhawan, Bailey Road, Patna
8	<b>The Head of the Department</b> Deptt. of Electrical Engineering, National Institute of Technology (NIT), Patna	24	<b>Shri J. K. Dubey, EEE(Comml.)</b> North Bihar Power Distribution Company Ltd, Vidyut Bhawan, Bailey Road, Patna
9	<b>The President</b> Bihar Chamber of Commerce, Khem Chand Chaudhary Marg, Patna	25	<b>Shri Ankesh Desai</b> Consultant, IL&FS Energy
10	<b>The President</b> Bihar Industries Association, Sinha Library Road, Patna	26	<b>Shri Nitin Gupta</b> Consultant, CRISIL
11	<b>Shri Parmanand Singh, Secretary</b> Bihar Electricity Regulatory Commission, Vidyut Bhawan-II, Bailey Road, Patna	27	<b>Shri Atul Abhishek Singh</b> Consultant, CRISIL
12	<b>Shri Sanjeev Kr. Singh, Dy. Director (A)</b> Bihar Electricity Regulatory Commission, Vidyut Bhawan-II, Bailey Road, Patna	28	<b>Shrimati Amrita Kaur</b> Consultant, CRISIL
13	<b>Shri Priya Ranjan, Consultant</b> Bihar Electricity Regulatory Commission, Vidyut Bhawan-II, Bailey Road, Patna	29	<b>Shri Souvik Das</b> Consultant, ASCI
14	<b>Shri Nand Sharma, Consultant</b> Bihar Electricity Regulatory Commission, Vidyut Bhawan-II, Bailey Road, Patna		

## Public Hearing at Gaya on 17.12.2014

**Appearance on behalf of SBPDCL**

1.	Shri Nadeem Ahmad	EEE (Commercial), SBPDCL, Patna
2.	Shri Abhishek Raj	AEE (Comml.), SBPDCL, Patna
3.	Shri Chandra Shekhar Kumar	Elec. Executive Engineer, (Rural) District Administration, Gaya
4.	Shri Atul Abhishek Singh	Sr. Consultant, SBPDCL, Patna
5.	Shri Nitin Gupta	Manager, SBPDCL Patna
6.	Shri Pradeep Kumar	A.O, ESE Gaya, SBPDCL
7.	Shri Ambuj Kr. Himanshu	AEE/Tekari/Gaya/ SBPDCL
8.	Shri Chandra Prakash	Revenue Officer, SBPDCL Gaya
9.	Shri Shekhar Tripathi	AEE (P) SBPDCL, Gaya
10.	Shri Rakesh Kr. Nirala	AEE/ESSD, Gaya Rural SBPDCL
11.	Shri Navin Kumar	AEE, Supply Sherghati, SBPDCL
12.	Shri Amit Kumar	AEE/S/Emamganj, SBPDCL
13.	Shri Keshav Kumar	AEE (P), Sherghati, SBPDCL
14.	Shri Rana Pratap Singh	JEE/Gurua, SBPDCL
15.	Shri Ajay Kumar	JEE/ESS/Dumariya, SBPDCL
16.	Shri Ashok Kumar	JEE/Sherghati, SBPDCL
17.	Shri Karn Pallav	Dy. Gen. Manager, (Regulatory Affairs) India Power Corp. Ltd.
18.	Shri Mukesh Kumar	Asst. Manager, India Power Corp. (Bodh-Gaya) Ltd.
19.	Shri Subodh Kumar Tyagi	G.M. (Tech) India Power Corp. (Bodh-Gaya) Ltd.
20.	Shri Kamal Kishor Tosawar	AVP (F&A) India Power Corp. (Bodh-Gaya) Ltd.
21.	Shri Ravishankar P. Shukla	General Manager (Comml.) India Power Corp. (Bodh-Gaya) Ltd.
22.	Shri Alok Nandan	SBPDCL Gaya
<b>Appearance on behalf of stakeholder/Public</b>		
1.	Shri Prakash Ram Patwa	Secretary, Patwa Bunkar Manch, Gaya
2.	Shri Jitesh Kumar	Secretary, Vastra Udyog Bunkar Sewa Samittee, Manpur, Gaya
3.	Shri Shirish Prakash	President, Gaya District Cold Storage Owners Association, Gaya
4.	Shri Brij Nandan Pathak	Secretary, Vidyut Upbhokta Sangharsh Samitee, Gaya
5.	Shri Devendra Kr. Jain	President, Central Bihar Chamber of Commerce, Saket G B Road, Gaya
6.	Shri Arvind Kumar	President, South Bihar Industries Association, Gaya
7.	Smt. Rasida Khaton	Salempur, PO- Nauranga, Gaya

