



DELHI ELECTRICITY REGULATORY COMMISSION

Vinayak Bhawan, 'C' Block, Shivalik, Malviya Nagar, New Delhi-110017.

FD/1549/DERC/2017-18/

Petition No. 68/2017

**In the matter of: Petition for Truing up of Expenses upto FY 2016-17 and Annual Tariff
Petition for FY 2018-19.**

BSES Rajdhani Power Ltd.
Through its: CEO
BSES Bhawan,
Nehru Place,
New Delhi-110019.

...Petitioner/Licensee

Coram: Sh. B. P. Singh, Member.

ORDER


(Date of Order: 28.03.2018)

M/s. BSES Rajdhani Power Limited (BRPL) has filed the instant Petition for Truing up of Expenses upto FY 2016-17 and approval of Annual Revenue Requirement for FY 2018-19. The Petition was admitted by the Commission vide Order dated 26.12.2017. The Petition along with Executive summary was uploaded on the website of the Commission seeking response of the stakeholders; and was also widely publicised through advertisement in newspapers.

The comments and suggestions of the stakeholders, the submissions made during the public hearing held on 23.03.2018 and the arguments advanced by the Petitioner have been duly considered and the Commission in exercise of the power vested in it by the Electricity Act, 2003 and Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017, hereby pass this Tariff Order signed, dated and issued on 28.03.2018.

The Petitioner shall take immediate steps to implement the said Order, so as to make the revised tariffs applicable from 01.04.2018.

This Tariff Order shall remain in force till replaced by a subsequent Tariff Order and/or is amended, reviewed or modified, in accordance with the provisions of the Electricity Act, 2003 and the Regulations made there under.


(B. P. Singh)
Member

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LIST OF ABBREVIATIONS

Abbreviation	Explanation
ARR	Aggregate Revenue Requirement
A&G	Administrative and General
AAD	Advance Against Depreciation
ABT	Availability Based Tariff
ACD	Advance Consumption Deposit
AMR	Automated Meter Reading
APDRP	Accelerated Power Development and Reforms Program
AT&C	Aggregate Technical and Commercial
ATE	Appellate Tribunal for Electricity
BEST	Birhanmumbai Electric Supply and Transport
BHEL	Bharat Heavy Electricals Limited
BIS	Bureau of Indian Standards
BPTA	Bulk Power Transmission Agreement
BRPL	BSES Rajdhani Power Limited
BST	Bulk Supply Tariff
BTPS	Badarpur Thermal Power Station
BYPL	BSES Yamuna Power Limited
CAGR	Compounded Annual Growth Rate
CCGT	Combined Cycle Gas Turbine
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CFL	Compact Fluorescent Lamp
CGHS	Cooperative Group Housing Societies
CGS	Central Generating Stations
CIC	Central Information Commission
CISF	Central Industrial Security Force
CoS	Cost of Supply
CPI	Consumer Price Index
CPRI	Central Power Research Institute
CPSUs	Central Power Sector Utilities
CSGS	Central Sector Generating Stations
CWIP	Capital Work in Progress
DA	Dearness Allowance
DDA	Delhi Development Authority
DERA	Delhi Electricity Reform Act
DERC	Delhi Electricity Regulatory Commission
DIAL	Delhi International Airport Limited
DISCOMs	Distribution Companies (BRPL, BYPL, TPDDL & NDMC)

Abbreviation	Explanation
DMRC	Delhi Metro Rail Corporation
DPCL	Delhi Power Company Limited
DTL	Delhi Transco Limited
DVB	Delhi Vidyut Board
DVC	Damodar Valley Corporation
EHV	Extra High Voltage
EPS	Electric Power Survey
FBT	Fringe Benefit Tax
FPA	Fuel Price Adjustment
GFA	Gross Fixed Assets
GIS	Geographical Information System
GoNCTD	Government of National Capital Territory of Delhi
GTPS	Gas Turbine Power Station
HEP	Hydro Electric Power
HPSEB	Himachal Pradesh State Electricity Board
HRA	House Rent Allowance
HT	High Tension
HVDS	High Voltage Distribution System
IDC	Interest During Construction
IGI Airport	Indira Gandhi International Airport
IPGCL	Indraprastha Power Generation Company Limited
JJ Cluster	Jhuggi Jhopadi Cluster
KSEB	Kerala State Electricity Board
LED	Light Emitting Diode
LIP	Large Industrial Power
LT	Low Tension
LVDS	Low Voltage Distribution System
MCD	Municipal Corporation of Delhi
MES	Military Engineering Service
MLHT	Mixed Load High Tension
MMC	Monthly Minimum Charge
MoP	Ministry of Power
MTNL	Mahanagar Telephone Nigam Limited
MU	Million Units
MYT	Multi Year Tariff
NABL	National Accreditation Board for Testing and Calibration of Laboratories
NAPS	Narora Atomic Power Station
NCT	National Capital Territory
NCTPS	National Capital Thermal Power Station

Abbreviation	Explanation
NDLT	Non Domestic Low Tension
NDMC	New Delhi Municipal Council
NEP	National Electricity Policy
NGO	Non Government Organisation
NHPC	National Hydroelectric Power Corporation
NPCIL	Nuclear Power Corporation of India Limited
NRPC	Northern Regional Power Committee
NTI	Non Tariff Income
NTP	National Tariff Policy
O&M	Operations and Maintenance
OCFA	Original Cost of Fixed Assets
PGCIL	Power Grid Corporation of India
PLF	Plant Load Factor
PLR	Prime Lending Rate
PPA	Power Purchase Agreement / Power Purchase Adjustment
PPCL	Pragati Power Corporation Limited
PTC	Power Trading Corporation
PWD	Public Works Department
R&M	Repair and Maintenance
RAPS	Rajasthan Atomic Power Station
REA	Regional Energy Account
RoCE	Return on Capital Employed
ROE	Return on Equity
RRB	Regulated Rate Base
RTI	Right to Information
RWA	Resident Welfare Associations
SBI	State Bank of India
SERC	State Electricity Regulatory Commission
SIP	Small Industrial Power
SJVNL	Satluj Jal Vidyut Nigam Limited
SLDC	State Load Despatch Centre
SPD	Single Point Delivery
SPUs	State Power Utilities
SVRS	Special Voluntary Retirement Scheme
THDC	Tehri Hydro Development Corporation
ToD	Time of Day
TOWMCL	Timarpur Okhla Waste Management Company (P) Limited
TPDDL	Tata Power Delhi Distribution Limited
TPS	Thermal Power Station

Abbreviation	Explanation
UI	Unscheduled Interchange
UoM	Units of Measurement
WACC	Weighted Average Cost of Capital
WC	Working Capital
WPI	Wholesale Price Index

A1: INTRODUCTION

1.1 This Order relates to the Petition filed by BSES Rajdhani Power Limited (BRPL) (hereinafter referred to as 'BRPL or the 'Petitioner') for True-Up of ARR for 2016-17 for Distribution Business in terms of *Delhi Electricity Regulatory Commission (Terms & Conditions for determination of Wheeling and Retail Supply Tariff) Regulations, 2011* (hereinafter referred to as the '2nd MYT Distribution Regulations, 2011') and approval of Aggregate Revenue Requirement & Tariff for FY 2018-19 in terms of *Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017* (hereinafter referred to as 'Tariff Regulations, 2017') and *Delhi Electricity Regulatory Commission Business Plan Regulations, 2017* (hereinafter referred to as 'Business Plan Regulations' 2017).

BSES RAJDHANI POWER LIMITED (BRPL)

1.2 BSES Rajdhani Power Limited (BRPL) is a company incorporated under the Companies Act, 1956 and is engaged in the business of distribution and retail supply of electricity within its area of supply (as defined in the licence) in the National Capital Territory (NCT) of Delhi.

DELHI ELECTRICITY REGULATORY COMMISSION

1.3 Delhi Electricity Regulatory Commission (hereinafter referred to as 'DERC' or the Commission') was constituted by the GoNCTD on 03/03/1999 and it became operational from 10/12/1999.

1.4 The Commission's approach to regulation is driven by the Electricity Act, 2003, the National Electricity Plan, the National Tariff Policy and the Delhi Electricity Reform Act 2000 (hereinafter referred to as 'DERA'). The Electricity Act, 2003 mandates the Commission to take measures conducive to the development and management of the electricity industry in an efficient, economic and competitive manner, which inter alia includes Tariff determination.

THE STATE ADVISORY COMMITTEE MEETING

1.5 The Commission has, since constitution of the State Advisory Committee on

27/03/2003, held 17th meetings so far. In the 17th State Advisory Committee Meeting held on 16/03/2018, the Commission discussed the following:

Table 1: Issues discussed in 17th State Advisory Committee Meeting

Sr. No.	Issues Discussed
i.	Tariff Petition for True up of FY 2016-17 and ARR & Tariff determination of FY 2018-19
ii.	Approach Paper on Tariff Rationalisation
iii.	Energy Audit of DISCOMs

MULTI YEAR TARIFF REGULATIONS

- 1.6 The Commission issued Tariff Regulations vide gazette notification dated 31/01/2017 specifying Terms and Conditions for Determination of Tariff for Distribution of Electricity under the Multi Year Tariff (MYT) framework. Further the operational norms for Distribution utilities have also been approved by the Commission in *Delhi Electricity Regulatory Commission Business Plan Regulations, 2017* under Tariff Regulations for the period FY 2017-18 to FY 2019-20.
- 1.7 The Commission issued 'MYT Distribution Regulations, 2011' vide Order dated 02/12/2011 specifying Terms and Conditions for Determination of Tariff for Distribution of electricity under the Multi Year Tariff (MYT) framework for the period FY 2012-13 to FY 2014-15.
- 1.8 The Commission vide Order dated October 22, 2014 has extended the MYT period of FY 2012-13 to FY 2014-15 for a further period of one year till FY 2015-16.
- 1.9 Further, the Commission has extended the applicability of MYT Distribution Regulations, 2011' for FY 2016-17 in Tariff Regulations, 2017 as follows:

"NORMS OF OPERATION AND TRUING UP

139. Performance review and adjustment of variations in the ARR and Revenue for the Utilities for FY 2016-17 shall be considered in accordance with the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Generation Tariff) Regulations, 2011, Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011 and Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011."

FILING OF PETITION FOR TRUE UP AND ARR**FILING AND ACCEPTANCE OF PETITION**

- 1.10 BRPL has filed its Petition on 08/12/2017 before the Commission for approval of Aggregate Revenue Requirement (ARR) for the FY 2018-19 and True-up upto FY 2016-17.
- 1.11 The Commission admitted the Petition vide its Order dated 26/12/2017 subject to clarifications / additional information, if any, which would be sought from the Petitioner from time to time. A copy of the Admission Order dated 26/12/2017 is enclosed as **Annexure I** to this Order.

INTERACTION WITH THE PETITIONER

- 1.12 The Order has referred at numerous places to various actions taken by the "Commission". It may be mentioned for the sake of clarity, that the term "Commission" in most of the cases refers to the officers of the Commission, Staff Consultants and C&AG empanelled Auditors appointed by the Commission for carrying out the due diligence on the Petition filed by the Petitioner, obtaining and analyzing information/clarifications received from the utilities and submitting all issues for consideration by the Commission.
- 1.13 The Commission held Public Hearing on 23/03/2018 to take a final view with respect to various issues concerning the principles and guidelines for tariff determination. The Commission has considered the inputs/comments received from various stakeholders along-with the due diligence conducted by the officers of the Commission and the Staff Consultants in arriving at its final decision. The use of the term "*Commission*" may, therefore, be read in the context of the above clarification.
- 1.14 A preliminary scrutiny/analysis of the petition submitted by the Petitioner was conducted. Further, additional information/clarifications were solicited from the Petitioner as and when required. The Commission and the Petitioner also discussed key issues raised in the petition, which included details of capital expenditure and capitalisation plan, allocation of expenses into Wheeling and Retail Supply Business, AT&C loss reduction trajectory, liability towards SVRS expenditure, etc.
- 1.15 The Commission also conducted multiple validation sessions with the Petitioner

during which discrepancies in the Petition and additional information required by the Commission were sought. Subsequently, the Petitioner submitted replies to the issues raised in these sessions and provided documentary evidence to substantiate its claims regarding various submissions.

PUBLIC NOTICE

1.16 The Commission issued Public Notice in the following newspapers inviting comments from stakeholders on the Tariff Petitions filed by the Petitioner latest by 31/01/2018:

(a)	Indian Express (English)	:	03/01/2018
(b)	The Pioneer (English)	:	03/01/2018
(c)	Times of India (English)	:	03/01/2018
(d)	Navbharat Times (Hindi)	:	03/01/2018
(e)	Hindustan (Hindi)	:	03/01/2018
(f)	Jadid-in-Dinon (Urdu)	:	03/01/2018
(g)	Educator (Punjabi)	:	03/01/2018

1.17 The Public Notice is available on Commissions website www.derc.gov.in

1.18 The Petitioner also published a Public Notice indicating salient features of its petition for inviting comments from the stakeholders and requesting to submit response on the petition on or before 31/01/2018 in the following newspapers on the respective dates mentioned alongside:

(a)	The Hindu (English)	:	02/01/2018
(b)	The Times of India (English)	:	02/01/2018
(c)	Navbharat Times (Hindi)	:	03/01/2018
(d)	Punjabi Tribune (Punjabi)	:	04/01/2018
(e)	Inquilab (Urdu)	:	04/01/2018

1.19 The Public Notice is available on Commissions website www.derc.gov.in

1.20 A copy of the Petition was also made available for purchase from the head-office of the Petitioner on any working day between 11 A.M. and 4 P.M. on payment of Rs.100/- for hard copy of each petition either by cash or demand draft/pay order. A copy of the complete petition was also uploaded on the website of the Commission, as well as that of the Petitioner, requesting for comments of the stakeholders thereon.

1.21 At the request of the stakeholders, the Commission extended the last date for filing objections and suggestions up to 21/02/2018 for which the Public Notice was issued in the following newspapers on the respective dates mentioned along side:

(a)	Times of India (English)	:	01/02/2018
(b)	Pioneer (English)	:	01/02/2018
(c)	Indian Express (English)	:	01/02/2018
(d)	Hindustan (Hindi)	:	01/02/2018
(e)	Navbharat Times	:	01/02/2018
(f)	Educator (Punjabi)	:	01/02/2018
(g)	Jadid-in-Dinon (Urdu)	:	01/02/2018

1.22 The Public Notice is available on Commissions website www.derc.gov.in

1.23 In order to extend help to the stakeholders in understanding the ARR Petition and filing their comments, the Commission prepared an Executive Summary and snapshot of ARR highlighting salient features of the Tariff Petition filed by the Petitioner, which was uploaded on the Commission's website. In this regard, three officers of the Commission viz. Joint Director (Tariff-Finance), Joint Director (Engineering) and Joint Director (PS&E) were nominated for discussion on the ARR Petitions. This was duly highlighted in the Public Notices published by the Commission.

1.24 Further, the Commission published a Public Notice indicating the venue, date and time of Public Hearing on 23/03/2018 in the following newspapers on the respective dates mentioned alongside:

(a)	Hindustan Times (English)	:	09/03/2018
(b)	Time of India (English)	:	09/03/2018
(c)	Mail Today (English)	:	09/03/2018
(d)	The Hindu (English)	:	13/03/2018
(e)	Navbharat Times (Hindi)	:	09/03/2018
(f)	Punjab Kesari (Hindi)	:	09/03/2018
(g)	Dainik Jagran (Hindi)	:	09/03/2018
(h)	Jan Ekta (Punjabi)	:	09/03/2018
(i)	Jadid-in-Dinon (Urdu)	:	09/03/2018

1.25 The Public Notice is available on Commissions website www.derc.gov.in

1.26 The Commission received written comments from stakeholders. The comments of

the stakeholders were also forwarded to the Petitioner who, responded to the comments of the stakeholders with a copy of its replies to the Commission. The Commission invited all stakeholders, including those who had filed their objections and suggestions, to attend the Public Hearing.

- 1.27 The Public Hearing was held at the **Auditorium of Scope Convention Centre, Scope Complex, New Delhi** for all stakeholders on 23/03/2018 to discuss the issues related to the petition filed by the Petitioner. The issues and concerns voiced by various stakeholders have been examined by the Commission. The major issues discussed during the public hearing and/or written comments made by the stakeholders, the responses of the Petitioner thereon and the views of the Commission, have been summarized in Chapter A2.

LAYOUT OF THE ORDER

- 1.28 This Order is organised into six Chapters:
- a) **Chapter A1** provides details of the tariff setting process and the approach of the Order.
 - b) **Chapter A2** provides a brief of the comments of various stakeholders including the comments during the Public Hearing, the Petitioner's response and views of the Commission thereon.
 - c) **Chapter A3** provides details/analysis of the True up for FY 2016-17 and impact of past period true up based on judgement of Hon'ble APTEL & Review Order of the Commission.
 - d) **Chapter A4** provides analysis of the petition for determination of the Aggregate Revenue Requirement for FY 2018-19.
 - e) **Chapter A5** provides details of the possible options for determination of Wheeling and Retail Supply Tariff for all consumer categories for FY 2018-19, and the approach adopted by the Commission in its determination.
 - f) **Chapter A6** provides details of the Directives of the Commission.
- 1.29 The Order contains following Annexure, which are an integral part of the Tariff Order:
- a) **Annexure I** - Admission Order.

- b) **Annexure II** - List of the stakeholders who submitted their comments on True-up of expenses for FY 2016-17 and approval of Aggregate Revenue Requirement & Tariff for FY 2018-19.
- c) **Annexure III** – List of Stakeholders/consumers who attended the public hearing.

PERFORMANCE REVIEW

1.30 Regulation 10.2 of the 2nd MYT Distribution Regulations stipulates as follows:

“The Distribution Licensee shall submit information as part of annual review on actual performance to assess the performance vis-à-vis the targets approved by the Commission at the beginning of the Control Period. This shall include annual statements of its performance and accounts including latest available audited accounts as well as the regulatory accounts in the prescribed formats and the tariff worked out in accordance with these Regulations.”

1.31 The Commission sought inputs on overall Standards of Performance prescribed in Schedule-II of the Delhi Electricity Supply Code and Performance Standards Regulations, 2007. The details submitted by BRPL for FY 2016-17 are as follows:

Table 2: Standard of Performance during FY 2016-17

Parameter	Prescribed Time Limit/ Measure	Overall Standard of Performance	Number of complaints received	No. of complaints attended within specified timelines	% Complied during FY 16-17
Normal Fuse-Off Calls	Within three hours for Urban areas	At least 99% calls received should be rectified within prescribed time limits in both Cities and Towns and in Rural areas.	713080	704781	98.84%
	Within eight hours for Rural areas				
Line breakdown	Within six hours for Urban areas	At least 95% calls received should be rectified within prescribed time limits in both Cities and Towns and in Rural areas.	17138	16958	98.95%
	Within twelve hours for Rural areas				
Distribution Transformer Failure	Temporary supply to be restored within four hours from alternate source, where feasible.	At least 95% of DTR's to be replaced within prescribed time limits in both Cities and Towns and in Rural areas.	252	252	100.00%
	Rectification of fault and thereafter restoration of normal power supply within twelve hours.				
Scheduled Outage	Maximum duration in a single stretch should not exceed 12 hours.	At least 90% of cases should be complied within prescribed time limits.	5496	5494	99.96%
	Restoration of supply by 6:00 P.M.				
			No. of Bills Issued	No. of bills with mistakes	Percentage
Billing Mistakes	Licensee shall maintain the percentage bills requiring modifications following complaints to the total number of bills issued.	Not exceeding 0.20%	27294210	14467	0.05%
			No. of meters	No. of defective meters reported	Percentage
Faulty Meter	Licensee shall maintain the percentage defective meters to the total number of meters in service.	Not exceeding 3%	2293011	23965	1.05%
Reliability Indices	SAIFI	NA	Achieved during FY 2016-17		1.235
	SAIDI	NA			1.604
	MAIFI	NA			0.017

APPROACH OF THE ORDER**APPROACH FOR FY 2016-17**

1.32 The Commission in its DERC Tariff Regulations, 2017, has indicated that True up of FY 2016-17 shall be considered in accordance with 2nd MYT Distribution Regulations.

The relevant Regulation, in this regard, is as follows:

“139. Performance review and adjustment of variations in the ARR and Revenue for the Utilities for FY 2016-17 shall be considered in accordance with the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Generation Tariff) Regulations, 2011, Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011 and Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011.”

- 1.33 Accordingly, ARR for FY 2016-17 has been tried up as per 2nd MYT Distribution Regulations.

APPROACH FOR FY 2018-19

- 1.34 The Commission vide its Notification dated January 31, 2017 had issued the *Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017*. Further, the Commission has issued the *Delhi Electricity Regulatory Commission Business Plan Regulations, 2017*.
- 1.35 The ARR for FY 2018-19 is determined inter alia based on the provisions of the *Tariff Regulations 2017* read with *Business Plan Regulations 2017* relevant to the Distribution Business.
- 1.36 The Commission has evaluated the ARR submitted by the Petitioner on the basis of the provisions in *Tariff Regulations, 2017* read with *Business Plan Regulations, 2017* and other factors considered appropriate by the Commission.

A2: RESPONSE FROM STAKEHOLDERS

- 2.1 Summary of objections/suggestions from stakeholders, response of DISCOMs (Tata Power Delhi Distribution Limited (TPDDL), BSES Rajdhani Power Limited (BRPL), BSES Yamuna Power Limited (BYPL), New Delhi Municipal Council (NDMC) and Commission's Analysis.

INTRODUCTION

- 2.2 Section 64(3) of the Electricity Act, 2003, stipulates that the Commission shall determine tariff under Section 62 of the Electricity Act, 2003 for the distribution licensees, after consideration of all suggestions received from the public and the response of the DISCOMs to the objections/suggestions of stakeholders, issue a tariff order accepting the applications with such modifications or such conditions as may be specified in the order. Public hearing, being a platform to understand the problems and concerns of various stakeholders, the Commission has encouraged transparent and participative approach in hearings to obtain necessary inputs required for tariff determination. Accordingly public hearing was held on 23.03.2018 in Auditorium of SCOPE Convention Centre, SCOPE Complex, New Delhi with consumers to discuss the issues related to the petitions filed by the DISCOMs viz., Tata Power Delhi Distribution Limited, BSES Rajdhani Power Limited, BSES Yamuna Power Limited & New Delhi Municipal Council for true up of expenses for FY 2016-17 and Annual Revenue Requirement (ARR) for FY 2018-19.
- 2.3 In the public hearing, the stakeholders offered their comments and suggestions before the Commission in the presence of the Petitioners.
- 2.4 The Commission has examined the issues taking into consideration the comments/suggestions offered by the various stakeholders in their written statements and during the public hearing and also the response of the Petitioners thereon.
- 2.5 The comments/suggestions of various stakeholders, the replies/response from the Petitioners and the views of the Commission thereon are summarized below under various subheads.

ISSUE 1: PUBLIC HEARING AND OBJECTION PROCESS**STAKEHOLDER'S VIEW**

- 2.6 The date for submission of the comments may be extended by at least six weeks.
- 2.7 The Commission is functioning with only one Member against full strength of 3 Members, thus resulting in complete anarchy in the Commission.
- 2.8 DERC should come out with the Tariff Order by 31st March. It is due to delay in release of order that the consumers are bearing the carrying cost.
- 2.9 The last date to provide the comment was 9th March 2018. What is the hurry in issue of the tariff order.

PETITIONER'S SUBMISSION

TPDDL

- 2.10 Commission extended the last date for submission of comments by stakeholders to 21st Feb 2018. Thus, the request by stakeholders for providing adequate opportunity for giving suggestions/comments has already been considered by the Commission.
- 2.11 The last date for submission of comments on petitions is prerogative of the Commission.

BYPL

- 2.12 BYPL would like to state that the request of our esteemed stakeholder to extend the last date for receipt of comments/suggestions from Stakeholders on Tariff Petitions of BRPL, BYPL & TPDDL is the sole prerogative of the Commission. However, we apprise the esteemed stakeholder that the Commission issued a public notice extending the last date for filing objections and suggestions till 21.02.2018.
- 2.13 The last date for submission of comments on petitions is prerogative of the Commission.

BRPL

- 2.14 As regards the stakeholder's plea for extension of time for submission of comments, we trust that the Commission will give due consideration to the plea of the stakeholder.
- 2.15 The last date for submission of comments on petitions is prerogative of the Commission.

NDMC

- 2.16 Admittance of the Petitions is a prerogative of the Commission and NDMC believes

that the same has been done after examination of the petitions through a rigorous prudence check. So far as true-up of various parameters is concerned, the same is done under the provisions of the Tariff Regulations only. The Commission considers the merits of the submissions made by the Petitioners, analyses the legitimacy of the same as per Tariff Regulations and allows/disallows the submissions based on such principles. The concerns of the Consumers are therefore already getting addressed under the regulatory framework.

- 2.17 NDMC understands that Commission has provided adequate time for submission of comments by the stakeholders. However, extension of any such timeline is a prerogative of the Commission.
- 2.18 NDMC submits that the issues raised by consumers do not pertain to NDMC.

COMMISSION'S VIEW

- 2.19 The Commission published a Public Notice in leading newspapers on 03.01.2018, as detailed on DERC website, inviting comments from stakeholders on the Tariff petitions filed by the Petitioners by 31.01.2018.
- 2.20 At the request of the stakeholders, the Commission extended the last date for filing objections and suggestions up to 21.02.2018, for which the public notice was issued on 01.02.2018 in leading newspapers as detailed on DERC website.
- 2.21 As per the judgement of Hon'ble APTEL dated 02.12.2013 in the matter of OP 1 of 2011, it is a settled law that a Commission may function with a single member. The observations of Hon'ble APTEL are:

“9. In view of the above decision, we are to direct all the Commissions to conduct the proceedings irrespective of the quorum since the proceedings before the Commission could be conducted even by a single Member.”

“12. Therefore, we direct that all the Commissions concerned irrespective of the Regulations with regard to the quorum for a meeting, that Commission, even with a single Member despite that there are vacancies of other Members or Chairperson, can continue to hold the proceedings and pass the orders in accordance with the law.”

- 2.22 The Commission endeavours to issue Tariff Orders as per provisions of the Electricity Act, 2003 which is before the commencement of new FY 2018-19.

ISSUE 2: MYT REGULATION & BUSINESS PLAN

STAKEHOLDER'S VIEW

- 2.23 The Multi Year Tariff (MYT) should continue for a period of 5 years.
- 2.24 True up should be completed before the expiry of 2 years of tariff determination.
- 2.25 Business Plan Regulation, 2017 is warped and was adopted by Commission without any proper hearing.
- 2.26 True Up petition for FY 2016-17 filed is in gross violation of mandatory provisions of MYT Regulations 2011 & MYT Regulations 2017.
- 2.27 State Commission has failed in carrying out prudence check of data of state DISCOMs.
- 2.28 ARR of FY 2016-17 needs to have prudence check and trued up after all untenable/illogical claims are disallowed. In case of BYPL, the Revenue collection of Rs. 4991 Cr is substantially high and there shall be substantial revenue surplus.

PETITIONER'S SUBMISSION

TPDDL

- 2.29 MYT control period presently of 3 years is more appropriate as the components of ARR undergo through various changes. The various factors impacting ARR like statutory increases, inflation, variation in power purchase cost, sale of power etc. can be conveniently mapped and factored after the 3 year control period. If the said period is considered to be longer to include more years, the same may lead to unrealistic projections and deviations. The 3 year period is in line with provisions of NTP etc. and thus may be retained.
- 2.30 As per the Regulations, a Licensee has to submit a Business Plan on the various parameters of the ARR for the next control period. This Business Plan has accordingly been filed in compliance with the applicable Regulations.
- 2.31 Commission has a transparent and effective procedure of public hearing and subsequently issuing the Regulations/Tariff order, as the case may be. Commission

has also issued "Statement of Reasons on Business Plan Regulations 2017" where-in they have recorded the Stakeholder's comments/suggestion, followed by views of the Commission.

2.32 Tata Power-DDL has filed the ARR petition as per applicable Regulations, which has been duly admitted by the Commission after following due process.

2.33 Prudence check of data is carried out very strictly/thoroughly by Commission.

BYPL

2.34 Determination of Multiyear period, tariff determination, pension payments is the sole prerogative of Commission. However, we appreciate the concerned raised by Stakeholder and request Commission to kindly address the same while determining the next tariff order.

2.35 Further this all these points are already addressed and decided by the Commission in Business Plan Regulation notified by the Commission.

2.36 With respect to the contention of the stakeholder regarding the notification of Business Plan Regulations, 2017, it is submitted that the Regulations were finalized after considering stakeholder's comments and proper hearing by the Commission in accordance with the Law.

2.37 Issue raised by the Stakeholder regarding safety measures pertains to M/s BRPL and hence is not commented upon by BYPL.

2.38 The ARR Petition is prepared in accordance with the provisions of Delhi Electricity regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, & DERC (Terms and Conditions for Determination of Tariff) Regulations, 2011; 2017 and DERC (Business Plan) Regulations, 2017.

2.39 The ARR for the DISCOMs is allowed after prudence check of the Petitions submitted by the DISCOMs and after considering each element of cost projected in the petitions with due analysis and ensuring proper justification.

2.40 The Commission determines the tariff only after considering the prudence of operational and capital expenditure required by the licensee for supplying power and maintaining its distribution network / infrastructure to meet the load requirements of the consumer. The Commission takes into account all relevant facts

and figures for approving the expenses while determining the ARR of the licensees.

BRPL

- 2.41 The Petitioner has submitted Petitions for True Up of expenses up-to FY 2016-17 and Annual Tariff Petition for FY 2018-19.
- 2.42 Regarding other comments which are directed towards the Commission, we trust the same shall be duly considered by the Commission itself.
- 2.43 It is submitted that the comments of the stakeholder pertains to the other licensee, i.e. TPDDL, and therefore we are not in a position to respond to the same.
- 2.44 We oppose the contentions and prayer of the stakeholder regarding safety measures.

NDMC

- 2.45 NDMC submits that the issues raised by consumers do not pertain to NDMC
- 2.46 Admittance of the Petitions is a prerogative of the Commission and NDMC believes that the same has been done after examination of the petitions through a rigorous prudence check. So far as true-up of various parameters is concerned, the same is done under the provisions of the Tariff Regulations only. The Commission considers the merits of the submissions made by the Petitioners, analyses the legitimacy of the same as per Tariff Regulations and allows/disallows the submissions based on such principles. The concerns of the Consumers are therefore already getting addressed under the regulatory framework.
- 2.47 Most of the issues raised by the Petitioner do not pertain to NDMC.
- 2.48 However, on the issue of increase in tariff, NDMC submits that approval of true-up and pass through of revenue gap through appropriate means including increase in tariff is a prerogative of the Commission. The Commission may kindly consider the submissions made in the petition and allow the revenue gap based as deemed appropriate

COMMISSION'S VIEW

- 2.49 The Commission is of the view that the Business plan of 3 years is more appropriate as various components of ARR undergo changes. Longer periods may lead to unrealistic projections and deviations. Moreover, the 3 year period is in line with

provisions of National Tariff Policy. Further, the Commission has adopted various new methodologies for determination of norms such as O&M expenses based on asset capacities, determination of fixed and variable auxiliary consumption for gas based stations etc. in the Business Plan Regulations, 2017. The Commission feels that the Business plan of 3 years shall be more appropriate to assess the results of these new approaches.

- 2.50 The principles for determination of tariff have been finalized in Tariff Regulations. The draft Business Plan Regulations had been circulated inviting the stakeholder's comments. A Public hearing was also held on 19.07.2017 and comments received from the stakeholders on the operational norms indicated in draft Business Plan Regulations were considered in the final Business Plan Regulations approved by the Commission.
- 2.51 The Commission determines the ARR for the DISCOMs after due prudence check as per the provisions of the Regulations.

ISSUE 3: RENEWABLE PURCHASE OBLIGATION

STAKEHOLDERS' VIEW

- 2.52 Low targets for purchasing power from Renewable Energy should be mandated to DISCOMS.
- 2.53 Most of the time DISCOMs have surplus power, thus the RPO targets of energy availability from other plants may be dis-associated from DISCOMs. We request the Commission not to burden the Consumers of Delhi by imposing RPO targets.
- 2.54 Procurement of REC, burdens the Consumers of Delhi. REC cost of Rs. 179.03 crores for FY 2018-19 cannot be allowed by the Commission.
- 2.55 Status of 750 MW Rewa Solar Power (M.P.) Agreement with Delhi Metro be clarified by DISCOMs as also compliance of Renewable norms.
- 2.56 There is no justification of purchase of Solar Power @ Rs. 15.15/ Kwh in true up of FY 2016-17 by TPDDL. This may please be reduced to Rs. 5.03/ Kwh.
- 2.57 For FY 2017-18, the cost of solar power is Rs. 13.93/kWh which is not acceptable.
- 2.58 Only Rs. 5.05/kWh may be allowed which is the rate of solar power during the relevant period of time.

- 2.59 For FY 2018-19, the cost of solar power at Rs. 14.64/kWh is not acceptable. Only Rs. 5.05/kWh may be allowed which is the rate of solar power during the relevant period of time.
- 2.60 Imposing RPOs on DISCOMS would lead to unnecessary burden to the consumers. Net metering should be promoted rather than purchasing RECs.

PETITIONER'S SUBMISSION

TPDDL

- 2.61 The Commission has mandated the Renewable Power Purchase Obligation on DISCOMs and DISCOMs are bound to fulfil same through either procurement of Renewable Energy or purchase of REC.
- 2.62 Open Access application by DMRC is under process and Tata Power-DDL is awaiting clarifications from DERC/DMRC in the matter to provide NoC.
- 2.63 Tata Power-DDL has met its RPO till FY 16-17 and shall continue to meet the renewable targets set by the DERC for future.
- 2.64 Solar power tariffs are dependent on the year of setting up the plant which range from 2010 onwards when tariffs for solar plants were higher than today and hence prudent tariffs commensurate to year of plant installation should be allowed.

BYPL

- 2.65 As per RPO Regulations, 2012, any shortfall in the RPO will have to be met either by way of purchase of renewable energy / solar energy from other States or by buying Renewable Energy Certificate (REC) from the power exchange.
- 2.66 Given the precarious financial condition of the Petitioner and availability of renewable sources in Delhi, the Petitioner has taken all possible efforts to meet the RPO obligations without further constraining its financial position and passing undue burden on its consumers.
- 2.67 BYPL is encouraging its consumers for installing roof-top solar under DERC Net Metering Regulations. In FY 2014-15 BYPL had only one Net Metering consumer whereas as on date BYPL has energized 146 connections contributing to approx. 10.5 MW.
- 2.68 BYPL also have firm long term contracts with Renewable Generators such as SECI (20

- MW), MSW (Bawana) (5.74 MW) and EDWPCL (6 MW). BYPL is also in process for signing long term contract for Wind Power with SECI for 50 MW.
- 2.69 Despite all above, the Petitioner has fulfilled its solar RPO upto FY 2016-17, however the fulfillment of RPO targets (Non-solar) through REC mechanism will unnecessarily burden the consumers which is against the interest of the electricity consumers of the Petitioner.
- 2.70 Further, it is agreed that the promotional measure casted upon the Regulatory Commissions of all States of India is a national strategy to deal with climate change. However, it cannot be denied that the consumers of Delhi will be burdened by the additional tariff (by way of REC or otherwise) for promoting the setting up and generation of renewable sources of energy in other States, which do not result in the immediate reduction of accumulated greenhouse emissions in the atmosphere of Delhi. Hence, the consumers of Delhi by bearing the financial burden of RECs will not in any manner be benefited from any reduction in the greenhouse gas emissions in the atmosphere of Delhi.
- 2.71 In view of the above BYPL has also requested the Commission to reconsider the steep RPO trajectory considering the power surplus situation of Delhi and scarce availability of renewable sources. Also, BYPL has requested the Commission to defer the steep RPO trajectory to future years allowing the consumers of Delhi sufficient time to become consumers of green power by installation of Solar Rooftops.
- 2.72 The Petitioner has been fulfilling Solar RPO target since FY 2015-16. The Petitioner has taken bonafide measures for meeting the total RPO. The Petitioner has long term agreement from Renewable sources such as SECI, EDWPCL, DMSW (Bawana), and MSW (Okhla). In addition to this Petitioner is also encouraging its customers for installing roof-top solar under the Net metering regulations of this Commission. In FY 14-15 the Petitioner had only 1 Net Metering consumers of 20 KW under net metering regulations which has increased to 63 nos. contributing approx. 3.2 MW. It is submitted that the Petitioner has in place an action plan for meeting the cumulative solar RPO target by FY 2021-22 by way of long term contracts and roof-top solar generating capacity and REC purchase, so as to have a sustained flow of RE fulfilment in future.

- 2.73 BYPL has requested the Commission to reconsider the steep RPO trajectory considering the power surplus situation of Delhi and scarce availability of renewable resources. Also, BYPL has requested the Commission to defer the steep RPO trajectory to future years allowing the consumers of Delhi sufficient time to become consumers of green power by installation of Solar Rooftops.
- 2.74 BYPL was first among the DISCOMs in Delhi to have successfully installed solar net metering. BYPL is encouraging its consumers for installing roof-top solar under DERC Net Metering Regulations. Till FY 2016-17 BYPL has energized 64 connections contributing to approx. 3.2 MW.

BRPL

- 2.75 As regards the stakeholder's observation regarding Delhi Metro's agreement with Rewa Solar Power for procurement of Solar Power, we believe that DMRC has sought procurement of such power under open access. The PPA would need to be approved by the Commission before such power may be procured.
- 2.76 The petitioner is endeavouring to comply with RPO obligations as far as possible. In this regard, the petitioner has already entered in to multiple Power Purchase Agreements (PPAs) for procurement of renewable power. Some of the initiatives for procurement of renewable power are:
- Signed PPA for 10 MW power from Delhi MSW.
 - Signed PPA with PTC 100 MW of wind power through SECI
 - Sought 400 MW from SECI through GoNCTD
 - Sought 150 MW from wind through SECI from upcoming projects
 - Agreed on procurement from SDMC WTE plant - approx. allocation 10 MW
 - Actively involved in solar roof-top - current status of 15 MW – currently
- 2.77 We appreciate the stakeholder's suggestion with respect to Renewable Purchase Obligation (RPO) and promoting Net metering across Delhi.

NDMC

- 2.78 The queries are specific to the ARR petition filed by TPDDL and are not linked to ARR petition of NDMC.
- 2.79 NDMC submits that it is the prerogative of the Commission to set the RPO target.

COMMISSION'S VIEW

- 2.80 Electricity Act, 2003 entrusts on the appropriate Commission the responsibility for promotion of co-generation and generation based on renewable energy sources. The policy framework of the Government of India also stresses on the encouragement of renewable energy sources keeping in view the need for energy security and reducing carbon footprint.
- 2.81 Section 86 (1) (e) of the Electricity Act 2003 states:
*“The State Commission shall discharge the following functions:
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”*
- 2.82 The Commission in pursuance of the same has mandated the renewable purchase obligation to be met through purchase of energy from renewable energy sources/renewable energy certificate to ensure that RPOs are met in the most optimum manner.
- 2.83 The Commission has issued DERC (Renewable Purchase Obligation and Renewable Energy Certificate Framework Implementation) Regulation, 2012 and Business Plan Regulations, 2017. As per these Regulations, every obligated entity is required to fulfil a defined minimum percentage of the total quantum/consumption from eligible renewable energy sources.
- 2.84 The Commission has already notified the Delhi Electricity Regulatory Commission (Net Metering for Renewable Energy) Regulations, 2014 and the provision has been specified that the quantum of electricity generated under these Regulations shall qualify towards compliance of Renewable Purchase Obligation (RPO) for the distribution licensee if Renewable Energy Generator is not an obligated entity.
- 2.85 The agreement between REWA Solar Power (MP) and DMRC is a bilateral agreement and there shall be no impact on the consumers, as the cost of procurement of power from REWA Solar Power by DMRC will not be passed into the ARR of DISCOMs.
- 2.86 The cost of solar power varies according to the date of commissioning of the

respective plants. CERC had determined the benchmark cost and levelized tariff for Solar power from FY 2009-10 to 2017-18, based on the date of commissioning of the plant.

ISSUE 4: POWER PURCHASE COST

STAKEHOLDERS' VIEW

- 2.87 Distribution Company should not buy power from Generating Plants with high cost; rather they should procure Power at competitive and low rates.
- 2.88 BTPS status should be clarified whether it is being closed down or re-developed in to UMPP at reduced power purchase cost. Fixed charges for BTPS for FY 2018-19 of Rs. 14.57 cr cannot be allowed.
- 2.89 Power Purchase Cost has increased due to increase in Power Purchase cost from central generating stations.
- 2.90 The average cost of power of Anta, Auraiya and Dadri is very high. This power should not be taken by the licensee for FY 2017-18.
- 2.91 The disallowances in power purchase cost till last year should be continued to be disallowed.
- 2.92 The UI sale of 148 MU at Rs. 0.68 is not acceptable under True up of FY 2016-17. The Licensee should have sold through Banking at a much higher rate of Rs. 3.88/ Unit. Commission may please disallow the sale and limit to 54 (MU) and balance be considered at Rs. 3.88/unit.
- 2.93 Surplus power sold by various DISCOMs along with rates and amount received should be disclosed.
- 2.94 There cannot be any financing for Power Purchase and Sale in true up of FY 2016-17. Licensee's claim of Rs. 7.05 Crore for normative Power Banking may be disallowed.
- 2.95 Rithala Gas Power Plant cannot be allowed Fixed Charges of Rs. 128.18 Crore as it has not produced any power during FY 2016-17. For FY 2017-18, the fixed cost of Rs. 96.89 Crores may also be disallowed.
- 2.96 Contingency limit of 3% on UI set by the DERC to enforce power Banking and bilateral exchange instead of indolently letting the surplus power flow to UI at rock bottom rate. It is only to enforce discipline in Regulatory distribution of power and

cannot be questioned. In any case this limit is very reasonable and justified.

- 2.97 The Power should be re-allocated based on the profile of the consumers, ie. More domestic consumer's area should get cheaper power.
- 2.98 East Delhi has low revenue, accordingly, if Commission decreases the power purchase cost, DISCOMs will be able to invest more in upgrading network, improving customer services etc.
- 2.99 Hon'ble Supreme Court Judgment of Apr 2017 has set aside ATE order allowing DISCOMs to charge compensation tariff due to increase in coal cost. Therefore, DISCOMs should refund PPAC charges.

PETITIONER'S SUBMISSION

TPDDL

- 2.100 Tata Power-DDL has been proactively taking steps to reduce the burden of expensive power on the consumers.
- 2.101 In order to procure competitive power, Tata Power-DDL has been trying to come out of the legacy Power Purchase Agreements. For the same, Tata Power-DDL has even written to GoNCTD which in turn has written to Ministry of Power, Govt. of India. In the interim, power from some of the stations such as NTPC Koldam Hydro, Tanda II TPS and North Karanpura TPS has been reallocated by Ministry of Power, Govt. of India to other states. Further, Tata Power-DDL has also written to GoNCTD requesting for Renewable Power through MNRE/SECI so as to reduce its Power Procurement Cost and simultaneously, to meet the Renewable Power Purchase Obligation (RPO) mandated by DERC.
- 2.102 As per the information available with Tata Power-DDL, BTPS should be closed down by July18. Any redevelopment of the same into UMPP is the prerogative of Government / NTPC.
- 2.103 The actual power generated by Anta, Auriya & Dadri (G) is less during FY 2016-17 and this high Average cost is inclusive of the fixed cost of the station. The same is true for all gas based stations across the country on account of non-availability of cheaper gas.
- 2.104 UI sale is only 1.32% of the gross power purchased in 2016-17 and is within limits as

per the Regulations prescribed by Commission. The sale in UI is not intentional, however, it is due to reasons beyond control such as sudden weather changes, demand reduction, ramp down rates of generators & forced scheduling by Delhi SLDC/NRLDC to maintain grid security.

- 2.105 Source wise information with respect to sale of surplus power has already been given along with the Audited Certificate of Power Purchase for FY 2016 -17. Page no 67 of the Tariff Petition can be referred for the same.
- 2.106 Fixed charges have been billed in accordance with Regulations and petition filed with Commission. Availability of affordable gas for running gas based plants is a national issue affecting all Gas based generating stations. Further, fixed costs shall be passed only after prudence check by the Commission.
- 2.107 Power allocations entered into by DVB/DTL have been entered for Delhi as a whole. The power re-allocation has been done by DERC based on load profile, consumer profile of the respective geographical licensed areas. Further the Commission is bound under the Electricity Act 2003 not to show any undue preference to any specific consumers of an area.
- 2.108 DERC cannot decrease power purchase cost for plants regulated by the Hon'ble CERC. Further DISCOMs are allowed schemes based on their criticality and necessity after due prudence by Commission. Power Purchase Costs do not govern the decision for investment in such schemes. Thus if a particular area requires new scheme, up-gradation the same must be pointed out to DERC with data of breakdowns, poor supply, load shedding etc.
- 2.109 The said case being cited is not applicable to Delhi DISCOMs. In any case, PPAC charges in Delhi are determined as per the mandate of Commission and under well-established judgments, directions issued by Hon'ble Appellate Tribunal for Electricity.

BYPL

- 2.110 Petitioner has taken various steps for closing down higher cost power stations such as BTPS, Rajghat etc. It is further submitted that the Petitioner has also approached various forums such as CERC, DERC for reduction in Power Purchase Cost
- 2.111 The DISCOM's are bound with the Long Term Power Purchase agreements (PPA)

which are inherent from erstwhile DVB/ Delhi Transco Limited which was transferred to DISCOMs on 31st March 2007. The petitioner has already raised this concern for exiting the PPAs of costly plants to various forums like Hon'ble Central Electricity Regulatory Commission, Hon'ble Appellate Tribunal for Electricity, MOP etc.