**Public Hearing at Bhagalpur on 07.01.2015****Appearance on behalf of SBPDCL**

1.	Shri Vijay Kumar	ESE (Commercial), SBPDCL, Patna
2.	Shri Abhishek Raj	AEE (Comml.), SBPDCL, Patna
3.	Shri Kaushal Kr. Singh	Sr. Executive Engineer, BEDCPL, Bhagalpur
4.	Shri Susheem Pandey	G.M. Commercial, Bhagalpur Electricity Distribution Co. Ltd.
5.	Shri Manoj Yadav	COO, Bhagalpur Electricity Distribution Co. Ltd.
6.	Shri Suresh Prasad Singh	Elec. Ex. Er., Franchisee Monitory Cell, Bhagalpur
7.	Shri Atul Abhishek Singh	Sr. Consultant, SBPDCL, Patna
8.	Shri Nitin Gupta	Manager, SBPDCL Patna
9.	Smt. Rani Choubey,	PR-Head, BEDCPL, Bhagalpur
<b><u>Appearance on behalf of stakeholder/Public</u></b>		
1.	Shri Ashok Jeevrajka	Executive Chairman, Bhagalpur Zila Naagrik Sangh
2.	Shri Jawahar Pd. Mandal	Secretary, Kisan Sangharsh Samiti, Bhagalpur
3.	Shri Sanjay Kumar	Joint Secretary, Gandhi Peace Foundation Centre, Bhagalpur
4.	Shri Shashi Shanker Roy	Dy. Secretary, BJP, Bhagalpur
5.	Shri Santosh Kumar	Chairman, Sarvoday Samajik Sansthan Sahebganj, Bhagalpur
6.	Shri Raman Shah	Vice-president, Eastern Bihar Chamber of Commerce & Industry
7.	Shri Rohit Jhunjhunwala	Secretary, Eastern Bihar Chamber of Commerce and Industries
8.	Shri R. K. Santhalia	Secretary, Eastern Bihar Chamber of Commerce and Industries
9.	Shri Mukutdhari Agrawal	President, Eastern Bihar Chamber of Commerce and Industries, Bhagalpur
10.	Shri Prakash Chandra Gupta	Convenor, Bijli Upbhokta Sangharsh Samiti, Bhagalpur
11.	Shri Surendra Kumar Dalamia	Rajesh Industries, Marwari Tola Lane Bhagalpur
12.	Md. Ainul Hoda	Social, Activist, Gandhi Shanti Prasthan, Bhagalpur
13.	Md. Ezaj Ali	Prof, Rise, NUC Bhagalpur
14.	Shri Debasish Banerjee	Prabkta, Bunkar Sangharsh Samiti, Champanagar, Nathnagar, Bhagalpur
15.	Shri Nejahat	Chairman, Champanagar, Nathnagar, Bhagalpur
16.	Shri Shashi Shankar	Hindustan Newspaper, Bhagalpur
17.	Shri A. K. Singhanian	Advocate, Bhagalpur