- 2.112 Petitioner has also filed a Petition in CERC for closure of the plant, pursuant to the direction of "Delhi Pollution Control Committee" (DPCC) to close units of BTPS. Moreover the Petitioner has surplus Power arrangements and does not require power from BTPS.
- 2.113 Issue raised by the Stakeholder regarding safety measures pertains to M/s BRPL and hence is not commented upon by BYPL.
- 2.114 We would like to humbly submit that the issue raised by Stakeholder pertains to M/s TPDDL hence not commented upon by BYPL.
- 2.115 BYPL agrees that its expensive power plants need to be reallocated and is pursuing the same at various forums i.e.; both State level and Central level. In addition, BYPL has also requested the Commission to reconsider the steep RPO trajectory considering the power surplus situation of Delhi and scarce availability of renewable resources. Also, BYPL has requested the Commission to defer the steep RPO trajectory to future years allowing the consumers of Delhi sufficient time to become consumers of green power by installation of Solar Rooftops.
- 2.116 We appreciate the concern of the esteemed stakeholder and agrees that its expensive power plants need to be reallocated and is pursuing the same at various forums i.e.; both State level and Central level. In addition, BYPL has also requested the Commission to reconsider the steep RPO trajectory considering the power surplus situation of Delhi and scarce availability of renewable resources. Also, BYPL has requested the Commission to defer the steep RPO trajectory to future years allowing the consumers of Delhi sufficient time to become consumers of green power by installation of Solar Rooftops.
- 2.117 BYPL was first among the DISCOMs in Delhi to have successfully installed solar net metering. BYPL is encouraging its consumers for installing roof-top solar under DERC Net Metering Regulations. Till FY 2016-17 BYPL has energized 64 connections contributing to approx. 3.2 MW.

- 2.118 A major part of power procured by the distribution company comes from the Central Sector Generating Companies whose tariff is regulated by the Central Commission and the State owned Generation Companies whose tariff is regulated by the State Commissions. The Central Commission in its Tariff Regulations has already provided a formula for fuel price adjustment and the charges of the generation companies are increased as and when the fuel prices are increased.
- 2.119 In view of the present precarious financial conditions of the distribution companies, it is necessary that the State Commissions also to provide for Power Purchase Cost Adjustment Formula as intended in the section 62(4) of the Act to compensate the distribution companies for the increase in cost of power procurement during the financial year. The same has also been directed by the Honb'le Appellate Tribunal for Electricity to all State Commissions vide its judgment dated 11.11.2011 in O.P. 1 of 2011.

BRPL

- 2.120 All the power purchase agreements are notified and duly approved by the Commission. The Licensee puts all its efforts to come out of the uneconomical PPAs, if any.
- 2.121 The petitioner undertakes all due efforts to reduce this cost and has been able to surrender some of its costly power plants (Koldam, Barh, Koderma, Durgapur, Mejia 7-8, Rampur). However, it may be noted that allocation of power as well as surrender of PPA's is subject to the approval of the Commission.
- 2.122 Determination of PPAC is taken up by the Commission as a separate exercise and the same is done for every quarter. PPAC is intended to reflect any changes in power purchase cost to the licensee so that such cost is not deferred till tariff is determined which usually happens after a gap of 1 to 1.5 years. This is thus, beneficial to consumers as the carrying cost needed to defer such cost is saved and burden on consumers is reduced. Determination of PPAC is prerogative of the Commission and is based on actual power purchase cost incurred by licensee as reflected in the bills raised by generators.
- 2.123 It is submitted that the comments of the stakeholder pertains to the other licensee, i.e. BYPL, and therefore we are not in a position to respond to the same.

2.124 We appreciate the stakeholder's suggestion with respect to a) Reduction of cost of power procurement from Pragati Bawana & Aravalli Jhajjar stations and b) shut down of Badarpur Thermal Power Station (BTPS).

NDMC

2.125 NDMC welcomes the suggestion of the consumer and requests the Commission not to allocate any costly power from GT for the ensuring FY 2018-19. NDMC has already made a detailed submission regarding allocation of power to NDMC, which may kindly be considered by the Commission.

2.126 NDMC submits that no power has been scheduled from NTPC towards the last quarter of 2017-18. Further for FY 2018-19, only a miniscule quantum of ~100 Mus have been considered from NTPC Badarpur. As per media reports (published in Hindustan Times), the plant is expected to be closed by August 2018.

2.127 Most of the issues raised by the Petitioner do not pertain to NDMC. However, on the issue of increase in tariff, NDMC submits that approval of true-up and pass through of revenue gap through appropriate means including increase in tariff is a prerogative of the Commission. The Commission may kindly consider the submissions made in the petition and allow the revenue gap based as deemed appropriate

2.128 The queries do not pertain to NDMC. However, on the issues raised by the consumer, it is submitted that the true-up petition has been filed based on the provisions of the regulations, regulatory orders and past precedence in the sector. Any deviations from the norms have been substantiated in the petition and the same may be considered by the Commission based on merits of submissions made by the licensees.

COMMISSION'S VIEW

2.129 The long term Power Purchase Agreements are entered into by the Petitioner considering the overall average projected demand of the consumers and likely growth in the demand vis-à-vis the likely availability of Power from various sources. The surplus/shortfall in power availability arising due to difference in demand during peak hours and non-peak hours including seasonal variations is required to be

sold/purchased by the Petitioner on need basis. The Commission has directed the Petitioner to optimize such short term transactions and maintain transparency in its short-term power purchases and sales.

- 2.130 The Commission has specified in Tariff Regulations 2017, as well as in earlier Tariff Orders, that the Merit Order Dispatch principle should be adhered strictly by the Distribution Licensees in power procurement, and there is also incentive and disincentive mechanism for sale of surplus power to minimize the revenue from sale of surplus power. Further, as per the provision of Delhi Electricity Regulatory Commission Business Plan Regulations, 2017, the contingencies limit for sale of power under UI mechanism shall be limited to 5% of the gross power purchased by the Distribution Licensee to bring efficiency in their scheduling of power.
- 2.131 The Commission has already approved various PPAs entered into by the utilities for procurement of power from long term sources. The Commission has also directed the DISCOMs vide its letter dated 21.10.2009 that they should endeavour to provide uninterrupted power supply to the consumers in their respective areas. The licensees shall ensure that electricity which could not be served due to any reason what-so-ever (including maintenance schedule, break-downs, load shedding etc.) shall not exceed 1% of the total energy supplied by them in any particular month except in cases of force-majeure events which are beyond the control of the Licensees.
- 2.132 The Commission has also noted that the load curve in Delhi is peculiar in nature with high morning and evening peaks and very low load demand during night hours. It is due to the fact that a majority of the load in Delhi is of commercial establishments, office buildings, which have requirement of power primarily during day time. The round-the clock industries, which are a common feature in most of the States and which contribute towards flattening of the load curve, are very few in Delhi.
- 2.133 To cater to the peak demand during day time, DISCOMs have been buying Round the Clock (RTC) Power. The surplus power during night hours/off peak hours gets sold at the prevailing short-term market rate/Power Exchange Rate/UI Rates which is much lower than the average power cost. In order to optimize the cost of power purchase, the Commission has advised the distribution utilities to explore the possibility of

higher banking transactions to avoid purchase of peaking power for a short duration, so as not to burden the consumers with avoidable purchases of RTC power which entail the sale of off-peak surplus at very low rates under the mechanism of Unscheduled Interchange.

2.134 The Commission had projected power purchase cost net of rebate as per the provisions of MYT Regulations, 2011 in which the power purchase cost should be allowed to the distribution licensee after considering maximum normative rebate available for each generating stations.

2.135 The provision for reallocation of power among Delhi DISCOMs has been made in DERC (Terms and Condition for Tariff Determination) Regulations, 2017 as follows:

“The gap between average Power Purchase Cost of the power portfolio allocated and average revenue due to different consumer mix of all the distribution licensee:

Provided that the Commission may adjust the gap in power purchase cost by reassigning the allocation of power amongst the distribution licensees out of the overall power portfolio allocated to the National Capital Territory of Delhi by Ministry of Power, Government of India”

2.136 The Supreme Court judgement related to compensatory tariff due to increase in cost of coal is not applicable to Delhi DISCOMs, as there is no allocation / PPA between Delhi DISCOMs and the concerned generating stations.

ISSUE 5: AT&C LOSSES

STAKEHOLDER’S VIEW

2.137 Commission is requested to ensure audit of AT&C losses of petitioners from Technocrats such as IITs.

2.138 The Target for TPDDL should be lower than that set by the Commission as TPDDL has already achieved lower values.

2.139 AT & C Losses should have been calculated first and then only targets should have been fixed in Business Plan Regulation 2017.

2.140 High Loss areas should be treated differently than low loss areas.

2.141 Un-necessary electrification of less occupied places is leading to theft.

- 2.142 There is improvement in power cuts, underground cabling, replacement of old meters with temper proof electronic meters, billing etc., but consumer satisfaction level is still very low because of unsatisfactory complaint resolution and harassment of consumers due to false allegations. It is suggested that the services relating to enforcement/theft be standardised to check genuine cases of theft necessary to plug leakage and avoid any harassment to genuine consumers.
- 2.143 CISF, Police Force etc. may be provided to DISCOMs for reduction of theft.
- 2.144 The street lights are found to be on during day time thus leading to wasteful expenditure in the books of accounts of DISCOMs.
- 2.145 E-Rickshaw Charging should be monitored to prevent theft.
- 2.146 DISCOM to make extra effort to reduce the DL to a level below 12% in the areas of high loss.

PETITIONER'S SUBMISSION

TPDDL

- 2.147 Commission has already appointed an Auditor for carrying out Energy Audit.
- 2.148 Tata Power-DDL has sought AT&C losses achievement in line with approved trajectory of loss reduction target for 2nd MYT Control period by the Commission.
- 2.149 AT&C targets are a combination of Distribution Loss target and Collection efficiency target. The Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017 provided that "Target for Distribution loss and Collection efficiency for a control period shall be specified in the Business Plan Regulations and based on factors including previous targets and past performance."
- 2.150 Commission has already introduced a concept of stringent power supply performance standards in low loss areas and any further incentive/disincentive may be decided by the Commission.
- 2.151 Tata Power-DDL is making all out efforts to curb theft and reduce AT&C losses and to come up to the expectations of the Consumers. Our Zonal and Enforcement Teams are on continuous vigil and whenever any such incidents are observed / reported, the defaulters are booked for Electricity Theft, as per the applicable Law/Regulations.

2.152 Police Support including CISF helps in curbing theft and hence, reduction in AT&C losses further. Any benefit accrued due to such AT&C loss reduction is passed on to the consumer and accordingly, cost of such Police Support/CISF should also be allowed in the ARR.

2.153 Also, introduction of a separate Tariff category for E-Rickshaw charging, by Commission in Tariff Order FY 17-18, shall encourage such consumers to take legal Electricity Connections, which in turn will reduce theft.

BYPL

2.154 To protect the interest of honest paying consumer we would like to inform that theft cases are billed at penal rates (two times the applicable tariff) in line with the provisions of the Electricity Act 2003. This not only serves as a strong deterrent for dishonest consumers but also the additional revenue collected from all enforcement cases is taken in to account while determining the ARR of the DISCOMs.

2.155 In terms of the provisions of Electricity Act, 2003 and License condition the Petitioner, on application by the owner or occupier of any premises within area of supply, is duty bound to provide supply of electricity in stipulated time as decided by the Commission from time to time.

2.156 Further, the Petitioner always endeavours to minimize the loss on account of theft as it not only impact its revenue but also hamper its performance in terms of AT&C loss. We are pleased to inform that BYPL has brought down its AT&C losses by more than 50% since FY 2002. This has been achieved through various efforts put in by the Petitioner including theft control. In order to further reduce the losses and curb theft, the Petitioner has strengthened and streamlined its enforcement machinery along with the augmentation of requisite infrastructure. Teams of enforcement officers are dedicated for the purpose of detection of theft and bringing to book the offending consumers. We have intensified our drive against those stealing power. A large number of power theft accused in BYPL has also been sent to jail for varying jail terms. However, contribution of our esteemed and honest consumers is always vital in further improvement of the system.

2.157 BYPL has also raised this issue to various forums; till year 2010 BYPL has been allocated support of CISF for curbing activities of theft. From year 2010, the support

of CISF has been withdrawn for the DISCOMs. After this we have raised this concerned to GoNCTD for allocation of Delhi Armed Police (DAP) for assisting the DISCOMs in reducing the electricity theft in its areas. However, the suggestion of Stakeholder to restrict the Supply of power to 3 hours a day in high theft prone areas could not be appreciated as there are several genuine and honest consumers in those areas who are making timely payment of their electricity bills and does not indulge in activity of electricity theft and by doing so this may be injustice to those honest consumers.

2.158 The process of Enforcement inspection is conducted as per the provisions of DERC Regulations and the Electricity Act, 2003. BYPL has published on its website, the list of the Authorized officers under section 135 of the Act. The procedure/ steps followed of inspection are:

- (A) The Licensee has issued photo identity cards to all the Authorized officers specifically indicating their designation and details of authorization.
- (B) The Authorized officer conducts inspection of any premises either suo-moto or on receipt of information regarding unauthorized use / theft of electricity.
- (C) The Authorized officer carries his visiting card bearing his photograph and photo identity card issued. Photo ID is shown and the visiting card bearing his photograph is handed over to the consumer.
- (D) The authorized officer as the case may be, videographs the entire proceedings, till the completion of inspection at the premises.
- (E) The Assessing officer prepares an inspection/site report as per the provisions under the Regulations.
- (F) In case the inspection report is refused to be signed by the user /consumer or not allowed to be pasted at a conspicuous place, the same is mentioned in the report.
- (G) Hearing in cases of suspected meter tampering cases is not given as per the new regulations. Therefore in case consumer submits his representation after receiving the theft bill and /or the speaking order, the case may be reviewed based on the consumer contention and action taken accordingly. As admitted by the complainant himself in his letter, the inspection team duly informs the user /

consumer about the enforcement inspection.

(H) All the consumer complaints are duly handled as per provisions of regulations and as per prescribed timelines. The consumer/ complainant, if so required, is directed to the concerned official to enable him to clarify his stand.

2.159 Subsequently the decision taken is duly communicated to the complainant.

2.160 Further, we would like to humbly submit that the allegation on the officers of the BYPL for unlawful activities is baseless as the Company works toward the betterment of the Consumer only. Further, we would like to state that the BYPL strictly adhere to DERC (Supply Code and performance Regulations) , 2017 where in the detailed procedure for booking of theft cases, false case of misuse, inspection procedure and booking of theft cases are clearly mentioned. Any violation on the above said regulation, attract penalty and compensation as prescribed under the DERC (Supply Code and performance Regulations), 2017.

2.161 In order to curb theft, the Petitioner has strengthened and streamlined its enforcement activities along with the augmentation of requisite infrastructure. Further, teams of enforcement officers are deployed in the theft prone areas to inspect and book the theft cases against offending consumers. BYPL has also approached task forces like Delhi Armed Police for curbing the losses.

2.162 The street lights in Petitioner's area of supply are maintained by the Petitioner as well as by civic agencies like MCD and PWD. The Petitioners street light maintenance team inspects the street lights periodically. However, there could be instances where the street lights glows during odd hours too due to following possible reasons:

- (i) Street light not maintained by the Petitioner.
- (ii) Maintenance work is in progress.
- (iii) Automatic On/Off timer of the street light is faulty.

2.163 In case the consumer finds any of the street light glowing in odd hours, he may register a complaint reporting the instance and if the maintenance of street light in question is the responsibility of the Petitioner, it will strive to resolve the problem within DERC stipulated time.

2.164 DERC in its Tariff Order for FY 2017-18 has introduced a new Tariff Category for charging of batteries of E-Rickshaw at Charging Stations. However, if the E-Rickshaws are being charged at premises other than at Charging Stations, the tariff shall be the

same as applicable for the relevant category of connection at such premises from which the E-Rickshaw / E-Vehicle is being charged.

- 2.165 "E-Rickshaw/ E-Vehicle on Single delivery point" has already been introduced by the Commission vide its tariff order dated 31st August 2017.
- 2.166 BYPL has always focused on reduction of AT&C losses which is evident from the aggressive loss reduction of more than 50% ie; from 61.89% in July'03 to 12.70% in March'17.
- 2.167 Despite this, there are still some areas with high losses and disturbed law and order situation. BYPL has its internal mechanism to deter theft/pilferage in these sensitive areas. The concerned team conducts inspection on suspected premises, videos entire proceedings and prepares the inspection report as per the provisions under the Regulations/directions by DERC. Regardless of the area's sensitivity, electricity theft has always been one of the most aggressively pursued agendas of BYPL. Apart of all this, BYPL organizes Nukkad Nataks and issue awareness bulletins to spread awareness among the consumers about the consequences of electricity theft.

BRPL

- 2.168 Electricity theft has been one of the most aggressively pursued agendas of the Company & internal objectives are being set and management performance will be measured and rewarded based on loss reduction. Given this background control of power theft needs active participation and support from all stake holders including Electricity theft has been one of the most aggressively pursued agendas of the Company & internal objectives are being set and management performance will be measured and rewarded based on loss reduction.
- 2.169 We appreciate your concern on electricity theft by E rickshaw as most of them are charged through direct theft. Not only theft is severely impacting AT&C Losses of the Licensee but at the same time open conductors being used for such theft is exposing danger to human life and animals. We have communicated to the Commission regarding charging stations for E rickshaws. We trust, the Commission would give due cognizance to this aspect.
- 2.170 We appreciate your comments relating to deployment of paramilitary forces along with BSES Enforcement team. Electricity theft has been one of the most aggressively

pursued agendas of the Company & internal objectives are being set and management performance will be measured and rewarded based on loss reduction. Given this background control of power theft needs active participation and support from all stake holders including Electricity theft has been one of the most aggressively pursued agendas of the Company & internal objectives are being set and management performance will be measured and rewarded based on loss reduction.

- 2.171 We appreciate your concern on electricity theft by E-rickshaw as most of them are charged through direct theft. Not only theft is severely impacting AT&C Losses of the Licensee but at the same time open conductors being used for such theft is exposing danger to human life and animals. We have communicated to the Commission regarding charging stations for E rickshaws. We trust, the Commission would give due cognizance to this aspect.

NDMC

- 2.172 The Issues does not pertain to NDMC. However, NDMC reiterates its submission in its petition that no such liability should be considered as part of ARR for NDMC. The consumers in NDMC license area therefore should not be burdened with such liabilities of other discoms.
- 2.173 NDMC agrees with the contention of the consumer that Honest Consumers should not be burdened on account of dishonest consumers. NDMC is aggressively pursuing any likely cases of thefts in its area through its enforcement team. NDMC is committed to ensure that all consumers are served electricity through meters and that there are no events of theft/pilferages in its license area.
- 2.174 In NDMC area, streetlights are run through Auto Switches only.

COMMISSION'S VIEW

- 2.175 A detailed methodology for computing the target for distribution losses has been explained in explanatory memorandum issued by the Commission for the Business Plan Regulations 2017.
- 2.176 The Commission is of the view that Distribution loss is an inherent loss in the System which can be minimized up to the technical permissible limit, whereas the losses also

- include the theft which can be controlled by DISCOMs.
- 2.177 The DISCOMs are given an incentive if the distribution losses are reduced below the target fixed. If the losses are more than the target fixed, the loss above the target fixed is fully to the account of the DISCOMs. The targets every year are progressively decreasing and it is expected that DISCOMs will achieve them. If the DISCOMs do not achieve the target, the financial impact will be to the account of the DISCOMs alone, and will get reflected in the true-up of ARR of the respective DISCOMS.
- 2.178 The details of actual incentive/disincentive given to the DISCOMs for over and under achievement of AT&C loss target are available in Chapter A3 (True up of ARR) of the respective tariff orders which are available at Commission website (www.derc.gov.in).
- 2.179 The Commission has been repeatedly emphasizing on the DISCOMs to step up their enforcement activities to reduce theft and control AT&C losses. The Commission is of the view that carrying out more load shedding in high loss/theft area is not an appropriate measure, as the honest consumers in these areas will also suffer without being on fault. The Petitioner should make all efforts to prevent theft of electricity by strengthening their enforcement activities without harassing the paying consumers.
- 2.180 The Commission has already made a provision in the Tariff Order for FY 2017-18 that the E-rickshaws/Electric vehicles can be charged from any of the metered connections and the tariff shall be charged for that relevant category. Further, in case the E-rickshaws/Electric vehicles are charged at a charging station, the Commission has specified separate tariff category in its Tariff schedule.

ISSUE 6: DISTRIBUTION INFRASTRUCTURE

STAKEHOLDERS' VIEW

- 2.181 All Bare Conductors should be replaced with Cables to ensure safety and prevent Electrocutation and should not be limited to only prevent Theft activity. Tariff should not be hiked till bare conductors are replaced with cables.
- 2.182 Electricity consumers should not be linked with Aadhar card.
- 2.183 DSM expense of Rs. 6.16 Crore may be disallowed.
- 2.184 For FY 2017-18, the DSM charges of Rs. 5.05 Cr. may be disallowed.

PETITIONER'S SUBMISSION**TPDDL**

- 2.185 We would rather suggest that Aadhar should be captured from Consumers as it will help in linking with Digital Initiatives being under taken by Govt. of India and request Commission to consider it appropriately.
- 2.186 DSM expenditure of Rs. 6.16 Cr has been done only with the prior approval of the Commission against the approved budget of Rs. 20 Cr. in order to promote DSM activities especially replacement of old AC's with 5 star rated AC's. Against this approved fund, Tata Power-DDL has sought an amount of Rs. 6.16 Cr as DSM expenses on actual basis.
- 2.187 Tata Power-DDL is equally concerned with public safety and has taken several initiatives towards this cause. Adequate safety as per statutory requirement is always adhered to and necessary clearances are maintained. However, in many cases, this has been breached by unauthorised constructions and extensions by public, violating all the safety norms. We are willing to convert our Overhead Network to Underground Cables but would require an estimated expenditure of around Rs. 3000 Cr., phased out over next 5 years and would also require prior approval from Commission.
- 2.188 There have been many cases where the Right-of-Way of the utility is violated and the demolition orders have been issued by the competent Authority. The alteration of network without compliance to these orders would further encourage such illegal activities and lead to civil disorder.
- 2.189 Further, Tariff setting has nothing to do with replacement of Bare Conductors by Cables, as this problem has arisen because of rampant encroachment due to unauthorised construction.

BYPL

- 2.190 This issue raised by the Stakeholder is regarding safety measures pertaining to M/s TPDDL and hence is not commented upon BYPL

BRPL

- 2.191 It is submitted that the comments of the stakeholder pertains to the other licensee,

i.e. TPDDL, and therefore we are not in a position to respond to the same.

NDMC

2.192 The queries are specific to the ARR petition filed by TPDDL and are not linked to ARR petition of NDMC.

2.193 The issue does not pertain to NDMC. However, NDMC strongly supports the view that adequate safety measures need to be adopted in line with statutory requirements so that life of human beings and animals is not lost on account of any unsafe operations.

COMMISSION'S VIEW

2.194 The Central Electricity Authority (CEA) has notified Measures relating to Safety and Electric Supply Regulations, 2010. The Commission in its DERC (Supply Code and Performance Standards) Regulations, 2017 has directed the Distribution Licensee and the consumers to follow the provision of the Safety Regulations. The Bare conductors are being replaced with the cables in phased manner by the Distribution Licensees on case to case basis.

2.195 The Commission accords 'In-principle' approval to the DSM proposals of Distribution Licensees as per provisions of DSM Regulations, 2014 notified by the Commission.

ISSUE 7: O&M EXPENSES

STAKEHOLDERS' VIEW

2.196 DISCOMs by inflating their employee expenses are showing reduced profit.

2.197 O&M expenses should not be linked with Assets.

2.198 Pay parity of all employees of Tata Power-DDL with FRSR employees cannot be allowed based on Pay Commission.

2.199 Licensee has submitted O&M expenses of Rs. 788.24 Crore for FY 2017-18 which is very high and may not be allowed. Further, the legal expenses of Rs.14.88 Crores may not be allowed as the Licensees hire top notch lawyers at exorbitant fee when lawyers with fewer fees can meet the same purpose. A normative legal expense of Rs. 1 Crore may be allowed for fighting in the civil court for cases related to power theft etc.

2.200 Additional O&M expenses of BYPL may be disallowed. No Charges for SMS Service can be allowed.

PETITIONER'S SUBMISSION

TPDDL

2.201 Employee's expense is allowed as normative O&M expense, hence any amount incurred over and above normative levels is to the account of utility and not adversely affecting the consumers for the purpose of ARR.

2.202 It is worthwhile to mention that books of accounts of Tata Power-DDL is subject to various audits which are done by reputed professionals and prepared as per the guidelines issued by ICAI and Companies Act.

2.203 The methodology for determination of O&M expenses is as per the Delhi Electricity Regulatory Commission Business Plan Regulations, 2017

2.204 O&M expenses have been sought as per Delhi Electricity Regulatory Commission Business Plan Regulations, 2017 and Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017.

BYPL

2.205 In order to cater to the increase in demand due to rise in the consumer base over a period of time additional resources are deployed. Further, the stakeholder must appreciate the improvement in quality of supply and services being provided by the Petitioner. All our employees strive hard to provide the best in class services to our esteemed consumers and fast resolution of their complaints. Further, benefits to the employees are provided as per the policy of the company which is at par with the industry practice.

2.206 We appreciate the Commission to kindly consider points raised by the stakeholder while determining the tariff for FY 2018-19 and reduce the cross subsidization and approve minimum tariff keeping in view the cost of procurement of power plus other components of ARR.

2.207 The Petitioner has projected additional O&M expenses in terms of Regulation 11(9) of the Tariff Regulations, 2017 which stipulates that the Distribution Licensee shall submit the ARR which shall contain actual and expected additional expenses on

account of O&M expenses beyond the control of Licensee for the ensuing year and previous year respectively. No charges for SMS charges have been claimed by the Petitioner in the present ARR Petition.

BRPL

2.208 The expenses of the licensee are the lowest amongst the three DISCOMs in Delhi. As the Commission has not provided any targets for FY 2016-17, the licensee has submitted the same on actual. The Commission while approving the said expenses, conducts comprehensive prudence checks and technical validation sessions

NDMC

2.209 The queries are specific to the ARR petition filed by TPDDL and are not linked to ARR petition of NDMC.

COMMISSION'S VIEW

2.210 The Commission exercises prudence check on the expenses that are incurred or allowed to be incurred by the Utilities for approval of O&M expenses during a control period. O&M expenses are a controllable parameter in terms of DERC (Terms & conditions for Determination of Tariff) Regulations, 2017, and any surplus or deficit on account of O&M expenses shall be to the account of the Licensee and shall not be trued up in the ARR.

2.211 The Commission is of the view that the O&M expenses are directly related to actual assets installed at site and its maintenance to provide services to the consumer. O&M Expenses varies as per the consumer mix i.e., Domestic/Non Domestic/Industrial etc. & supply at different voltage levels i.e., LT/11kV/33kV/66kV. The O&M Expenses upto 11kV level majorly varies as per the line length of the network whereas for LT level the Consumer mix play a vital role. Therefore, the Commission has adopted the new methodology and computed the O&M expenses on the basis of capacity of assets installed at site i.e., per circuit km of line & per MVA capacity of transformation at various voltage levels.

2.212 The Commission while determining the norms for O&M expenses in its Business Plan Regulations, 2017 has not considered the legal expenses as the same shall be allowed based on prudence check at the time of true of ARR.

ISSUE 8: POWER FOR SELF CONSUMPTION**STAKEHOLDER'S VIEW**

- 2.213 DISCOMs are billing their own premises at Zero Tariff and evading Electricity Tax.
- 2.214 DISCOMs own consumptions should not be treated as sales but technical loss.

PETITIONER'S SUBMISSION**TPDDL**

- 2.215 Based on the directive given by the Commission in its Tariff Order, DISCOMs avail credit at zero tariff upto normative limit of own consumption. Over and above the normative own consumption limit, DISCOM has to pay at non-domestic tariff.
- 2.216 It is worth to mention that any applicability of electricity tax on own consumption of DISCOMs would ultimately increase the ARR.
- 2.217 The Commission has fixed normative norms for Own consumption. As per directive of the Commission DISCOMs may avail credit at zero tariff up to normative limit of own consumption. Any excess consumption beyond norms are charged as per applicable tariff categories and treated as a sale for the purpose of ARR.

BYPL

- 2.218 The Petitioner's consumption of electricity falls under the non-domestic category. Accordingly the Petitioner bills its own establishments as per the directive of the Commission at Non-domestic tariff. As per the said directive the Petitioner avails credit at zero tariffs to the extent of normative limit at the end of the financial year.
- 2.219 Own consumption includes the energy consumed at various offices, buildings and sub-stations of the Petitioner. Presently, the energy meters installed for accounting of energy consumption at the premises of the petitioner are read and billed on monthly basis. Based on the directive given by the Commission in its Tariff Order, DISCOMs avail credit at zero tariff upto normative limit, however, any consumption over and above the normative limit, is considered at non domestic tariff for consideration of revenue by the Commission.

BRPL

- 2.220 All establishments of the Petitioner are already metered and metered bills are raised on monthly basis for such consumption. Own consumption at zero tariff is only

allowed up to a normative limit as prescribed by the Commission. Consumption beyond this limit is to be billed at non-domestic rates and the same is not allowed to be passed on in the ARR of the licensee.

- 2.221 As regards the stakeholder's observations pertaining to self-consumption, it is submitted that self-consumption can never be treated as losses. Any utility, be it a distribution, transmission or generation utility, will always consume some energy for its own operations. As such, such consumption up to a reasonable limit should be allowed an expense in the Aggregate Revenue Requirement. Even the CERC (Central Electricity Regulatory Commission) allows self- consumption / auxiliary consumption got generating utilities.

NDMC

- 2.222 NDMC submits that it is billing its own buildings as per applicable rates.
- 2.223 NDMC submits that it is accounting the units consumed in its buildings, premises as per the prescribed rates. Since the consumption in such premises is being billed, therefore it would be imprudent to consider the same as technical losses in the system.

COMMISSION'S VIEW

- 2.224 DISCOMs levy applicable electricity duty on the consumption which is over and above the normative consumption. O&M expenses are controllable expenses and are allowed on a normative basis. The electricity consumed forms part of the normative O&M expenses and thus there should not be any additional impact on the ARR of the DISCOMs.
- 2.225 The Commission has already given directive to the DISCOMs to provide appropriate meters to record electricity consumption every month in the substations, offices, collection centres etc related to own consumption of the DISCOMs. Furthermore, in order to promote conservation of energy under Own Consumption, the Commission has fixed norms for Own Consumption based on total sales during the year. Any excess consumption beyond norms are charged as per applicable tariff categories, which shall not be allowed to be passed on in ARR of the Petitioner.

ISSUE 9: CAPITALISATION & DEPRECIATION**STAKEHOLDERS' VIEW:**

- 2.226 Physical Verification of Assets should be done on a yearly basis.
- 2.227 Prudence check for correct assessments of GFA and depreciation is required.
- 2.228 Depreciation of 5.2% sought is very high and may be reduced to 3.6%.
- 2.229 True up of Capital Cost / Capitalization is pending since FY 2006-07 till 2016-17 and hence Tariff Petitions may be rejected.

PETITIONER'S SUBMISSION**TPDDL**

- 2.230 We agree with the observation and Commission has already started carrying out the said activity on Quarterly Basis.
- 2.231 Commission always carries out prudence check and for True Up of FY 2016-17, they have also appointed an Auditor to carry out the prudence check.
- 2.232 Depreciation expenses have been claimed in line with the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017.
- 2.233 It is submitted the DISCOMs have been regularly filing True Up petition including for true up of capitalization since the beginning. However, the Commission has done provisional true up of capitalization on account of ongoing and pending physical verification exercise by agency appointed by the Commission and shall be considered by Commission once finalized.

BYPL

- 2.234 Commission has appointed the consultant for audit of capex and physical verification of assets of DISCOMs which is in process. BYPL has always provided and is providing full cooperation to the Commission's officials/Auditors for efficient and timely completion of the same.

BRPL

- 2.235 As regards physical verification of assets, it is submitted Commission appointed M/s Feedback Ventures Limited as consultant for physical verification of assets. The Petitioner has already provided all information to the consultant and has extended its cooperation in completing the physical verification of assets. The Petitioner has

time and again reiterated the urgency for completion of this exercise so that all capex related costs are allowed to the Petitioner at the earliest. Not only will this help the petitioner to offer un-interrupted power to its consumers, but the same will also result in lower tariff for end consumers by way of lower carrying costs.

NDMC

- 2.236 The queries are specific to the ARR petition filed by TPDDL and are not linked to ARR petition of NDMC.
- 2.237 Admittance of the Petitions is a prerogative of the Commission and NDMC believes that the same has been done after examination of the petitions through a rigorous prudence check. So far as true-up of various parameters is concerned, the same is done under the provisions of the Tariff Regulations only. The Commission considers the merits of the submissions made by the Petitioners, analyses the legitimacy of the same as per Tariff Regulations and allows/disallows the submissions based on such principles. The concerns of the Consumers are therefore already getting addressed under the regulatory framework.

COMMISSION'S VIEW

- 2.238 Asset wise Depreciation rates are specified in the Appendix-1 of the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017 and are accordingly allowed in the ARR of the Utilities. Detailed basis for determination of depreciation rates has been explained in the statement of reasons of the Regulations.
- 2.239 Finalization of Capital Expenditure and Capitalisation of the DISCOMs is under process. Pending completion of True up exercise for capitalisation, the Commission has approved the capitalisation on provisional basis so that the future consumers are not burdened with past costs.

ISSUE 10: OTHER BUSINESS INCOME

STAKEHOLDER'S VIEW

- 2.240 Shastri park Hotel being at prime location is leased at high revenue without showing the revenue in balance sheet.

2.241 Collection of Electricity Duty does not involve extra cost. Hence, no payment is due for this expenditure as it is covered under A&G expenses

PETITIONER'S SUBMISSION

TPDDL

2.242 No Response.

BYPL

2.243 Under the Electricity Act' 03, the activity of collection of electricity duty has nothing to do with the functions of a distribution licensee. Since such function is carried out using the assets of the distribution business, such function is clearly attributable to other business income.

BRPL

2.244 Unaware of the issue of Shastri Park Hotel.

NDMC

2.245 The last date for submission of comments on petitions is prerogative of the Commission.

COMMISSION'S VIEW

2.246 In the event a Licensee engages in any other business for optimization of the assets, any income arising out of such engagement is liable to be treated as other business income of the Licensee as per provisions of Delhi Electricity Regulatory Commission (Treatment of Income from Other Business of Transmission Licensee and Distribution Licensee) Regulations, 2005, as amended from time to time. As per the applicable Regulations, the Licensee shall retain 40% of the revenues arising on account of Other Business and pass on the remaining 60% of the revenues to the regulated business owing to use of the assets used for power distribution which is the main function of the Licensee.

ISSUE 11: APTEL DIRECTIVES

STAKEHOLDER'S VIEW

2.247 Certain direction of the Hon'ble ATE was in excess of Jurisdiction and only directory

in nature.

2.248 The details of various judgments, as well as the reasons on the basis of which, DISCOMs have claimed various expenses may be provided.

2.249 As noted from the petition, DERC has not implemented the ATE judgement which mount to a large sum. DERC should either levy the cost on the consumers if the claims are genuine, else should impose penalty on the DISCOMs for any wrong information provided.

PETITIONER'S SUBMISSION

TPDDL

2.250 No Response.

BYPL

2.251 Timely Implementation of APTEL orders by the Commission is in overall consumer interest as it will prevent carrying cost burden on consumers. Hon'ble APTEL has observed in its judgments that its judgment, orders are to be implemented promptly, in cases, where its judgments have been passed and no stay order has been granted by Hon'ble Supreme Court. Even the mere pendency of an appeal against APTEL judgment is not an excuse for its delay in implementation or non-implementation.

2.252 Regarding Petitioner's claim for implementation of APTEL Judgments and past period claims, it is submitted that, only after detailed deliberation on the issues, Hon'ble APTEL vide its various judgments has issued specific directions to the Commission with respect to implementation of the issues challenged by the Petitioner. Accordingly, the Petitioner has claimed the impact of implementation of APTEL Judgments to be allowed in the next Tariff Order. Further, it is submitted that the issue wise claim along with computation is explained in detail at Para 3.8 of the ARR Petition. The same is not reiterated for the sake of brevity.

2.253 The Commission considers all the judgment/Orders passed by the Hon'ble APTEL/High Court/Supreme Court while exercising the prudence check for finalisation of ARR of the Petitioner. Further, the issues decided by the Hon'ble APTEL, in which there is no stay by the Hon'ble Supreme Court or review/clarification application pending before Hon'ble APTEL, are implemented by the Commission.

BRPL

- 2.254 The comments of the stakeholder pertain to the other licensee, i.e. TPDDL/BYPL, and therefore we are not in a position to respond to the same.
- 2.255 The Hon'ble ATE has given several directions to the Commission in Various Judgments. The list of judgments is provided in Table 3.24 on Page number 133 and 134 of BRPL's ARR petition submitted to DERC.
- 2.256 As regards the judgments and directions of the Appellate Tribunal, it is submitted that the Commission is a quasi-judicial body under the Electricity Act, which is bound to follow the orders and directions of the Appellate Tribunal. The principle of judicial discipline and propriety calls for implementation of the Appellate Tribunal's orders by the Commission in true letter and spirit.

NDMC

- 2.257 The last date for submission of comments on petitions is prerogative of the Commission.

COMMISSION'S VIEW

- 2.258 The Commission considers all the judgement/Orders passed by the Hon'ble APTEL/High Court/Supreme Court while exercising the prudence check for finalisation of ARR of the Petitioner. Further, the issues decided by the Hon'ble APTEL, in which there is no stay by the Hon'ble Supreme Court or review/clarification application pending before Hon'ble APTEL, are implemented by the Commission.

ISSUE 12: REGULATORY ASSETS**STAKEHOLDER'S VIEW**

- 2.259 DERC has to devise methodology to clear Regulatory Assets and Carrying Cost thereof.
- 2.260 Govt. of India may provide a bail-out package for Delhi DISCOMs as is done for other states. DERC may press for extension of Central Govt. Scheme benefits like UDAY for Delhi Consumers.
- 2.261 Average Power Purchase cost is Rs. 5.49 per unit and Billing Rate is Rs. 7.23 per unit, hence revenue gap should not exist.

- 2.262 Accumulated revenue gap projected by Petitioners is arbitrary. Due to non-furnishing of true data by Petitioners, Commission has not been able to get prudence check exercise conducted.
- 2.263 In absence of any Prudence check, there is serious apprehension on computation of Gap on account of Regulatory Assets.
- 2.264 Regulatory Gaps disclosed in DISCOMs balance sheet are not in sync with amount approved by the Commission.
- 2.265 Executive Summary does not contain any disclosure about the accumulated Regulatory Assets gap approved by the Commission and its carrying cost.
- 2.266 The Regulatory Assets projections by DISCOMs are totally imaginary, irrational and incorrect. The Petitioner has claimed average carrying cost of 14% whereas the Commission has earlier allowed 11.81% average carrying cost, which is much higher than schedule of rates prescribed. The inflated revenue gap is disallowed as it is not a regular feature in the ARR projections but a chronic disease for the consumers and needs to be eradicated urgently.
- 2.267 The surcharge of TPDDL should be reduced from 8% as its regulatory assets have gone down substantially.

PETITIONER'S SUBMISSION

TPDDL

- 2.268 We agree with the comment of the stakeholder and even National Tariff Policy mandates the same. The Commission has brought into effect a mechanism for dealing with Regulatory Assets. Even in past, DISCOMS have been advocating at various Forums for time bound recovery of Regulatory Assets.
- 2.269 Any such funding as suggested may be extended to Delhi DISCOMs, would be welcome and in overall Consumer Interest.
- 2.270 Revenue Gap is the difference between the ACS (Average Cost to Supply) and ABR (Average Billing Rate), where ACS includes Power Purchase Cost, O&M Cost, Cost related to Capitalization i.e. Depreciation, Cost of Funding, Interest for working capital, Income Tax and Carrying Cost.
- 2.271 Therefore, it is not appropriate to consider only one of the parameter i.e. Power

- Purchase Cost of ACS visa-a-vis ABR and conclude that no revenue gap should exist if ABR is higher than the Power Purchase Cost.
- 2.272 Tata Power-DDL has already provided its detailed justifications, assumptions, clarification and computation with respect to each claim including carrying cost as sought for the respective year's ARR in its current Tariff Petition.
- 2.273 Further copy of Audited Financial Statement is also attached as Annexure A-2 in volume II of the Tariff Petition.
- 2.274 Prudence check of DISCOMs True-up Petition for FY 2016-17 is already going on by CAG Empanelled Audit Firm appointed by Commission, in addition to the prudence check being done by the Commission itself.
- 2.275 Accumulated Regulatory Assets for the purpose of the Balance Sheet is considered in accordance with IND-AS notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended).
- 2.276 Whereas Regulatory Assets for the purpose of Tariff fixation has been considered in line with applicable Regulations, Various Judgments, methodology followed by the Commission, etc.
- 2.277 Information with respect to Accumulated Revenue Gap as sought up-to FY 2018-19 is given on Page No 10. of the Executive summary published by the Commission. Further, the copy of the Petition for True Up for FY 2016-17 and ARR for FY 2018-19 is publicly available on Commission's website as well as DISCOM's website and Tata Power-DDL has given detailed methodology/assumptions and computation for each parameter of the respective years' ARR in its tariff petition. Thus, the consumers are free to give their suggestions based on the Tariff Petition.

BYPL

- 2.278 The Yearly Increase in Regulatory Asset of all DISCOMs is recognized by the Commission and vide tariff order dated 13th July 2012 allowed 8% Surcharge for recovery of the accumulated deficit (Regulatory Asset). However, the 8% Surcharge towards recovery of Regulatory Asset is not even sufficient to recover the carrying cost. We appreciate the concern raised by the Stakeholder and request the Commission to kindly consider this in this Tariff Proceedings.
- 2.279 We appreciate the concern raised by Stakeholder and request the Commission to

suitably advise the Government of India for bailout package for attaining financial stability. Since, all the 3 DISCOMs of Delhi has done a tremendous work in terms of loss reduction, Quality of Power, Quality of services being offered by them as compared to the erstwhile DVB period. The performance of any DISCOM is not even hampered in the situation of financial crises too. Further, the bailout package will help the citizens of Delhi directly.

- 2.280 Suitable disclosure of facts and detailed explanation thereof has been provided in the Petition filed by the BYPL. Additionally the detailed computation of Regulatory asset claimed by the BYPL and proposed recovery of the same has also been provided in the Petition.
- 2.281 The ARR for the DISCOMs is allowed after prudence check of the Petitions submitted by the DISCOMs and after considering each element of cost projected in the petitions with due analysis and ensuring proper justification.
- 2.282 Company's Balance sheet and annual accounts is duly audited by the Statutory Auditors. Also Commission conducts a comprehensive prudence check before allowing any costs in the ARR. The Commission determines the tariff after considering the operational and capital expenditure required by the licensee for supplying power and maintaining its distribution network / infrastructure to meet the load requirements of the consumer. Accordingly, Commission will take into account all relevant facts and figures for approving the expenses while determining the ARR of the licensees.
- 2.283 The Petitioner in its ARR Petition has claimed impact on account of implementation of issues which are upheld by the Hon'ble Tribunal and yet to be given effect by the Commission. The Petitioner has projected revenue gap/regulatory assets after considering the impact on account of implementation of APTEL judgments and past year claims over and above the RA of Rs. 2662 Crs. as recognised by the Commission upto FY 2015-16.

BRPL

- 2.284 It is a matter of fact that in absence of cost reflective Tariff, huge Regulatory Assets has been created. The Commission itself has recognised Regulatory Assets of Rs. 4232.68 Crore upto FY 2015-16 in Tariff Order dated August 31, 2017. The

Commission has acknowledged the fact in past Tariff Orders and press releases that in absence of cost reflective Tariff, huge Regulatory Assets has been created. As regards the issue of tariff and accumulation of regulatory assets thereof, we would like to state that the determination of electricity tariff to be charged from a consumer is the prerogative of the Commission, under Section 45 of the Electricity Act, 2003.

- 2.285 It is upto the Commission to issue Statutory Advice to the Government under the provisions of the Electricity Act. However, we appreciate your suggestion with respect to a Bail Out package and cheaper loans to be provided to Delhi DISCOMs in order to recover the Regulatory Assets for past years as being provided to consumers of other state DISCOMs. We hope that your suggestion will be considered by the Commission.
- 2.286 The Petitioner has undertaken several measures to reduce the revenue gap and consequently reduce the tariff burden on consumers. Some of these efforts are:
- a) Engaging in other businesses such as consulting for generation of non-tariff income. Benefit of such income is passed on to consumers reducing their tariff burden.
 - b) Optimization of operation and maintenance expenses by outsourcing maintenance contracts wherever possible.
 - c) Optimization in employee expenses.
 - d) Surrender of costly and inefficient power plants as highlighted earlier.
- 2.287 As regards revenue gap submitted during FY 2014-15 and FY 2015-16, it is submitted that the revenue gap has been computed based on the expenses and revenue computed in accordance with DERC MYT Tariff Regulations. In the Petition, the Petitioner has given detailed justification for the expenses and revenue claimed for FY 2014-15, FY 2015-16 and FY 2016-17. Also, the Petitioner in the ARR Petitions has listed the major reasons for revenue gap during FY 2014-15, FY 2015-16 and FY 2016-17.
- 2.288 The Executive summary has been prepared by the Commission on the basis of the ARR Petitions submitted by the licensee. As the name suggests, it is merely a summary of the claims and contentions of the licensees. A detailed and comprehensive discussion on the issue of Regulatory Assets/ Gap and carrying costs

thereof, is contained in Chapter 5 of the ARR Petition submitted by the licensee. Further, the copies of the ARR Petition are available at the office of the licensee, as per the instructions of the Commission. The public notice has also been published as per for format provided and approved by the Commission.