18.	Shri Rishi Kumar Jha	Sr. Reporter, Prabhat Khabar
19.	Shri Gautam Suman	Central President, Angutthanandolan Samiti, Bihar Jharkhand
20.	Shri Pradeep Kumar	Chairman, Lodipur Paces Ltd. and Chairman Kisan Morcha BJP, Bhgalpur
21	Shri Sanjay Kr. Sinha	Ward Counsellor, Ward No. 21 Bhagalpur
22	Shri Niranjan Pd. Saha	Jila Upadhyaksha, BJP Bhagalpur
23	Shri Raj Kumar Dibedal	Narayan Shiksha Lane, Bhagalpur
24	Shri Kamal Kumar	Marwari Jug Manch, Bhagalpur
25	Shri Rakesh Kumar	Manager, New Patliputra Gas Manufacturers Bhagalpur

**Public Hearing at Munger on 08.01.2015**

**Appearance on behalf of SBPDCL**

1.	Shri Vijay Kumar	ESE (Commercial), SBPDCL, Patna
2.	Shri Abhishek Raj	AEE (Comml.), SBPDCL, Patna
3.	Shri Manoj Kumar	Elec. Executive Engineer, (C&R) Electrical Supply Circle, Munger
4.	Shri Atul Abhishek Singh	Sr. Consultant, SBPDCL, Patna
5.	Shri Nitin Gupta	Manager, SBPDCL Patna
6.	Shri Sumit Kumar	Revenue Officer, ESD Munger

**Appearance on behalf of stakeholder/Public**

1.	Shri Surjeet Kumar	Advocate, Munger
2.	Shri Prabhat Kumar	Secretary, Munger Chamber of Commerce, Munger
3.	Shri Santosh Agrawal	Vice-president, Munger Chamber of Commerce, Munger
4.	Shri Swami Mahapragyanand Saraswati	Swami, Bihar School of Yoga Munger
5.	Shri Ram Lochan Singh	Advocate, Bihar Yoga Bharti Fort, Munger
6.	Shri Gautam Kumar Mishra	Member, Public Rights Front Bihar Janadhikar Morcha, Bihar
7.	Shri Sanjay Keshry	Founder President, Public Rights Front Bihar Janadhikar Morcha, Bihar
8.	Md. Neyaz Uddin	Youth President, Public Rights Front Bihar Janadhikar Morcha, Bihar
9.	Shri Manish Kumar	Entrepreneur, Shri Pitambara Brick Udyog Jamalpur, Unit of Fly Ash Bricks Industry
10.	Shri Ratan Kumar Sah	Advocate
11.	Shri Hari Narayan Jaiswal	Social worker, Bari Bazar, Lal



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		Kothi Munger
12.	Rajesh Kumar Jain	President, Munger Chamber of Commerce, Munger
13.	Shri Nirmal Kr. Jalan	Spokesperson, Munger Chamber of Commerce, Munger
14.	Shri Bahadur Ram	Ret. Peon, Munger
15.	Shri Rajesh Kumar Gupta	Consumer, Sadar Bazar, Tip top road, Jalalpur, Munger