- 2.289 It is submitted that revenue gap has been computed by the Petitioner based on the expenses and revenue in accordance with DERC MYT Tariff Regulations. In the Petition, the Petitioner has given detailed justification for the expenses and revenue claimed for FY 2014-15, FY 2015-16 and FY 2016-17. Also, the Petitioner in the ARR Petitions has listed the major reasons for revenue gap during FY 2014-15, FY 2015-16 and FY 2016-17.
- 2.290 Further, the Petitioner has requested the Commission to allow the impact on account of various directions given by Hon'ble APTEL in the Judgments pronounced in matter of Appeals filed by the Petitioner. The Petitioner has also given the details of the impact claimed on account of these APTEL Directions in the ARR Petition.
- 2.291 Since these directions are pending to be implemented since FY 2004-05, the same is being funded by the Petitioner. Accordingly the Petitioner has claimed the impact along with the carrying cost upto FY 2016-17. The Petitioner in its Petition has also requested the Commission to expeditiously implement the directions of Hon'ble APTEL so as to avoid further accumulation of carrying costs.

NDMC

- 2.292 This suggestion does not pertain to NDMC. The Commission may consider the suggestion appropriately.
- 2.293 The Issues does not pertain to NDMC. However, NDMC reiterates its submission in it petition that no such liability should be considered as part of ARR for NDMC. The consumers in NDMC license area therefore should not be burdened with such liabilities of other discoms.
- 2.294 The queries are specific to the ARR petitions filed by BYPL, BRPL and TPDDL and are therefore not linked to ARR petition of NDMC.

COMMISSION'S VIEW

- 2.295 Recovery of accumulated revenue gap, Regulatory Asset as envisaged in clause 8.2.2

of Tariff policy is as under:

“

- a) *Carrying cost of Regulatory Assets should be allowed to the utilities.*
- b) *Recovery of Regulatory Assets to be time bound and within a period not exceeding three years at the most, preferably within the control period.*
- c) *The use of the facility of Regulatory Assets should not be retrospective.*
- d) *In case when Regulatory Asset is proposed to be adopted, it should be ensured that the ROE should not become unreasonably low in any year so that the capability of licensee to borrow is not adversely affected.”*

2.296 The Hon’ble Appellate Tribunal for Electricity (APTEL) has also reiterated the above policy in its judgment dated 11.11.2011 (OP 1 of 2011).

2.297 The Commission is guided by the National Tariff Policy and in accordance with the Hon’ble APTEL judgment and has allowed carrying cost to DISCOMs. For liquidation of the past accumulated revenue gap, the Commission introduced a surcharge of 8% over the revised Tariff, in tariff order dated July 13, 2012, and has been revising tariff every year to a reasonable level to provide additional revenue to DISCOMs and also to reduce the burden of carrying cost on the consumers of Delhi.

2.298 The build-up of the revenue gap commenced in 2009-10 when power purchase costs went up substantially and the rate of sale of surplus power steeply declined due to stringent frequency controls imposed by CERC.

2.299 The Tariff Order for FY 2010-11 was not issued due to court proceedings. Therefore, while the tariff increase from FY 2011-12 onwards has to some extent offset the incremental increase in revenue gap, however cumulative revenue gap along with applicable carrying costs still remained uncovered. Thus, the formula evolved by the Commission i.e., including carrying costs in the ARR every year, for tariff determination and using 8% surcharge for liquidating the principal over a time is expected to liquidate the Regulatory Assets in a reasonable period of 6 to 8 years.

2.300 The Commission has submitted before the Hon’ble Supreme Court of India in Civil Appeal No. 884 of 2010 that additional surcharge of 8% shall liquidate the principal amount of the accumulated revenue gap within 6 to 8 years.

2.301 UDAY scheme is not applicable to private distribution licensees.

2.302 The Commission determines the ARR for the DISCOMs as per the provisions of the Regulations. The Commission in its Tariff Order has provided the break-up of the major components considered for projecting costs of supply during FY 2018-19, like power purchase cost, O&M costs, CAPEX, financing cost, gap in true up of FY 2016-17 and carrying cost for the regulatory assets etc. This forms the basis for projection of the gap between present requirement in terms of ARR and revenue available at existing tariff. It is in the consumer's overall interest, that the gap between these two figures is filled by adjusting the tariffs so as to reduce the accumulated Revenue Gap/Regulatory Assets and the Carrying Cost thereof, which otherwise would impose an additional burden on the average consumer. The Tariff Order is issued after prudence check of the Petitions submitted by the DISCOMs and after considering each element of cost projected in the petitions with due analysis and ensuring proper justification.

ISSUE 13: PENSION TRUST

STAKEHOLDERS' VIEW

- 2.303 The pension payments of erstwhile employees should not be borne by Consumers. It is almost over 15 years since private DISCOMs took over DVB, so why is pension surcharge being levied now?
- 2.304 How much money is there with the pension trust and has it been invested in government bonds and securities or paid as pension?
- 2.305 The mishandling of data and funds by the pension trust, the subsequent contribution by successor entities of DVB and the issues of underfunding of the corpus of the pension trust has to be resolved. On one hand the Commission has recommended for a forensic audit and on the other hand why the Commission has allowed an exorbitant amount of Rs. 693 crore for FY 2017-18 in addition to earlier adhoc payments based on the recommendation of GoNCTD without verifying the facts of underfunding?
- 2.306 No compliance report/Reconciliation statement of payment made to Pension Trust given during FY 2016-17 & 2017-18 to Commission.
- 2.307 Expenses and Liabilities of Pensioners in ARR are part of O&M expenses under tariff

- but DISCOMs have not projected liability of DVB pensioners in its Petition.
- 2.308 Hon'ble Supreme Court in Civil Appeal no. 4269 of 2006 of 4270 of 2006 NDPL Vs. GoNCTD and BRPL and Ors Vs. GoNCTD vide judgment dated 03.05.2010 also relied upon by the Commission in its Tariff orders mandates innate responsibility of DISCOMs to fund the Pension Trust established for the benefit of the personnel and the existing Pensioners.
- 2.309 No projection of the Pensioners Liability of DVB pensioners is against the provisions of Companies Act, not befitting to the principles/ethics of the Companies. The petitioner has claimed employees expenses on account of 7th Pay Commission but has intentionally avoided projecting liability of DVB pensioners. The expenses and liability of the Pensioners in ARR petition is part of O&M expenses under the tariff.
- 2.310 The requirement of the Pension Trust in FY 2018-19 after implementation of the interim recommendation of WRC and estimated impact w.e.f. 01.01.2016 for about 23000 pensioners for funding by the successor utilities of DVB is estimated approximately Rs. 780 cr.
- 2.311 Pension is a right to DVB pensioners which is not a bounty or gratuitous payment by three DISCOMs.
- 2.312 Consistent violation of the provisions of the Reforms Act and Transfer Scheme by the Petitioner in not paying pro-rata amount in respect of Pension and Terminal Benefits have resulted in complete extinction of the fund established by GoNCTD and has jeopardised life of the pensioners.
- 2.313 DISCOMS are evading payments to the trust and have created serious impediments in reforms process of Power Industry in India. Arbitrary action by DISCOMs in perpetuating labour unrest among the beneficiaries of Pension trust
- 2.314 Non-Payment of liability of Rs. 2670 Crore as on 31.03.2013, assessed by LIC in actuarial valuation carried out for Pension Trust.
- 2.315 Tata Power-DDL has now filed Writ Petition No. 8973 of 2017 before Hon'ble Delhi High Court that GoNCTD should liquidate amount estimated in Actuarial Valuation. Tata Power-DDL has been misrepresenting facts and raising frivolous multi-litigation by way of forum shopping.
- 2.316 Commission has been allowing ad-hoc payment to Pension Trust by DISCOMs which

is inadequate. Commission should frame Regulations for smooth flow of funds to Pension Trust and allow recovery in ARR of DISCOMs for FY 2016-17 to FY 2020-21 and till that time allow recovery on account of payment for pensioners as separate surcharge.

2.317 Commission may frame Regulations for smooth flow of funds to Pension Trust by DISCOMs.

PETITIONER'S SUBMISSION

TPDDL

2.318 Reconciliation statement has already been submitted to the Commission.

2.319 Tata Power-DDL has projected O&M expenses as per MYT Regulations.

2.320 The LIC actuarial valuation report was not accepted, endorsed by Tata Power-DDL or other DISCOMs. The LIC valuation was an attempt to estimate the amount of liability. GoNCTD has to bear the liability for any shortfall in pension Trust funds. The Matter of underfunding is sub judice in Hon'ble Delhi High Court.

2.321 The allegations of the forum shopping and misrepresentation on Tata Power-DDL are incorrect. The writ petition being referred has been filed on legal advice and is in response to the Writ Petition of 2010. Tata Power-DDL is well within its rights to raise important issues in the interest of all stakeholders.

2.322 Commission may like to comment on the same.

BYPL

2.323 We appreciate the concerned raised by Stakeholder and request Commission to kindly address the same while determining the next tariff order.

2.324 It is submitted that the answering Petitioner is complying with the directions of the Commission for contribution of the funds of the DVB ETBF 2002(Pension Trust) which is established by the GoNCTD for payment of pension & terminal benefits to the erstwhile DVB employees.

2.325 The ARR Petition is prepared in accordance with the provisions of Delhi Electricity regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, & DERC (Terms and Conditions for Determination of Tariff) Regulations, 2011; 2017 and DERC (Business Plan)

Regulations, 2017. These Regulations or any other directive issued by the Commission does not mandate the Petitioner to project pension liability of DVB pensioners. However, the Commission in the Tariff Order for FY 2015-16 has directed M/s DTL to project pension liability from FY 2016-17 onwards. Further, DERC in its last Tariff Order has approved a mechanism for recovery of amount towards Pension payments through a separate surcharge of 3.70% w.e.f from Sep'17. Accordingly the Petitioner is billing and collecting the same from the consumers for onward payment to the Pension Trust on monthly basis.

- 2.326 It is submitted that the said Supreme Court judgement does not cover the pensioner issues. The issue before the Hon'ble Supreme Court was with respect to the contingent liabilities of the employees who got separated from the erstwhile DVB at the time of unbundling of the erstwhile DVB.
- 2.327 The Petitioner in the ARR Petition has sought for implementation of 7th Pay Commission for the employees in service. However, there will be additional liability on account of increase in the pension liability and the same has to be allowed by the Commission in the ARR petition
- 2.328 The payment of pension to the retirees is the responsibility of the Pension Trust and not DISCOMS. The answering DISCOM is regularly depositing month wise LSC & PC contribution with respect to the regular on roll employees of FR & SR structure who are transferred to them after unbundling of the erstwhile DVB.
- 2.329 Petitioner is one of the successor entities with respect to the payment of LSC & PC every month for FR & SR structure employees of erstwhile DVB. There is no violation of the Reforms Act and Transfer Scheme by the answering Petitioner as alleged in the petition.
- 2.330 It is denied that the DISCOMS are evading their part of payment to the Pension Trust which is creating serious impediments in the reforms process of Power Industry in India. It is denied that there is any arbitrary action by DISCOMS in perpetuating labour unrest amongst the beneficiaries of the Pension Trust.
- 2.331 The Pension Trust was created after the unbundling of the DVB for the purpose of payment of pension and terminal benefits to the employees of erstwhile DVB on their superannuation with the initial corpus of Rs. 1329.10 crs. It is submitted that

there was an initial underfunding to the Pension Trust by the GoNCTD/DVB to the tune of Rs. 1254 Crores and the matter with regard to the underfunding of the Pension Trust is already sub-judice before the Hon'ble High Court of Delhi, as the majority Union namely Delhi State Electricity Workers Union has filed a writ petition no. 1698/2010 and is scheduled for hearing on 08.03.2018. As per the provisions of the Pension Trust Deed, the Pension Trust to carry out annually actuarial exercise, which they have failed to do so.

- 2.332 There is no actuarial valuation done by LIC. In fact there was once a proposal to the pension to be disbursed by LIC of India, but it did not materialise.

BRPL

- 2.333 As far as pension surcharge of 3.70 % is concerned, it is submitted that the Commission vide its tariff order dated 31.08.2017 has notified a surcharge of 3.70% towards recovery of Pension Trust Charges of erstwhile DVB Employees /Pensioners as recommended by GoNCTD. It is important to mention here that under Section 45 of the Electricity Act, 2003, determination of electricity tariff is the sole prerogative of the Commission.

NDMC

- 2.334 The Issues does not pertain to NDMC. However, NDMC reiterates its submission in its petition that no such liability should be considered as part of ARR for NDMC. The consumers in NDMC license area therefore should not be burdened with such liabilities of other discoms.

COMMISSION'S VIEW

- 2.335 The Pension Trust was established as a part of Transfer Scheme Rules, 2001 framed under Delhi Electricity Reform Act, 2000 (DERA) and the Tripartite Agreements executed by the GoNCTD with unions of employees and Associations of officers of the erstwhile DVB. In terms of the aforesaid Rules and Tripartite Agreements, the Pension Trust was funded at the time of unbundling of the DVB by way of one lump sum payment by the GoNCTD. The issue of underfunding of corpus fund of the pension trust is sub-judice in W.P. (C) 1698/2010 in the Hon'ble High Court of Delhi. Subsequent contributions from the date of unbundling have to be made to the

Pension Trust by the successor entities of DVB. The Commission has been releasing ad-hoc payments in the DTL Tariff orders from FY 2011-12 onwards up to FY 2014-15. Further, in the tariff order dated August'2017, the Commission has directed the DISCOM's for submitting the reconciliation statement and deposit the amount directly to the pension trust, instead of past practice of routing it through DTL.

- 2.336 Section 86 of the Electricity Act, 2003, which defines functions of State Commission, does not provide for issuing Regulations of Pension Trust. The fact has also been appreciated by the Hon'ble APTEL in Appeal No. 238 of 2013 (Mahendra Gupta & Others Vs DERC), wherein it has held that " the learned state Commission has no jurisdiction to go into disputes between the Appellants and the Pension Trust with regard to release of terminal benefits in their favour. The grievances of individual employees/appellants relating to service matters relating to the terminal benefits including pension are not under the jurisdiction of the State Commission". The Commission reiterates its view that it is beyond its jurisdiction to regulate the Pension Trust or to frame Regulations in this regard.
- 2.337 The Commission vide letter no. F.17(44)/Engg./DERC/201213/C.F. No.3481/3320 dated 11.09.2012 has issued Statutory Advice under Section 86(2) of the Electricity Act, 2003 to Govt. of NCT of Delhi to constitute an Oversight Committee to look into the issues related to pensioners of erstwhile DVB. The subject matter is presently sub-judice before Hon'ble High Court of Delhi and the parties to the dispute should expedite the proceedings before the court and explore other avenues for settlement of dispute.
- 2.338 The Commission has already made provision on ad-hoc basis of Rs.150 Crore, Rs.160 Crore, Rs.400 Crore, Rs. 470 Crore, Rs. 573 Crore, Rs. 573 Crore and Rs. 694 Crore for FY 2011-12, FY 2012-13, FY 2013-14, FY 2014-15, FY 2015-16, FY 2016-17 and FY 2017-18 respectively in applicable Tariff Orders for passing on to the Pension Trust to avoid undue hardship to the pensioners till all issues concerned with Pension Trust are settled by the Courts/Delhi Govt.
- 2.339 The Commission vide letter dated 08.12.2016 has requested GoNCTD for conducting a forensic audit of Pension Trust for authentication of the data of pension disbursement from FY 2002-03 to till date to ascertain the actual liability of Pension

Trust. The Commission has considered the amount of Rs. 792 Crore sought for FY 2018-19 by the Pension Trust on an ad-hoc basis recommended by GoNCTD vide it's letter dated 16.03.2018.

ISSUE 14: OPEN ACCESS

STAKEHOLDERS' VIEW

2.340 Open Access System to be put on hold.

PETITIONER'S SUBMISSION

TPDDL

2.341 Electricity Act mandates promoting of Open Access. However, to address the issue of surplus power and burden on consumers thereof, Commission may take up with Ministry of Power, Govt. of India for surrender of expensive power of Delhi and re-allocation of the same to needy states.

BYPL

2.342 No Response.

BRPL

2.343 Regarding other comments which are directed towards the Commission, we trust the same shall be duly considered by the Commission itself.

NDMC

2.344 The last date for submission of comments on petitions is prerogative of the Commission.

COMMISSION'S VIEW

2.345 Section 42 of the Electricity Act, 2003 provides for non-discriminatory open access to consumers as per the provisions specified by the Commission. Accordingly, the Commission has already notified Regulations for allowing open access to consumers whose contract demand is 1 MW and above. The Commission has decided to allow Transmission and Wheeling Charges, Cross Subsidy Surcharge, Additional Surcharge and other applicable charges under Open Access keeping in view the provisions of the Electricity Act, 2003, National Electricity Policy, National Tariff Policy and the

Open Access Regulations of the Commission.

ISSUE 15: CASH COLLECTION

STAKEHOLDERS' VIEW:

- 2.346 Promoting Digital Payment is contrary to exemption of cash limit and hence, should be reduced to Rs. 2000/-
- 2.347 Increase the cash limit above Rs. 4000/- for payment of electricity bills.
- 2.348 Mobile Cash Vans/ cash counters may be arranged at convenient locations for consumers.

PETITIONER'S SUBMISSION

TPDDL

- 2.349 Commission may like to decide on the issue of cash limit.

BYPL

- 2.350 Determining the cash limit for payment of bills is the sole prerogative of the Commission. The Commission may determine the cash limit considering the convenience of the consumers.
- 2.351 Commission in previous Tariff Orders has directed that in case the bill for consumption of electricity is more than Rs 4,000/- payment for the bill shall only be accepted by the DISCOM by means of an Account Payee cheque/ DD.
- 2.352 BYPL has been complying with the said directive of the Commission; however, considerable resistance has been faced by divisional offices/collection centers from low income consumer groups.
- 2.353 In view of the ground realities, we have time and again requested the Commission to enhance the limit of acceptance of cash payment for convenience of the consumers and avoid revenue loss in the ARR.

BRPL

- 2.354 The petitioner has instituted several initiatives to promote digital payments in line with the mandate for the Government to promote such payment. We strongly believe that digital payments will significantly promote transparency, easy accounting and bring in greater efficiency. On the other hand, the Petitioner also

accepts cash payments up to the limit of Rs.4000. for those consumers who are not so conversant with digital payments. However, it is to be noted that the limit of cash acceptance has been fixed by the Commission.

NDMC

2.355 The issue does not pertain to NDMC.

COMMISSION'S VIEW

2.356 The Commission has taken a conscious decision that in case the bill for consumption of electricity is more than Rs. 4000/-, payment of the bill be accepted by the Petitioner by means of Account Payee Cheque/DD. However, payment of any amount can be made through net banking payment. The Commission has also directed the petitioner to accept the cash payment of more than Rs. 4000/- for payment of electricity bill in the case of visually impaired consumers only. The Commission vide letter dated 22.01.2016 has directed that in cases of settlement done on the order of a Court, the licensee can accept the settlement amount in cash from the litigant along with order of the Court. Further, based on the stakeholder's request the Commission has decided to allow cash deposit upto Rs.50000/- against electricity bills in scheduled commercial bank account of the Petitioner.

2.357 The Commission in its DERC (Supply Code and Performance Standards) Regulations, 2017 has directed the Distribution Licensee to establish sufficient number of collection centres, including mobile collection centres at suitable locations with necessary facilities.

ISSUE 16: TARIFF HIKE

STAKEHOLDERS' VIEW

2.358 Tariff shouldn't be increased as Companies are already earning huge profit.

2.359 Minimum tariff should not be less than sum of procurement cost and O&M expenses.

2.360 Tariff may be hiked in order to get better services.

2.361 Incentivize DISCOMs for maintaining reliable power supply.

2.362 Allow tariff in the manner that the financial viability of the sector is restored.

PETITIONER'S SUBMISSION**TPDDL**

- 2.363 Tariff for the year is determined based on the principle that there should be 100% recovery of ARR requirement for that respective year. If ARR requirement is going to be increased/decreased, correspondingly tariff has to be changed for the financial viability of the sector. Thus, if there is no increase in tariff, there would be a situation of revenue deficit, which ultimately has to be recovered from consumers in ensuing years along with the carrying cost. The absence of the cost reflective tariff in the past years has resulted in creation of the Regulatory Asset and Delhi DISCOMs have already been facing problem of non-liquidation of this accumulated Revenue Gap in time bound manner creating a liquidity crunch situation.
- 2.364 Further, the concern on creation of Regulatory Assets in future and the need for timely liquidation of the Regulatory Assets has also been emphasized in the amendments to the National Tariff Policy
- 2.365 Therefore in the interest of consumer and financial viability of the power sector, Tariff hike is proposed to recover the entire ARR for ensuing year along with the recovery of past accumulated Revenue Gap and its carrying cost.

BYPL

- 2.366 The determination of electricity tariff to be charged from a consumer is the prerogative of the Commission, under Section 45 of the Electricity Act, 2003
- 2.367 Section 61 of Electricity Act 2003 mandates that while determining tariff the Appropriate Commission shall be guided by the objective that the tariff progressively reflects the efficient and prudent cost of supply of electricity. Further, the Appropriate Commission shall safeguard the interest of consumers and at the same time allow recovery of the cost of electricity in a reasonable manner.
- 2.368 BYPL welcomes the observation of consumer and requests to the Commission to not just penalize but also incentivize Discoms for providing reliable power supply to the consumers. This will motivate the Discoms for further improvement.

BRPL

- 2.369 Determination of electricity tariff to be charged from a consumer is the prerogative

of the Commission, under Section 45 of the Electricity Act, 2003.

- 2.370 We appreciate the stakeholder's suggestion with respect to increase in electricity prices for quality power. However we would like to state that determination of tariff to be charged from consumers is the sole prerogative of the Commission under section 45 of the Electricity Act 2003.
- 2.371 BRPL has been consistent in delivering high performance meeting the performance standards prescribed by the Commission.

NDMC

- 2.372 NDMC in its tariff petition has submitted details of expenses and revenue and requested to the Commission to consider the same. Increase in tariff is exclusive right of the Commission. The Commission may consider increase in tariff on the basis of merits.
- 2.373 While the query does not pertain to NDMC as NDMC is not earning profits. On the other side, NDMC submits that approval of true-up and pass through of revenue gap through appropriate means including increase in tariff is a prerogative of the Commission. The Commission may kindly consider the submissions made in the petition and allow the revenue gap based as deemed appropriate.

COMMISSION'S VIEW

- 2.374 The Commission determines the ARR for the DISCOMs as per the provisions of the Regulations. The Commission in its Tariff Order has provided the break-up of the major components considered for projecting costs of supply during FY 2018-19, like power purchase cost, O&M costs, CAPEX, financing cost, gap in true up to FY 2016-17 and carrying cost for the regulatory assets etc. This forms the basis for projection of the gap between present requirement in terms of ARR and revenue available at existing tariff. It is in the consumer's overall interest, that the gap between these two figures is filled by adjusting the tariffs so as to reduce the accumulated Revenue Gap/Regulatory Assets and the Carrying Cost thereof, which otherwise would impose an additional burden on the average consumer. The Tariff Order is issued after prudence check of the Petitions submitted by the DISCOMs and after considering each element of cost projected in the petitions with due analysis and

ensuring proper justification.

- 2.375 The tariff of the Distribution Licensees varies according to the cost of supply to the consumers and corresponding revenues earned at Existing Tariff from the units sold to the consumers.

ISSUE 17: CAG AUDIT

STAKEHOLDERS' VIEW

- 2.376 CAG Audit report to be made public.
- 2.377 What is the purpose of Regulatory Audit by CAG empanelled auditors, when CAG Audit is being done?
- 2.378 Tariff Petition should pass through Regulatory Audit in consumer interest.
- 2.379 What steps the Commission has taken for the CAG Audit of DISCOMs in court of law. DERC may provide the timelines to restart CAG Audit.

PETITIONER'S SUBMISSION

TPDDL

- 2.380 The Hon'ble High Court of Delhi vide its Judgment dated 30.10.2015 set aside the decision of entrustment of audit of DISCOMs by CAG. Thus the whole audit exercise was declared void and illegal and hence, there is no question of any report of CAG to be made public. However, the matter of CAG audit is sub-judice before the Hon'ble Supreme Court of India.
- 2.381 Commission has already appointed a CAG empanelled Auditor for carrying out Regulatory Audit for DISCOMs of NCT of Delhi for True-Up of FY 2016-17.

BYPL

- 2.382 CAG Audit was commenced pursuant to the GoNCTD's letter dated 07.01.2014 to which the Petitioner has provided its full co-operation. However, the audit was challenged before High Court of Delhi and the Hon'ble High Court of Delhi vide judgment dated 30.10.2015 set aside the direction of GoNCTD for audit of the Delhi DISCOMs by CAG and all actions undertaken in pursuance to above directive are also rendered inoperative and to no effect.
- 2.383 Further, the Hon'ble High Court has observed that determination of tariff is sole

domain of DERC, which is well empowered to itself conduct the same or have the same conducted.

- 2.384 The Petitioner is a company established under the Companies Act 1956. Accordingly the accounts of the Petitioner are audited both internally and externally by statutory auditors as per the requirements of the Companies Act, 1956. The Commission also undertakes detailed scrutiny of the accounting statements before admitting the expenses in the ARR proceedings.

BRPL

- 2.385 The matter is pending before the Hon'ble Supreme Court
- 2.386 As regards to CAG Audit of Discoms, it is submitted that the Delhi High Court judgment dated 30.10.2015 has been challenged before Supreme Court in SLP(C) 35614 of 2015 in the matter of United Raws Joint Action V/s. Union of India. DERC is also a party to the petition before the Supreme Court. Presently the matter is sub-judice before the Supreme Court.

NDMC

- 2.387 The issues raised by the consumer do not pertain to NDMC. Moreover, NDMC is subject to periodic CAG Audits, hence the query does not pertain to NDMC.

COMMISSION'S VIEW

- 2.388 The matter of CAG Audit is sub-judice before the Hon'ble Supreme Court of India.
- 2.389 Audit is crucial for preventing mis-statements in the company's records and reports. The DISCOMs get the internal and statutory audit conducted under the Companies Act 2013, which forms the basis for financial submission in Tariff Petition of the Commission. The provision of the financial reporting may vary from the regulatory reporting as defined by the Commission from time to time under the Electricity Act, 2003. Therefore, the Commission felt the need of conducting regulatory audit in order to refine the prudence check methodology adopted with the help of an independent CAG empanelled auditor.

ISSUE 18: TIME OF DAY TARIFF

STAKEHOLDERS' VIEW

2.390 ToD metering should be made available to all consumers.

PETITIONER'S SUBMISSION

TPDDL

2.391 Commission has already come out with a Public Notice proposing mandatory ToD for Consumers with Sanctioned load/MDI >25kW /27kVA and Optional for Consumers with 11kW /12kVA < Sanctioned load/MDI < 25kW /27kVA (other than Domestic Consumers).

BYPL

2.392 No Response.

BRPL

2.393 No Response.

COMMISSION'S VIEW

2.394 The Commission has made ToD Tariff mandatory for all consumers (other than domestic) whose sanctioned load / MDI (whichever is higher) is 10 kW/ 11 kVA and above.

2.395 Further, in order to flatten the Load Curve the Commission has provided option of ToD Tariff for all other three phase connections including Domestic.

ISSUE 19: TARIFF CATEGORY

STAKEHOLDERS' VIEW

2.396 Tariff should be hiked for those who waste electricity such as hoardings.

2.397 Domestic Tariff instead of Commercial tariff may be charged for organization providing free spiritual charitable services, which are akin to the temples.

2.398 Private Hostel (Paying Guest) should also be charged at Domestic Rate as for Government Hostel.

2.399 Fixed charges to be abolished in case of 11KV SPD GHS connection. There should be no division for GHS and its individual members. Tariff should be fixed for GHS only and not for individual members.

2.400 Tariff should not be hiked in 11KV SPD GHS category.

- 2.401 Audit condition for claiming subsidy by GHS should be eliminated or DERC may fix a panel of CAG empanelled Auditor with nominal monthly fee.
- 2.402 No. of tariff categories should be reduced and Cross Subsidy among Categories should be discouraged.
- 2.403 Subsidy on electricity should be provided to the mills which run 'daal' processing units, as provided by Government to produce agricultural products.

PETITIONER'S SUBMISSION

TPDDL

- 2.404 Tariff determination and tariff design for all consumer categories is the sole prerogative of the Commission.
- 2.405 Commission has already clarified that Non Domestic Tariff category would be applicable for Paying Guest Accommodation.
- 2.406 We also feel that there should be lesser number of Categories so as to further simplify the tariff Structure and to also reflect the true cost of service.
- 2.407 Even, Section 61 (g) of Electricity Act 2003 mandates that Appropriate Commission while determining tariff shall be guided by the principle that the tariff progressively reflects the cost of supply of electricity and also, reduces and eliminates cross-subsidies within a time period as decided by Commission.
- 2.408 Even National Tariff Policy states that tariff design shall be linked to cost of service and tariff thereof, progressively reflects the efficient and prudent cost of supply of electricity.

BYPL

- 2.409 Section 61 (g) of Electricity Act 2003 mandates that Appropriate Commission while determining tariff shall be guided by the objective that the tariff progressively reflects the efficient and prudent cost of supply of electricity. Accordingly, for achieving the objective that the tariff progressively reflects the cost of supply of electricity, National Tariff Policy laid down the principle that the Appropriate Commission would notify a roadmap such that tariffs are brought within $\pm 20\%$ of the average cost of supply and the road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy.
- 2.410 Further, determination of electricity Tariff to be charged from a category of

consumer is the prerogative of the Commission, in terms of the provisions of the Electricity Act, 2003; Licensee is bound to follow the same.

- 2.411 Reduce the cross subsidization and approve minimum tariff keeping in view the cost of procurement of power plus other components of ARR.
- 2.412 Commission in its Tariff Order dated 31.07.2017 has stated that the Single Point Delivery Supplier (Group Housing Societies) shall charge the Domestic tariff as per slab rate of 1.1 to its Individual Members availing supply for Domestic purpose and Non Domestic Tariff for other than domestic purpose. Any Deficit/Surplus due to sum total of the billing to the Individual Members as per slab rate of tariff schedule 1.1 and the billing as per the tariff schedule 1.2 including the operational expenses of the Single Point Delivery Supplier shall be passed on to the members of the Group Housing Societies on pro rata basis of consumption.
- 2.413 In addition, the Commission has approved the modalities for passing on the subsidy @ 50% on the existing tariff to the individual members residing in the group housing societies. For purpose of the same, the actual consumption recorded from the meter of the individual members of the society must be taken and audited by the CAG empanelled auditor. This is also being done to reduce the possibility of inflated tariff being charged by GHS from its individual members and accordingly the GHS may be able to recover the whole cost of electricity supplied to its members.
- 2.414 In BYPL area, individual members of two group housing societies are complying with the directions of the Commission and hence are getting the benefit of subsidy @ 50%.
- 2.415 Section 61 of Electricity Act 2003 mandates that while determining tariff the Appropriate Commission shall be guided by the objective that the tariff progressively reflects the efficient and prudent cost of supply of electricity. Further, the Appropriate Commission shall safeguard the interest of consumers and at the same time allow recovery of the cost of electricity in a reasonable manner. The Commission determines the ARR for the DISCOMs as per the provisions of the applicable Regulations. The ARR for the DISCOMs is allowed after prudence check of the Petitions submitted by the DISCOMs and after considering each element of cost projected in the petitions with due analysis and ensuring proper justification. It is in

the consumer's overall interest, that the gap between Revenue available and Revenue required is to be filled by adjusting the tariffs so as to reduce the accumulated Revenue Gap/Regulatory Assets and the Carrying Cost thereof, which otherwise would impose an additional burden on the average consumer.

BRPL

- 2.416 Determination of electricity tariff to be charged from a consumer is the prerogative of the Commission, under Section 45 of the Electricity Act, 2003.
- 2.417 As regards the issue of tariff rates, fixed charges and tariff slabs, we would like to state that the determination of electricity tariff to be charged from a consumer and a particular consumer slab is the sole prerogative of the Commission, under Section 45 of the Electricity Act, 2003.
- 2.418 As far as the modalities of claiming the subsidy is concerned, the same has been framed by the Commission as per the letter dated 23.03.2016 issued by GoNCTD. We hope the comments shall be duly considered by DERC/ GoNCTD.
- 2.419 As regards the issue of tariff revision, we would like to state that the determination of electricity tariff to be charged from a consumer is the prerogative of the Commission, under Section 45 of the Electricity Act, 2003.
- 2.420 As regards your concern for personal hearing, we trust the same shall be duly considered by the Commission.

NDMC

- 2.421 NDMC submits that running of hostels is a commercial activity and the request of the consumer cannot be considered under the current tariff structure.
- 2.422 NDMC submits that determination of tariff is a prerogative of the Commission. While the consumers have raised specific concerns about tariff in Rohini area, however, the directives of the Commission regarding levy/relaxation of tariff will be implemented by NDMC as applicable in its license area.

COMMISSION'S VIEW

- 2.423 The Commission has reduced the number of Tariff Categories and slabs in the Tariff Order.
- 2.424 Providing subsidy is the prerogative of the Govt.

ISSUE 20: TARIFF FOR DMRC**STAKEHOLDER'S VIEW**

- 2.425 DISCOMs to provide the Power Purchase Cost separately along with distribution losses for various voltage levels i.e. 220KV, 66KV, 33KV, 11KV and LT. DMRC tariff may be reviewed accordingly.
- 2.426 ToD Tariff should not be imposed on DMRC.
- 2.427 Fixed Charges should not be levied on DMRC.
- 2.428 DMRC may be exempted from payment of Revenue Deficit Surcharge and Pension Trust Surcharge.
- 2.429 No Cross Subsidy Surcharge may be levied on DMRC for energy supplied by DISCOMs as well as for Renewable Energy procured through Open Access.

PETITIONER'S SUBMISSION**TPDDL**

- 2.430 Tariff determination and tariff design for all consumer categories is the sole prerogative of the Commission.
- 2.431 In any case, the issue of drawing power at higher voltage and rebate thereof has been in-built in the Tariff design.
- 2.432 It may also be noted that Power Purchase Cost for DISCOMs is a pooled cost from all sources at ex generator bus and is not differentiable at voltage levels.
- 2.433 Any exemption in tariff is prerogative of the Commission.

BYPL

- 2.434 No Response.

BRPL

- 2.435 In view of the role played by DMRC as a public utility service, we have special consideration for maintaining quality of Supply. The Licensee endeavors to maintain the uninterrupted supply to Railways despite acute shortage in Northern Grid. These arrangements ensured uninterrupted & better quality of services to such Public utilities. All these have associated cost & need to be factored in tariff determination for supply to DMRC and other essential Utility services.
- 2.436 We would like to mention that the cost of producing electricity varies from hour to

hour. The marginal cost of producing electricity varies widely, depending upon the total load and the particular generating units used to serve this load. The theory behind time-of-day rates is simply to vary the price of electricity in accordance with fluctuations in production costs. When the cost of production is high, the price would also be high. Conversely, when the cost of production is low, the price would be low. The equity advantages of time-of-day pricing are also apparent. Under a time-of-day pricing system, this inequity can be corrected because the off-peak user is charged less than the peak-hour consumer. The concept of time-differentiated tariff aims at shifting time of peak demand, thereby flattening the load curve for which the Utility provides incentives to shift consumption to off-peak hours and offers dis-incentives for consumption during peak hours. The concern is as to how to encourage shifting of energy consumption from peak hour to non-peak hours to reduce the marginal cost of power required for meeting the peak demand. ToD Tariff as a concept is quite beneficial for the stakeholders. The Commission in its Tariff Order dated July 13, 2012 had for the first time has introduced Time-of-Day Tariff for large industrial and commercial category with sanctioned load/ MDI (whichever is higher) of more than 300KVA which is applicable till date. In the Tariff order dated July 31, 2013, the Time of Day (ToD) Tariff# - ToD Tariff was made applicable on all consumers (other than domestic) whose sanctioned load/MDI (whichever is higher) is 100kW / 108 kVA and above. In the Tariff order dated July 23, 2014, the Time of Day (ToD) Tariff# - ToD Tariff was made applicable on all consumers (other than domestic) whose sanctioned load/MDI (whichever is higher) is 50kW / 54 kVA and above. Also Optional TOD tariff was made available for all consumers (other than domestic) whose sanctioned load/MDI (whichever is higher) was between 25kW/27kVA to 50kW/54kVA, which is applicable till date.

2.437 Further the Commission in the Public Notice on the ARR Petition has mentioned that as a progressive step in this direction and to further encourage demand shift from peak hours to off-peak hours had decided to lower the applicability limit for ToD Tariff with a view to reduce peak hour consumption and increase consumption during off-peak hours.

2.438 As regards levying of surcharge @ 8% of tariff, the Petitioner would like to submit

that the Aggregate Revenue Requirement (ARR) is calculated on a consolidated basis for all consumers and not for a particular consumer. The Commission in its Tariff Order dated July 31, 2013 has stated the following:

“2.24 The Commission is of the view that DMRC has already been considered under a special tariff category in view of the essential services being provided to common consumers of Delhi. The Commission has levied a surcharge for the recovery of revenue gap so that the burden of carrying cost may be mitigated. Further efforts are being made to analyze tariffs and bring them to cost to serve basis.”

2.439 It is a matter of fact that in absence of cost reflective Tariff, huge Regulatory Assets has been created. The Commission itself has recognised Regulatory Assets of Rs. 4232.68 Crore upto FY 2015-16 in Tariff Order dated August 31, 2017. The Commission has acknowledged the fact in past Tariff Orders and press releases that in absence of cost reflective Tariff, huge Regulatory Assets has been created. Further in order to recover the Regulatory Assets, the Commission has determined surcharge of 8% along with the reasons for the levy of the same which is reproduced below:

“2.191 For meeting the carrying cost of the revenue gap till FY 2010-11 and liquidation of revenue gap, the Commission had decided to introduce a surcharge of 8% over the revised tariff in tariff order dated July 13, 2012 and appropriate surcharges shall be considered by the Commission in FY 2013-14 also to reduce the burden of carrying cost on the consumers of Delhi. For meeting carrying cost of the revenue gap till FY 2013-14, the Commission has decided to continue the existing surcharge at 8% over the revised tariff. The Commission in consultation with GoNCTD shall evolve a reasonable schedule for liquidation of revenue gap which will be fair to all stakeholders.”

2.440 It is noteworthy to mention here that the surcharge of 8% is not even enough to recovery the carrying cost borne by the Petitioner for funding the Regulatory Asset. The Commission has also recognized this fact in its statutory advice dated Feb 1, 2013 that not only have tariffs increased significantly in the last 2 years, but the residual revenue gap has also built up to alarming levels. A fuel surcharge was levied in addition to the said tariff increase. Further, in a time span of less than a year, w.e.f

1st July 2012, a tariff hike of 23% was announced with an additional surcharge of 8% in order to start recovery of accumulated shortfall. However, this surcharge has not made any significant dent in reduction of accumulated shortfall as it has mainly contributed towards meeting the carrying cost of the accumulated shortfall.

2.441 Hence the Petitioner has prayed before the Commission for a cost-reflective tariff with appropriate recovery of principal amount of Regulatory Asset along with the carrying cost which will ensure uninterrupted and quality supply of power and financial viability of the Utilities.

2.442 As regards the comments on the Open Access are concerned, we restrict our comments to ARR petition only. Matters relating to Open Access have been dealt separately by The Commission.

2.443 We appreciate the role played by DMRC in the capital. In view of the role played by DMRC as a public utility service, we have special consideration for maintaining quality of Supply. The Licensee endeavors to maintain the uninterrupted supply to Railways despite acute shortage in Northern Grid. These arrangements ensured uninterrupted & better quality of services to such Public utilities. All these have associated cost & need to be factored in tariff determination for supply to DMRC and other essential Utility services.

2.444 We would like to state that the determination of electricity tariff to be charged from a consumer is the prerogative of the Commission, under Section 45 of the Electricity Act, 2003.

NDMC

2.445 NDMC understands that the Commission has been considering DMRC tariff under special service category and accordingly its tariff is lower than other HT categories in NDMC license area. Further, determination of tariff is a prerogative of the Commission and the tariff for 2018-19 may be considered based on prudence check and merits of submissions made by NDMC in its petition.

2.446 NDMC submits that determination of tariff is a prerogative of the Commission and therefore any consideration given to DMRC in tariff will be applied by NDMC for supply in its license area. In this aspect, NDMC however submits that DMRC is supplying power to commercial establishments in its stations premises. This aspect

of redistribution of power needs to be examined by the Commission in light of the provisions of Electricity Act 2003 since DMRC is not a licensee. Further, the right to supply power to such commercial establishments should rest with the distribution licensee and Commission is requested to provide appropriate directive to DMRC in this regard.

- 2.447 NDMC understands that the Commission has been considering DMRC tariff under special service category and accordingly its tariff is lower than other HT categories in NDMC license area. Further, determination of tariff is a prerogative of the Commission and the tariff for 2018-19 may be considered based on prudence check and merits of submissions made by NDMC in its petition.

COMMISSION'S VIEW

- 2.448 The DMRC has already been considered as a special tariff category in the tariff orders issued by the Commission year on year. The issue of drawing power at higher voltage and rebate thereon has been inbuilt in the Tariff design and addressed appropriately in the Tariff Order.
- 2.449 The Commission has already directed the petitioners for energy audit to determine the voltage wise loss in the network of the petitioner. Further, the Commission is in the process of conducting independent assessment of Energy Audit of the Distribution Licensees through independent consultants.
- 2.450 The Tariff determined by the Commission in respective tariff orders is fixed after considering all the factors discussed above.

ISSUE 21: COST OF FINANCE

STAKEHOLDER'S VIEW

- 2.451 No justification has been provided by Tata Power-DDL for abrupt increase in loan interest rate claimed for FY 2015-16 as compared to interest rate for previous five financial years.
- 2.452 BRPL and BYPL are also claiming carrying cost in addition to the interest on loan amount which is added in the revenue gap. The claims by the DISCOMs are unjustified and illegal and thus needs to be rejected.

- 2.453 DERC to act as enabler and allow appropriate interest rates so that the DISCOMs are able to raise funds to carry out necessary network augmentation.
- 2.454 Commission is requested to advice Delhi and Central Govt to provide cheaper loans to DISCOMs.

PETITIONER'S SUBMISSION

TPDDL

- 2.455 Rate of interest on debt is driven by many factors like Global and Indian Economy, credit rating, sector risk factors, credit worthiness of the client, & many other factors and accordingly, lenders charge rate of interest on which Tata Power-DDL has no control. Further, Tata Power-DDL is seeking the interest rate for Capex/working capital/carrying cost based on applicable Tariff Regulations.
- 2.456 Any such cheaper loans as suggested may be extended to Delhi DISCOMs, would be welcome and in overall Consumer Interest.

BYPL

- 2.457 Petitioner's constant effort is to maintain the quality service, strengthening and modernizing the distribution network. However, further augmentation is required for network assets replacement such as transformers, cables, poles etc. These activities require adequate Capex/Opex which has to be allowed by the Commission in the ARR.
- 2.458 The allowance of carrying cost is based on the financial principal that whenever the recovery of the cost is to be deferred, the financing of the gap in cash flow arranged by the Discom has to be paid for by the way of carrying cost. The carrying cost is a legitimate expense and therefore recovery of such carrying cost is a legitimate expectation of the Discom.

BRPL

- 2.459 Since ATE directions are pending to be implemented since FY 2004-05, the same is being funded by the Petitioner. Accordingly the Petitioner has claimed the impact along with the carrying cost upto FY 2016-17. The Petitioner in its Petition has also requested the Commission to expeditiously implement the directions of Hon'ble ATE so as to avoid further accumulation of carrying costs. Syndication fees are the

charges which are incurred by any Utility while raising loans. The Petitioner has incurred syndication fees only on account of funding of RA. In case the Commission would not have created RA, the syndication fees would not have been borne by the Petitioner.

2.460 The respondent has raised several pertinent issues pertaining to challenges relating to inadequacy of space, need for underground cabling, etc. All the aforementioned issues are directed towards the Commission. We trust that all the issues raised by the stakeholder would be given due cognizance by the Commission.

2.461 However, we appreciate your suggestion with respect to a Bail Out package and cheaper loans to be provided to Delhi DISCOMs in order to recover the Regulatory Assets for past years as being provided to consumers of other state DISCOMs. We hope that your suggestion will be considered by the Commission.

NDMC

2.462 The Issues does not pertain to NDMC. However, NDMC reiterates its submission in its petition that no such liability should be considered as part of ARR for NDMC. The consumers in NDMC license area therefore should not be burdened with such liabilities of other discoms.

COMMISSION'S VIEW

2.463 The cost of financing has been set by the Commission as per the performance of the Utilities from time to time. Regulations being performance based, the Utilities are expected to achieve the targets that have been set seeing their past performance and the industry standards.

ISSUE 22: MISCELLANEOUS

STAKEHOLDER'S VIEW

2.464 CSR expenses of Rs. 8.12 cr cannot be booked into Tariff for true up of FY 2016-17.

2.465 Incentive towards Street Light of Rs. 1.60 Crore for FY 2016-17 may be disallowed as there is virtually no expense for maintaining the same.

2.466 DISCOMs are getting 16% as RoE, while as per current scenario a Fixed Deposit cannot give a return of more than 6%. Commission is requested to reduce RoE.