## Public Hearing at Patna on 03.02.2015 and 04.02.2015

**Appearance on behalf of SBPDCL & NBPDC**

1.	Shri M. K. Jha	DGM (Finance), SBPDCL, Patna
2.	Shri Vijay Kumar	ESE (Comml.), SBPDCL, Patna
3.	Shri Rajeev Amit	GM cum CE, PESU Area
4.	Shri Nadeem Ahmad	EEE (Commercial), SBPDCL, Patna
5.	Shri Binod Kumar	AEE (Commercial), SBPDCL, Patna
6.	Shri Amit Kumar	JEE , SBPDCL, Patna
7.	Shri Atul Abhishek Singh	Sr. Consultant, SBPDCL, Patna
8.	Shri Harsh Gulati	Consultant, SBPDCL & NBPDC, Patna
9.	Shri Shekhar Garg	Consultant, SBPDCL & NBPDC, Patna
10.	Shri Purushottam Prasad	CE (Comml.), NBPDC, Patna
11.	Shri Pramod Tiwari	Dy. G.M (A/C), NBPDC, Patna
12.	Shri Bijendra Kr. Nirala	SRM (F&A), NBPDC, Patna
13.	Shri Jayant Kumar Dubey	EEE (Comml.), NBPDC, Patna
14.	Shri Sunil Kumar	Accounts Officer, BSPGCL, Patna
<b>Appearance on behalf of stakeholder/Public</b>		
1.	Shri C. K. Parashar	Vice-President, Art and Culture Munch State BJP
2.	Shri Sanjay Kanodia	Exe. Manager, Balmukund Concast Ltd. Patna
3.	Shri Ram Gopal Verma	Chief Liaison Officer, Riga Sugar Co. Ltd. Sitamarhi
4.	Shri Sanjeev Kishore Sinha	Accounts Manager, Kumar Tech Bio Products Pvt. Ltd.
5.	Shri Subodh Kumar	Secretary General, Bihar Industries Association Patna
6.	Shri Ram Deo Verma	Vice-president, Bihar State Kisan Sabha, Patna
7.	Shri Ramesh Chandra Gupta	Treasurer, Bihar Industries Association
8.	Miss Shweta Sinha	Executive, Bihar Industries Association
9.	Shri Abhishek Kumar	Executive Officer, Bihar Industries Association
10.	Shri Arjun Lal	Advocate, Bihar Chamber of Commerce and Industries, Patna
11.	Shri Umesh Poddar	Chairman Energy Sub-Committee, Bihar Chamber of Commerce and Industries, Patna
12.	Shri Subhash Kr. Patwari	Vice-president, Bihar Chamber of Commerce and Industries, Patna
13.	Shri Sanjeev Kumar	Sr. Manager, Kalyanpur Cements Ltd.
14.	Shri P. K. Choubey	CFO & Co-Secretary, Kalyanpur Cements Ltd.
15.	Shri S. K. Patwari	Director, Patwari Steels Pvt. Ltd.
16.	Shri Satendra Kumar	M.D, Dhankuwar Cold Storage Pvt.

		Ltd. Digha Patna
17.	Shri A.K.P Sinha	Director, M/s Natraj Engineer Pvt. Ltd., Patna
18.	Shri Shashi Shekhar	President, Sangharsh Yatra
19.	Shri Ajay Kumar	Om Shivam Modern Rice Milk Pvt. Ltd. Sasaram
20.	Shri Durga Pd. Choudhary	Secretary, Kranti Consumer Welfare Society Raghapur
21.	Shri Satish Chandra	Shri Kapil Deo Agro Products (P) Ltd. Sasaram
22.	Shri Rajiv Ranjan Kumar	Chairman, Guptaji Brothers Rice Mill Pvt. Ltd. Rohtas
23.	Shri Surya Shekhar Panda	Regional Manager (Eastern India) Indian Energy Exchange Ltd.,
24.	Shri Sukanta Dutta	Asst. Manager, HPCL Power Trading Pvt. Ltd.
25.	Shri Shubhang Nandan	BPIC
26.	Shri Sanjay Bhartiya	Chairman, Energy Sub-Committee Bihar Industries Association, Patna
27.	Shri Abhimanyu Pd. Saha	Br. Admin Service (Retd.) General Consumer Interest
28.	Shri Doman Singh	Consumer, DS-II Category Patna
29.	Prof. Pramod Kumar Sharma	President, Vaishali Vidyut Upbhokta Sangh
30.	Shri Dhiraj Kumar	Consumer, Chirayatand, Patna
31.	Shri Bhanu Shekhar Pd. Singh	Consumer
32.	Shri Sridhar Pathak	Retd. S.A.O
33.	Shri Barun Kumar Singh	Consumer
34.	Shri Ram Kishore Singh	Secretary, State JDU Kisan Sanghatan
35.	Shri Nawal Kishore Singh	Consumer, Patna
36.	Shri Prashant Kumar	Consumer, Patna