- 2.467 All Surcharges being levied may be withdrawn.
- 2.468 DERC while issuing retail supply order dated 31.07.2013 and 23.07.2014 of DISCOMs had allowed a surcharge of 8% to liquidate the past dues of DISCOMs. But in spite of additional surcharge, BYPL and BRPL have not paid any amount since Oct 2010 i.e. past/current outstanding of dues of DTL. The direction of Hon'ble Supreme Court of paying the current outstanding dues has also not been complied upon by BYPL & BRPL. The Commission is requested to make the provision of Escrow in which BYPL & BRPL have to deposit all their receivables and the payments will be released to the DTL for current as well as past dues.
- 2.469 Discrepancy in the Intra state Transmission charges and losses as submitted by NDMC.

PETITIONER'S SUBMISSION

TPDDL

- 2.470 CSR expenses are sought as statutory levies, which is in line with the applicable provision of the Companies Act.
- 2.471 Incentive towards Street light maintenance is claimed in line with the Commission's guidelines / order with respect to Street Light Maintenance.
- 2.472 Determination of Retail Tariff and Surcharges is the sole prerogative of the Commission.

BYPL

- 2.473 The determination of electricity tariff and surcharges (part of tariff thereof) to be charged from a category of consumer is the sole prerogative of the Commission, in terms of the provisions of the Electricity Act, 2003.

BRPL

- 2.474 As regards the stakeholder's observation regarding removal of surcharges, it is submitted that presently two separate surcharges have been allowed for two separate and specific purposes. A surcharge of 8% has been allowed for recovery of principal component of the huge accumulated regulatory assets. The Petitioner is financially distressed due to accumulation of regulatory assets. Removal of this surcharge would not only effect the Petitioner's ability to supply un-interrupted and

quality power to its consumers but will also increase the tariffs of the consumers due to greater carrying costs.

NDMC

- 2.475 The queries are specific to the ARR petition filed by TPDDL and are not linked to ARR petition of NDMC.
- 2.476 NDMC has rectified this discrepancy in the supplementary submission to DERC and has considered the correct value of 0.98% for FY 2016-17.

COMMISSION'S VIEW

- 2.477 CSR expenses are not allowed to the DISCOMs in their ARR, as CSR expenses are charged on the profit of the company as per the Companies Act, 2013.
- 2.478 The incentive towards the maintenance of street light is provided by civic agencies for performance above the norms prescribed by the Commission and after necessary certification by the civic agency.
- 2.479 RoE has been determined as per the provisions of Business Plan Regulations, 2017. Distribution Business involves higher risk as compare to Generation & Transmission. This aspect has been duly recognized by the sector, and even CERC in its Tariff Regulations 2014 has also approved the different base rates of return on equity at 15.5% and 16.5% for the Generation & Transmission system respectively. 16% RoE approved for the distribution business includes 14% for wheeling and 2% for Retail Supply.
- 2.480 A surcharge of 8% for liquidation of Regulatory Assets. Further a surcharge of 3.8% has been allowed towards recovery of Pension Trust Charges of erstwhile DVB Employees/Pensioners as recommended by GoNCTD.

A3: TRUE UP FOR FY 2016-17**BACKGROUND**

- 3.1 The Commission approved the Aggregate Revenue Requirement (ARR) of the Petitioner for each year of the Multi Year Tariff Control Period (FY 2012-13 to FY 2014-15) in its Multi Year Tariff Order dated 13/07/2012 (hereinafter referred as 2nd MYT Order).
- 3.2 The Commission in its DERC Tariff Regulations, 2017, has indicated that True up of FY 2016-17 shall be considered in accordance DERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011. The relevant Regulation, in this regard, is as follows:
- “ 139. Performance review and adjustment of variations in the ARR and Revenue for the Utilities for FY 2016-17 shall be considered in accordance with the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Generation Tariff) Regulations, 2011, Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2011 and Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011.”*
- 3.3 Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011 provides basis for truing up of controllable and uncontrollable parameters at the end of each year of the control period based on the audited figures & prudence check by the Commission.
- 3.4 The Petitioner in its Petition has sought truing up of the expenditure and revenue for FY 2016-17 along with impact of prior period true up on account of implementation of various judgments.
- 3.5 The Commission appointed C&AG empanelled Auditor (M/s APT & Co.) for Regulatory Audit of the books of Account of the Petitioner for FY 2016-17. M/s APT & Co. (hereinafter referred to as “auditor”) has submitted the report based

on the detail scope of work specified in the Tender document. Major areas of reconciliation under the scope of work are as follows:

- (I) Reconciliation of Power purchase quantum, cost through:
 - (1) Long Term (Inter-state Generating Stations & State Generating stations)
 - a. Fixed Cost
 - b. Variable Cost
 - c. Arrears
 - (2) Short Term (Bilateral, Exchange, Intra DISCOM, UI etc.)
 - (3) Tender wise Banking transactions (opening balance, during the year, closing balance)
- (II) Reconciliation of Transmission Charges
 - (1) Central Transmission Utility
 - (2) State Transmission Utility
 - (3) Open Access
- (III) Reconciliation of Renewable Purchase Obligation vis-à-vis Actual Renewable Power with cost and quantum of Renewable Energy Certificates procured
- (IV) Monthly Reconciliation of company wise Power Purchase and Transmission Charges' payment
- (V) Violation of Merit Order Dispatch Principle
- (VI) Overlapping in Banking and Bilateral transactions
- (VII) Contingency limit under UI
- (VIII) Incentive for bulk sale of Power
- (IX) Violation of cash receipt from consumers exceeding the limit
- (X) Reconciliation of Category-wise Revenue Billed on account of
 - a) Fixed charges
 - b) Energy charges
 - c) Theft / Misuse / Enforcement
 - d) PPAC
 - e) 8% Surcharge
 - f) Load violation surcharge (Maximum Demand)
 - g) ToD Surcharge/ Rebate
 - h) Electricity Duty / Tax
 - i) Late Payment Surcharge (LPSC)
 - j) Voltage Discount, etc.

- (XI) Reconciliation of Category-wise Revenue Collected
 - a) 8% Surcharge
 - b) Electricity Duty / Tax
 - c) Late Payment Surcharge (LPSC)
 - d) Street Light Maintenance charges
 - e) Incentive on Street Light Maintenance charges
 - f) Theft / Misuse / Enforcement
 - g) Net Revenue
- (XII) Quarterly Reconciliation of Subsidy- Actual released / adjusted by GoNCTD and passed to consumers in their electricity bills
- (XIII) Monthly Reconciliation of Pension trust- Billed to DISCOMs, Paid by DISCOMs to DTL,
- (XIV) Direct expenses of other business,
- (XV) Revenue billed on account of Own Consumption,
- (XVI) Adjustment in category wise units and amount billed with reasons for adjustment
- (XVII) Reconciliation of actual details of capitalization for each quarter of the year vis-à-vis the date of in-principle approval of such capitalization by the Commission
- (XVIII) Related party transactions
- (XIX) Inter DISCOM fund transfer
- (XX) Means of Financing for Capitalization, Working capital & Accumulated Revenue Gap through:
 - (a) Equity
 - (b) Debt
 - (c) Consumer Contribution
 - (d) Grant etc.
- (XXI) Prudency of Cost of Debt Financing
- (XXII) Hedging policy and Hedging Cost incurred
- (XXIII) Computation of Weighted Average Rate of Interest excluding penal interest, if any, on Loans availed for:
 - (a) Capitalisation
 - (b) Working Capital
 - (c) Accumulated revenue Gap
- (XXIV) Reconciliation of Net-worth as per Regulatory provisions and as per audited financial statement
- (XXV) Reconciliation of Debtors and Computation of Collection Efficiency
- (XXVI) Actual O&M expenses :
 - (a) Employee

- (b) Administrative & General
- (c) Repair & Maintenance
- (XXVII) Actual Other expenses
- (XXVIII) Reconciliation of Non Tariff Income as per regulatory provisions and other income including open access charges billed and collected from the consumers as per audited financial statement
- (XXIX) Compliance of all directives issued by the Commission from time to time

3.6 The report of the Auditor has been considered by the Commission in True up of various parameters of ARR for FY 2016-17 as per Petition filed by the Petitioner in accordance with the principles laid down under the Policy Direction Period guidelines, 1st MYT Regulations and 2nd MYT Regulations and books of accounts maintained as per Companies Act.

DIRECTIONS OF HON'BLE APTEL IN VARIOUS JUDGMENTS

PETITIONER'S SUBMISSION

3.7 The Petitioner in its petitioner has claimed the impact of the directions to the Hon'ble APTEL in various judgments as follows:

Table 3: Claims regarding Directions of Hon'ble APTEL

Sr. No	Issue	Date of Judgment	Direction to the Commission
1	Deferment of Capitalisation based on EI Certificate	October 6, 2009	To allow the capitalisation based on EI Application plus 15 days
		March 2, 2015	To conduct physical verification of assets and complete exercise within 6 months
2	Disallowance of REL Purchases	October 6, 2009	To allow the impact based on comparison with NDPL prices
		March 2, 2015	To provide all the data for comparison within a month of receipt of requirement by the Petitioner
3	Cost of Debt	October 6, 2009	True-up rate of interest of loans based on variation in SBI PLR
		November 28, 2014	To true-up the rate of interest as SBI PLR has varied by more than +/-1%
		February 10, 2015	To true-up the rate of interest pertaining to working capital loans from FY 13 to FY 15 based on actuals.
		March 2, 2015	To true-up the rate of interest as SBI PLR has varied by more than +/-1%
4	Repayment of loans	November 28, 2014	To consider repayment of loans while computing WACC
		March 2, 2015	To consider repayment of loans while computing

Sr. No	Issue	Date of Judgment	Direction to the Commission
			WACC
5	Working Capital	May 31, 2011	To consider the working capital in debt-equity ratio of 70:30
		November 28, 2014	Implement the directions in letter and spirit
		March 2, 2015	Implement the directions in letter and spirit
6	Truing-up of FY 2007-08-First 11 months	July 12, 2011	To allow the impact on truing-up of FY 08 (11 months) as per Reg. 12.1
		November 28, 2014	To allow the impact on truing-up of FY 08 (11 months) as per Reg. 12.1
		March 2, 2015	To allow the impact on truing-up of FY 08 (11 months) as per Reg. 12.1
7	Revision in distribution loss from FY 08 to FY 11	October 6, 2009	To amend the distribution loss based on the representation made by DISCOMs
		November 28, 2014	To reconsider the matter within 3 months of the Judgment based on submission of the DISCOM
		March 2, 2015	To reconsider the matter within 3 months of the Judgment based on submission of the DISCOM
8	Truing-up of AT&C Loss for FY 2008-09	November 28, 2014	To reconsider the matter taking into account the information submitted by the DISCOM
9	Effect of 6th pay commission for Non-DVB Employees	October 6, 2009	To allow the impact of 6th pay commission for non-DVB Employees if incurred by DISCOM
		May 15, 2015	To allow the impact of 6th pay commission for non-DVB Employees as average salary of Non-DVB Employees still less than DVB Employees
10	AT&C Loss for FY 2011-12	November 28, 2014	To consider the AT&C Loss for FY 2011-12 as per letter dated March 8, 2011
11	Non-Revision of AT&C Loss for FY 2012-13 and FY 2013-14	March 2, 2015	To set a reasonable loss trajectory and revise the AT&C Loss trajectory from FY 2012-13 to FY 2014-15 by a percentage of 1.05%, 1.2% and 1.25%. To revise the collection efficiency
12	Increase in employee expenses corresponding to increase in consumer base	October 6, 2009	To allow the increase in employee expenses corresponding to increase in consumer base
13	Payments to VRS optees	October 6, 2009	To allow the payment to VRS optees pending decision of Actuarial Tribunal
		November 28, 2014	To allow the payments made by the DISCOM on ad-hoc basis and adjust the same after decision of Actuarial Tribunal
		March 2, 2015	To allow the payments made by the DISCOM on ad-hoc basis and adjust the same after decision of Actuarial Tribunal

Sr. No	Issue	Date of Judgment	Direction to the Commission
14	R&M and A&G Expenses from FY 05 to FY 07	October 6, 2009	To allow the R&M and A&G Expenses from FY 05 to FY 07 on actual basis subject to prudence check
		November 28, 2014	To allow the R&M and A&G Expenses from FY 05 to FY 07 on actual basis subject to prudence check and not to circumvent the decisions given in Judgment dated October 6, 2009
		March 2, 2015	To allow the R&M and A&G Expenses from FY 05 to FY 07 on actual basis subject to prudence check and not to circumvent the decisions given in Judgment dated October 6, 2009
15	Lower rates of carrying cost	July 30, 2010	To allow the carrying cost in debt-equity ratio of 70:30 by considering prime lending rates
		November 28, 2014	To allow the carrying cost in debt-equity ratio of 70:30 by considering prime lending rates
		March 2, 2015	To allow the carrying cost in debt-equity ratio of 70:30 by considering market lending rates
16	AT&C Loss for FY 2010-11	March 2, 2015	To provide consequential relief to DISCOM in case schemes were not approved by the Commission for FY 2010-11
17	Efficiency factor for FY 12	November 28, 2014	To allow the impact on account of arbitrary determination of efficiency factor during FY 2011-12
18	Efficiency factor from FY 13 to FY 16	March 2, 2015	To re-determine the efficiency factor from FY 13 to FY 15 based on the comparison with utilities with similar loss level or utilities operating in Metropolitan cities for at least last three years
19	Efficiency factor for FY 11	March 2, 2015	To allow the impact on account of arbitrary determination of efficiency factor for FY 2010-11
20	Computation of AT&C Loss for FY 2009-10	November 28, 2014	To recompute the AT&C losses for FY 2009-10 using actual kWh figures as recorded in Para-4.8 of the Impugned order
21	Own Consumption-reversals	March 2, 2015	To consider the sales for self-consumption based on metered consumption only.
22	Financing cost of LPSC based on SBI PLR	March 2, 2015	To allow LPSC at prevalent market lending rates
23	Disallowance of rebate arising out of payment made to DTL	October 6, 2009	To decide the matter on dispute between DTL and the Petitioner and make suitable adjustments in the entitlement of the Petitioner as soon as decision is taken in this regard
24	DVB Arrears while computing AT&C loss for FY 09	November 28, 2014	To determine the AT&C Loss with same ingredients in numerator and denominator
		March 2, 2015	To determine the AT&C Loss with same ingredients in numerator and denominator

Sr. No	Issue	Date of Judgment	Direction to the Commission
25	Incorrect revision of R&M Expenses by revising "K" factor	March 2, 2015	To include R&M Expenses incurred during FY 08 while determination of K factor for second control period
26	Additional UI Charges above 49.5 Hz	March 2, 2015	To allow UI charges incurred above 49.5 Hz in FY 2010-11
29	RPO Penalty	April 1, 2015	To issue a reasoned order based on Petition of the Appellant to relax RPO Targets

ISSUE 1: CAPITALISATION BASED ON ELECTRICAL INSPECTOR APPLICATION PLUS 15 DAYS PETITIONER'S SUBMISSION

3.8 The Petitioner has submitted that the Commission in the Tariff Order dated February 23, 2008 disallowed capitalisation of Rs. 855 crores, pending clearance for the capital schemes by the Electrical Inspector for the FY 2004-05 to FY 2006-07. The capital schemes have been put to use by the Company, and are servicing 18.49 lakh consumers. However, since FY 2004-05 the Company has been deprived of the costs of such expenditure.

3.9 The Petitioner has submitted that the Hon'ble ATE in its order dated October 6, 2009 (Appeal 36 of 2008) has rendered the following decision:

"118) ...For capitalisation of fresh assets the DISCOM shall make appropriate applications to the Electrical Inspector and the capitalisation of such assets will be allowed w.e.f. 16th day of filing of the application and payment of necessary fee.."

3.10 Meanwhile the Hon'ble ATE in Judgment dated March 2, 2015 (Appeal 177 of 2012) directed the Commission as under:

"10.4... We, therefore direct the State Commission to carry out the physical verification of the assets capitalised during FY 2004-05 and 2005-06 through its appointed agency and expedite implementation of the decision of this Tribunal in Appeal no. 36 of 2008 decided on 06.01.2009. The whole issue shall be decided within 6 months of the date of this Judgment."

3.11 The Petitioner has already filed a review petition (RP No. 16 of 2015) against the aforesaid issue as the physical verification of assets pertaining to FY 2004-05 and FY

2005-06 has already been carried on a sample basis by the Commission. Without pre-judice to the contentions of the Petitioner in RP No. 16 of 2015, the Petitioner requests the Commission to allow the impact on account of aforesaid direction.

- 3.12 The Petitioner submitted that Commission in Tariff Order dated August 31, 2017 stated as under:

“3.15 Further, the Petitioner has submitted segregation of disallowed schemes on account of non-availability of Electrical Inspector Certificates and related party transactions as well as reconciliation of any scheme capitalised in the subsequent years. As the data is voluminous and its segregation will take some time, therefore, the impact due if any, on non-related party transactions, will be considered in the subsequent Tariff Orders whose Electrical Inspector Certificates have been obtained.”

ISSUE 2: CAPITALISATION PERTAINING TO REL PURCHASES

PETITIONER'S SUBMISSION

- 3.13 The Petitioner has stated that the Commission in its Tariff Order dated February 23, 2008 had disallowed capital expenditure of Rs. 364.16 crores, since the goods were purchased by the Petitioner from REL for Rs. 868.70 crore during FY 2004-05 & FY 2005-06. The goods purchased have been put to use by the Petitioner, and are servicing 18.49 lakh consumers. However, since FY 2004-05 the Petitioner has been deprived of the costs of such expenditure. The year-wise bifurcation of the disallowance is tabulated below:

Table 4: Petitioner Submission - Impact on account of disallowance of REL Purchase (Rs. Crore)

Sr. No.	Particulars	FY 05	FY 06	FY 07	FY 08	FY 09
1	REL Disallowances	3	61	69	122	109

- 3.14 The Petitioner has referred the Hon'ble ATE's Judgment dated October 6, 2009 (Appeal 36 of 2008) has viewed the following:

“57)...As such the records are expected to be with the Commission. We think it is appropriate to allow the appellant an opportunity to prove, item-wise, that the price paid by it to REL was not higher than the price paid by NDPL and allowed to it by the Commission for similar products. The onus would be

entirely on the appellant to prove that the products purchased by it and the one purchased by NDPL offered for comparison are of the same technical specifications and quality and also should be similarly priced on account of the other relevant factors influencing the prices namely the time of purchase, the quantity purchased, vender rating etc. In case the price paid to REL is same as or lower than the price allowed to NDPL for a comparable commodity, the Commission shall allow the price paid to REL. The Commission shall, however, allow a lesser price if the NDPL's price is lower than the price of REL's purchase plus 5% profit margin...."

- 3.15 The Petitioner vide its letter dated July 31, 2013 and March 13, 2015 has already furnished the information as desired by Commission, whereby, the Petitioner has suitably submitted a comparison of rates of the capital expenditure incurred for equipment's purchased from REL, with rates as that of TPDDL which could be obtained on best effort basis. Earlier, the Petitioner vide its letter dated December 1, 2009 requested the Commission to provide the necessary information pertaining to TPDDL required for comparison as per the directions of Hon'ble ATE. However the same was not provided by the Commission and therefore the Petitioner has submitted the information to the extent it could be obtained.
- 3.16 Based on the information as obtained from the market sources, the Petitioner has furnished documents which demonstrate that out of Rs. 868.70 cr., being the value of total goods purchased from REL, the price paid for goods worth Rs. 550.91 cr. i.e. ~ 63% were 23% lower than the price paid by TPDDL.
- 3.17 The Petitioner has referred the Hon'ble ATE's Judgment dated March 2, 2015 (Appeal 177 of 2012) as under:

*“9.6 Without going into the controversy, we direct the Appellants to submit the details of the items for which data is required by an application to the State Commission. **The State Commission will make available the data to the Appellants within a month of the application. The Appellant after analysis will file its claim before the State Commission and the Commission will consider the same as per the directions of the Tribunal in Appeal no. 36 of 2008 decided on 06.01.2009 and decide the matter within 60 days of submissions made by the Appellants. Accordingly directed.” (Emphasis supplied)***

- 3.18 The Petitioner submitted that In accordance with the aforesaid directions, the Commission vide its letter dated April 20, 2015 informed the Petitioner to inspect the documents in Petition No. 50 of 2007 on April 23, 2015. The Petitioner duly and promptly visited the office of the Commission at given time to inspect the documents. The documents shown during 2nd inspection on April 23, 2015 contained only the relevant letters referring to Purchase Orders, Invoices, BOQ but not the copy of Purchase Orders, Invoices, BOQs which are actually required for comparison with TPDDL.
- 3.19 The Petitioner vide letter number RA/ 2015-16/ 01/A/ 78 dated April 29, 2015 informed the Commission about the incomplete documents shown at the time of inspection on April 23, 2015.
- 3.20 Instead of responding to the above letter dated July 4, 2016, the Commission has, in Tariff Order dated August 31, 2017 alleged that the Petitioner has failed to comply with the directions of this Hon’ble Tribunal in the Appeal 177 Judgment. The Commission has held as under:

“3.19 The Commission has not considered this issue in this Tariff Order because the Petitioner has failed to comply with the directions of the Hon’ble APTEL in Appeal No. 177 of 2012. This aspect has also been submitted before the Hon’ble APTEL in Appeal No. 297 of 2015.”

- 3.21 The Petitioner has submitted that however the Commission has yet not provided the data for the comparison with TPDDL rates as per the directions of the Hon’ble

Tribunal in Appeal 177 of 2012. Accordingly the Petitioner requests the Commission to:

- a) Provide copies of all the documents, i.e., invoices, purchase orders, tender specification documents etc. pertaining to TPDDL rates from FY 2002-03 to FY 2006-07 required to fill the format specified by the Commission itself vide letter number January 6, 2015; and
- b) Provisionally allow the capex pertaining to REL Purchases so as to avoid burden of carrying cost till the time, the Commission approves the same based on comparison.

COMMISSION'S ANALYSIS

3.22 The Commission has been approving the provisional true-up of capitalization of assets of the Distribution Licensees from FY 2006-07 in respective Tariff Orders.

3.23 For carrying out actual true-up of capitalization of assets, the Commission had engaged Consultant to undertake review of capital expenditure and the capitalization of assets for the period from FY 2006-07 to FY 2010-11 of the Distribution Licensees which included the physical verification of assets on a sample basis (i.e. 10% of LT & HT assets and 25% verification for EHV assets) at site, prudence check of tendering process, verification of documents including Electrical Inspector (EI) certificate.

3.24 During physical verification of assets, a need of Geographical Information System (GIS) mapping of the assets was felt. GIS mapping would help in geographically tracing of an asset in a scheme at its identified locations. The Commission granted time to the distribution licensee for preparing of GIS maps. The preparation of GIS mapping led to delay in physical verification of assets for FY 2006-07 to FY 2010-11. The distribution licensee has taken more time than allowed by the Commission. The distribution licensee completed the GIS mapping of assets during FY 2014-15 and the Commission has also imposed the penalty for delay in implementation of GIS mapping of assets.

3.25 It was noted during the above exercise that some of the assets/equipment were not available at site due to augmentation of network, shifting of equipment from one

place to another, obsolescence, retirement of assets etc. Therefore, the Commission felt that the physical verification of the assets on sample basis will not led to true reflection of total assets installed at site and there is a need for 100% physical verification of assets.

- 3.26 Further, the Commission received the directions of Hon'ble APTEL, for undertaking physical verification of assets for FY 2004-05 & FY 2005-06 as well.
- 3.27 Accordingly, the Commission engaged Consultants for review of capitalization of distribution licensees for the period w.e.f. FY 2004-05 to FY 2005-06 and for FY 2011-12 to FY 2015-16. The scope of work of the contracts included 100% physical verification of assets at site for the above period, prudence check of tendering process, related party transactions, verification of documents including Electrical Inspector (EI) certificate, de-capitalization of assets and also physical verification of left out assets of FY 2006-07 to FY 2010-11. The work is in progress. As per time schedule in respective contracts, the work is likely to be completed during FY 2018-19 and thereafter, report shall be submitted by the Consultants to the Commission for examination and further deliberation for taking a final view.
- 3.28 Accordingly, after approval of final report, the effect of actual capitalization shall be given to the distribution licensees.

ISSUE 3: TRUE-UP OF ACTUAL RATE OF INTEREST

PETITIONER'S SUBMISSION

- 3.29 The Petitioner referred that the Commission in Tariff Order dated February 23, 2008 ruled as under:

"4.223 The Commission shall true-up the means of finance for the Control Period as the asset capitalisation is subject to true-up. The Commission may true-up the interest rates considered for new loans to be taken for capital investment and for working capital requirement, if there is a deviation in the PLR of the scheduled commercial banks by more than 1% on either side."

- 3.30 However the Commission in Tariff Order dated August 26, 2011 did not trued-up the interest rates considered for new loans despite of variation in PLR of scheduled

commercial banks by more than 1%. Aggrieved from the same, the Petitioner challenged the aforesaid issue before this Hon'ble Tribunal in Appeal 61 of 2012.

- 3.31 The Hon'ble ATE in Judgment dated November 28, 2014 (Appeal 61 and 62 of 2012) has ruled as under:

"37. On perusal of the data submitted by the Appellant related to SBI PLR, it is clear that SBI PLR has deviated by more than 1% during the control period and accordingly the Commission was required to revise the rate of interest on loan and carry out the required true up. Further, despite admitting that true of Return on Capital Employed (RoCE) would done at the end of control period, the Delhi Commission has failed on both the counts. The Delhi Commission is directed to revise the rate of interest on loan as well true up of the RoCE in its next tariff exercise. The issue is accordingly decided in favor of the Appellants."(Emphasis added)

- 3.32 The Commission in Tariff Order dated September 29, 2015 undertook the truing-up of rate of interest of loans by linking the same with SBI PLR rates. However truing-up of interest rates of loans was required to be done based on variation of +/-1% in PLR of scheduled commercial banks and not SBI PLR. This fact was highlighted before the Hon'ble Tribunal during TVS held on July 21, 2017. The Petitioner vide letter dated July 25, 2017 provided the list of banks along with change in PLR during first Control Period. However the Commission in Tariff Order dated August 31, 2017 maintained the same stand as in Tariff Order dated September 29, 2015 and ruled as under:

"3.23 The Commission has already clarified this issue in Tariff Order dtd. 29/09/2015 as follows and needs no further deliberation in this Tariff Order as the matter is sub-judice before Hon'ble APTEL:

"3.31 In view of the above direction of the Hon'ble APTEL, it is pertinent to state that the SBI PLR has not deviated from FY 2007-08 to FY 2010-11 by more than 1% on either side. Therefore the Commission has not revised the interest rate from FY 2007-08 to FY 2010-11. The Commission, as such, has considered the revision in interest rate in truing up of FY 2011-12, since the SBI PLR has deviated

by more than 1% (14.50%-12.50%) in FY 2011-12.

3.32 The Commission had provisionally allowed the actual rate of interest for FY 2011-12. It is observed that the SBI PLR varied by 2.13% in FY 2011-12 over the previous year, while the DISCOM was provisionally allowed the interest rate at 4.91% above the normative interest rate for FY 2010-11 in the Tariff Order dated July 2013. The Commission has decided to revise the rate of interest applicable to FY 2011-12 based on actual variation in average rate for SBI PLR from FY 2010-11 to FY 2011-12 of 2.13% and revised rate of interest is 11.29% (9.16% + 2.13%). Further, in view of the Hon'ble APTEL's direction in Appeal No. 36 of 2008 and Appeal No. 61 & 62 of 2012, the Commission has filed a Clarificatory Application before the Hon'ble APTEL, therefore a view in the matter will be taken, as deemed fit and appropriate, after receipt of the direction of the Hon'ble APTEL in the said application."

3.33 Further the Hon'ble ATE in Judgment dated February 10, 2015 (Appeal 171 of 2012) has ruled as under:

"13.4 We find that the State Commission has considered interest rate for working capital as 11.62% and interest rate for capital at 11.25% for the control period 2012-13 to 2014-15. The Appellant has produced a letter from SBI dated 02.01.2012 showing working capital facilities sanctioned at an interest rate of 3.25% above base rate which works out to 13.25% p.a. with monthly interests. This letter was furnished to the State Commission by letter dated 21.05.2012. This has not been considered by the State Commission while deciding the rate of interest on working capital. In the submissions of the State Commission before us they have not denied receipt of this letter but have not given any explanation why the this letter was not considered by them while deciding the interest on working capital. There is also no explanation in the impugned order regarding fixing interest rate at 11.25% on working capital. We, therefore, direct the State Commission to true-up the

interest rate on working capital for the years from 2012-13 to 2014-15 in the true up of the accounts, based on the actual interest rates.”

3.34 Accordingly the truing-up of interest rates of loans from FY 2007-08 to FY 2015-16 is still pending. The Petitioner has considered the actual rate of interest for the purpose of computation of RoCE from FY 2007-08 to FY 2015-16 which are as under:

Table 5: Petitioner Submission - Actual rates of Interest

Sr. No.	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
1	Rate of Interest	10.34%	11.12%	11.52%	12.30%	14.16%	14.47%	14.15%	14.25%	14%

3.35 The adverse financial impact on the Petitioner on the aforesaid issue has already been considered in Table-3.25 of this Chapter. The computation has been explained in Para-3.13 to Para-3.21 of this Petition.

COMMISSION’S ANALYSIS

3.36 This matter is sub judice before Hon’ble Supreme Court of India and the same has also been clarified by Hon’ble APTEL vide it’s Order dated 31/10/2017 in the Clarificatory Appeal. Therefore, the view on this issue will be considered, as deemed fit and appropriate, after receipt of the judgment of Hon’ble Supreme Court of India in the pending Appeal.

ISSUE 4: REPAYMENT OF LOANS

PETITIONER’S SUBMISSION

3.37 The Petitioner submitted that Hon’ble ATE in Judgment dated November 28, 2014 (Appeal 61 and 62 of 2012) has ruled as under:

“102. In the light of above discussions we find force in the contentions of the Appellant and direct the Commission to re-evaluate the WACC considering the repayment of loans during the period and recomputed the RoCE payable to the Appellant. The issue is decided in favour of the Appellant.” (Emphasis added)

3.38 The Petitioner has considered one-tenth of the outstanding balance of loan as repayment during the year. The same has been deducted from the loan balance for calculation of average debt during the year.

COMMISSION'S ANALYSIS

3.39 This matter is sub judice before Hon'ble Supreme Court of India and the same has also been clarified by Hon'ble APTEL vide it's Order dated 31/10/2017 in the Clarificatory Appeal. Therefore, the view on this issue will be considered, as deemed fit and appropriate, after receipt of the judgment of Hon'ble Supreme Court of India in the pending Appeal.

ISSUE 5: FINANCING OF WORKING CAPITAL IN DEBT-EQUITY RATIO OF 70:30

PETITIONER'S SUBMISSION

3.40 The Hon'ble ATE in Judgment dated November 28, 2014 (Appeal 61 and 62 of 2012) has ruled as under:

"9. However, the Appellants have reiterated in written submission that the Respondent has still not implemented the direction of this Tribunal to consider the working capital in the Debt: Equity ratio of 70:30.

10. We are not inclined to involve ourselves in to fact finding and direct the Commission to implement our directions in letter and spirit."

3.41 The financial impact has been considered by the Petitioner.

COMMISSION'S ANALYSIS

3.42 The Commission has already clarified this issue in Tariff Order dtd. 29/09/2015 in para nos. 3.22 to 3.26 and needs no further deliberation in this Tariff Order as the matter is sub-judice before Hon'ble APTEL in Appeal No. 290/2015.

3.43 Further, it is clarified that the Commission has implemented its MYT Regulations, 2007 & 2011 and directions of Hon'ble APTEL in letter and spirit. The formula specified in MYT Regulations, 2007 & 2011 does not provide opening Working Capital requirement to be part of opening RRB instead for the 1st year of the Control period change in WC shall be taken as the normative working capital requirement of the 1st year.

ISSUE 6: TRUING-UP OF FY 2007-08 (11 MONTHS)**PETITIONER'S SUBMISSION**

3.44 The Hon'ble ATE in Judgment dated November 28, 2014 (Appeal 61 and 62 of 2012) has ruled as under:

"25. In the light of categorical submission that required true up would be made, the Commission is directed to carry out the same in its next tariff exercise and allow the differential amount, if any, along with carrying costs."

3.45 The Commission in Tariff Order dated July 23, 2014 stated as under:

"3.107 As per the Policy Direction Period, the return on equity and interest on loan is linked to the change in the equity and debt based on the capital expenditure made by the Petitioner. Whereas, as per the MYT Regulations, 2007, the return on capital employed is based on the capitalization of the assets of the Petitioner.

3.108 The Petitioner has not provided details of the capital investment made during FY 2007-08 (11 months) on the basis of which the return on equity and debt is also required to be reviewed in line with the Policy Direction Period."

3.46 The Petitioner vide letter dated November 3, 2014 submitted the audited accounts for first 11 months of FY 2007-08.

3.47 The Commission in Tariff Order dated September 29, 2015 allowed the depreciation during first 11 months of FY 2007-08 based on the depreciation rate derived from audited statement of first 11 months of FY 2007-08. The relevant excerpts are reproduced below:

"3.63 The Petitioner has claimed the depreciation at the rate of 6.69% instead of 3.60% as provisionally approved by the Commission for 11 months. However, the Commission has considered the actual rate of Depreciation based on the Audited financial statements for FY 2007-08 in accordance with Regulation 12.1 of MYT Regulations 2007. The additional allowance on account of revision in the rate of depreciation is as follows:

Table 3.15: Provisionally approved Depreciation for FY 2007-08 (11 Months)

Sl. No.	Particulars	Amount	Remarks
A	Depreciation as per audited financial statements for FY 2007-08	155.58	Audited financial statements
B	Opening GFA for FY 2007-08	2962.63	
C	Rate of Depreciation (%)	5.25	A/B
D	Rate of depreciation (%) as per MYT Regulations, 2007	3.60	
E	Average Rate of depreciation (%) for FY 2007-08 considering 11 months as per audited statements and 1 month as per MYT Regulations, 2007	5.11	(C*11/12)+(D/12)

3.48 Since the Commission changed its' approach in Tariff Order dated September 29, 2015, the Petitioner claimed the rate of depreciation as 5.25% while claiming the impact in the Petition for Truing-up of FY 2014-15, Review of FY 2015-16 and Multi-Year ARR from FY 2016-17 to FY 2020-21 and Tariff of FY 2016-17.

3.49 In Tariff Order dated August 31, 2017 while allowing the impact on account of ROE and Interest on loan, the Commission held as under:

“3.75 The Commission had allowed Return on Equity and Interest on Loan on Net Capital Employedduring FY 2007-08 in its Tariff Order dtd. 29/09/2015 in the form of RoCE. As per the Policy direction, the Petitioner is also eligible for Interest on Loan and Return on Equity for the funding requirement of Work in Progress (CAPEX) during FY 2007-08. Accordingly, the Commission has now allowed Interest on Loan and Return on Equity for funding requirement of Work in Progress (CAPEX) during FY 2007-08. The impact is indicated in Table 101: Impactas approved by the Commission on account of implementation Hon’ble APTEL Judgments (Rs.Cr.).”

3.50 Further, the Petitioner has submitted that since the Commission has finally concluded that the impact of Truing-up of FY 2007-08 (first 11 months) is to be allowed as per Policy Direction Principles, the rate of depreciation is also required to be considered as adopted during Policy Direction Principle, i.e., 6.69% instead of 5.25% derived from audited statements of FY 2007-08 (11 Months).

3.51 Accordingly the depreciation has been computed as under:

Table 6: Petitioner Submission - Depreciation during first 11 months of FY 2007-08 (Rs. Crore)

Sr. No	Particulars	Amount
1	Opening GFA	3001
2	Rate of depreciation	6.69%

Sr. No	Particulars	Amount
3	Depreciation for first 11 months	184
4	Depreciation allowed by DERC in Order dt. Sep 29, 2015	94
5	Difference to be allowed now	90

3.52 The depreciation allowed by the Commission during first 11 months of FY 2007-08 in Tariff Order dated September 29, 2016 is tabulated below:

Table 7: Commission Approved - Depreciation during first 11 months of FY 2007-08 (Rs. Crore)

Sr. No	Particulars	11 Months	1 Month	Total
1	Opening GFA	2012	2012	2012
2	Additions to asset during the year	205	205	205
3	De-capitalisation during the year	8	8	8
4	Net assets capitalised	197	197	197
5	Closing GFA	2209	2209	2209
6	Average GFA	2111	2111	2111
7	Less: Average Consumer Contribution	161	161	161
8	Average GFA net of CC	1950	1950	1950
9	Rate of depreciation	5.25%	3.60%	5.11%
10	Depreciation	94	6	100

3.53 Further it is submitted that the Commission despite revising the Employee and A&G Expenses during FY 2007-08 has still considered the employee and A&G Expenses from FY 2008-09 to FY 2010-11 on older base employee expenses of FY 2007-08 which is no longer in existence. Regulation-5.4 of MYT Regulations, 2007 provides the formula for computation of Employee and A&G Expenses during the control period which clearly specifies that for the purpose of computation of Employee and A&G Expenses of subsequent year, inflation factor based on CPI and WPI ought to be applied on Employee and A&G Expenses determined for the previous year. It is further submitted that as per the methodology adopted by the Commission, the employee expenses approved for FY 2008-09 are lesser by Rs. 25 Crore as compared to the employee expenses approved for FY 2007-08 which means a reduction of 15% instead of inflation factor of 4.66%. Such a treatment is contrary to the above Regulations.

- 3.54 The Petitioner stated that accordingly, the Commission ought to have applied the inflation factor of 4.66% as determined for the control period on the revised employee and A&G Expenses of FY 2007-08 on y-o-y basis.
- 3.55 It is further submitted that the definition of “Base Year” and “Control Period” is clearly specified in MYT Regulations, 2007 which states as under:

“2.1 In these Regulations, unless the context otherwise requires-

...

*(d) “Base Year” means the **Financial Year immediately preceding first year of the Control Period** and used for purposes of these Regulations;*

...

*9.. “Control Period” means a multi-year period fixed by the Commission, **from the date of issuing Multi Year Tariff order till 31st March 2011;***

...” (Emphasis added)

A plain reading of the aforesaid definitions clearly states that the Control Period starts from the date of issuance of Multi Year Order, i.e., February 23, 2008 and base year is the financial year immediately preceding first year of the control period, i.e., FY 2007-08. Since the Commission has revised the employee expenses of FY 2007-08, i.e., base year, the employee expenses ought to be revised for the period FY 2008-09 to FY 2011-12.

- 3.56 Accordingly, the Petitioner submitted that accordingly the Commission may allow the additional Employee and A&G Expenses from FY 2008-09 to FY 2011-12 by applying inflation of 4.6% over the increase in O&M Expenses approved for FY 2007-08 as tabulated below:

Table 8: Petitioner Submission - Increase in O&M Expenses from FY 2008-09 to FY 2011-12 (Rs. Crore)

Sr. No	Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
1	O&M Expenses for base year	10.76				
2	Inflation factor (%)		1.0466	1.0466	1.0466	1.0466
3	Incremental O&M Expenses		11.26	11.79	12.34	12.91

3.57 The impact on account of truing-up of first 11 months of FY 2007-08 along with carrying cost tabulated by Petitioner is as below:

Table 9: Petitioner Submission - Impact along with carrying cost for first 11 months of FY 2007-08 (Rs.Crore)

Sr. No	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
1	Opening Balance	0	96	122	150	183	225	258	297	342
2	Additions	90	11	12	12	13				
3	Closing Balance	90	108	133	163	196	225	258	297	342
4	Average	45	102	128	156	190	225	258	297	342
5	Carrying cost rates	13.68%	13.75%	13.11%	13.38%	14.88%	15.03%	15.01%	15.13%	14.80%
6	Carrying cost	6	14	17	21	28	34	39	45	51
7	Grand closing balance	96	122	150	183	225	258	297	342	393

COMMISSION'S ANALYSIS

3.58 The Commission has already clarified this issue in Tariff Order dtd. 29/09/2015 in para nos. 3.60 to 3.64 and needs no further deliberation in this Tariff Order as the matter is sub-judice before Hon'ble APTEL in Appeal No. 297/2015

ISSUE 7: REVISION IN DISTRIBUTION LOSS FROM FY 2007-08 TO FY 2010-11

PETITIONER'S SUBMISSION

3.59 The Hon'ble ATE in Judgment dated October 6, 2009 (Appeal 36 of 2008) has ruled as under:

"32) There is however, no bar on the Commission considering the target that has been set and amend the relevant Regulation, if necessary. The target for MYT period needs to be set on the basis of losses at the beginning of the MYT Period and not on the basis of loss level on the date of privatisation when the policy target period began. The consequences of failure or success in reaching the loss reduction target have already been done by the licensee. Hence reference to the initial level of loss at the time of privatization is not necessary. The Commission may itself consider the plea of any amendment in the target set in this regard in case the appellant makes out a case. Therefore,

we direct that the appellant may make an appropriate representation to the Commission in this regard within one month hereof and that if a representation is so made the Commission shall dispose it of in two months."

3.60 The Petitioner vide letter dated November 20, 2009 has submitted the representation within one day of the date of receipt of certified copy of the Judgment. The same was not even listed for admittance hearing by the Commission till July 15, 2014. The Commission vide Order dated July 17, 2014 rejected the Petition stating that the Petitioner has already availed opportunity to present its case on various issues which have been addressed in past tariff Orders. However the Commission did not provide any opportunity to represent on the issue of revision in distribution loss. In fact the Commission did not deal with the issue of revision in distribution loss in any of the tariff orders.

3.61 The Petitioner has challenged the aforesaid issue in Appeal 230 of 214 before Hon'ble ATE. During the course of proceedings before Hon'ble ATE, the Commission suo-moto without giving any opportunity to the Petitioner to present its case, reviewed its earlier order dated July 17, 2014 and passed another order on April 20, 2015 wherein the prayer to revise the distribution loss was rejected.

3.62 The Petitioner has submitted that the Commission in Order dated April 20, 2015 did not implement the direction given by Hon'ble ATE in its real intended scope. The Petitioner has challenged the same in Appeal No. 155 of 2015. Without pre-judice to the Appeal, it is submitted that the direction given by Hon'ble ATE in Judgment dated October 6, 2009 was to:

- a) Consider the plea for necessary amendment in distribution loss based on representation of DISCOMs;
- b) Amend the Regulations if required.

3.63 *The Petitioner's prayer was not to change the AT&C Loss target for FY 2010-11 but to revise the inter-se AT&C Loss target from FY 2007-08 to FY 2009-10 based on actual distribution loss during FY 2006-07.* The Petitioner has further submitted that the distribution loss target set for FY 2007-08 is unrealistic which is evident from the following statement of the Commission in Tariff Order dated February 23, 2008:

"3.138 In the MYT petition, the Petitioner had claimed total power purchase

of 9122 MU, 5872 MU as unit billed and units realized as 6393 MU. It has shown **distribution losses of 35.63%**, collection efficiency of 108.87% and AT&C loss level of 29.92%.

...

4.32 Further, the Commission has assumed collection efficiency of 99.00%, 99.25% 99.50% and 99.50% for current dues for FY08, FY09, FY10 and FY11 respectively and derived distribution losses of 25.95%, 22.88%, 19.83% and 16.58% for the FY08, FY09, FY10 and FY11 respectively. The AT&C loss reduction and distribution loss reduction trajectory approved by the Commission are summarised in the table below:

Table 50: Commission Approved AT&C and Distribution Loss Reduction Trajectory

Particular	FY08	FY09	FY10	FY11
AT & C loss target	26.69%	23.46%	20.23%	17.00%
A T & C loss Reduction over previous year	3.23%	3.23%	3.23%	3.23%
Distribution loss target	25.95%	22.88%	19.83%	16.58%
Collection Efficiency	99.00%	99.25%	99.50%	99.50%

3.64 As evident from above, the Commission has set distribution loss target of 25.95% in one month, i.e., March 2008 as against actual distribution loss of 35.63% achieved by the Petitioner. The Commission in Order dated April 20, 2015 has not dealt with the representation of DISCOM.

3.65 The Loss targets approved by the Commission proposed by the Petitioner from FY 2007-08 to FY 2010-11 as sought in the aforesaid proposal are tabulated below:

Table 10: Proposal for revision in Distribution Loss

Sr. No.	Particulars	FY 08	FY 09	FY 10	FY 11
A	As per MYT Order dated Feb 23, 2008				
B	AT&C loss Reduction Target	26.69%	23.46%	20.23%	17.00%
C	Distribution Loss	25.95%	22.88%	19.83%	16.58%
D	Collection Efficiency	99.00%	99.25%	99.50%	99.50%
E	Revised Proposal				
F	AT&C loss Reduction Target	29.67%	26.66%	21.74%	17.00%
G	Distribution Loss	30.87%	26.11%	21.34%	16.58%
H	Collection Efficiency	101.73%	99.25%	99.50%	99.50%

3.66 As evident from the above, the Petitioner is not praying to change the AT&C loss Target of FY 2016-17 but to amend the target from FY 2007-08 to FY 2009-10 based on distribution loss so to have realistic AT&C Loss Targets.

3.67 The financial impact on the Petitioner on the aforesaid issue, due to non-implementation of Judgment of this Hon'ble Tribunal is tabulated below:

Table 11: Petitioner Submission - Financial Impact due to revision in targets

As per MYT targets	BRPL			
	FY 08	FY 09	FY 10	FY 11
Energy Input at DISCOM Periphery(MU)	9,272	8931	9,701	10,461
Units Realised (MU)	6,684	6,896	7,708	8,493
ABR (Rs. / unit)	4.51	4.64	4.64	4.73
Collection (excluding E. Tax)	3,015	3,198	3,574	4,021
AT & C loss achieved	27.91%	22.78%	20.08%	18.82%
AT & C Incentive level as per MYT Order	26.69%	23.46%	20.23%	17.00%
Over Achievement / (Under achievement)	-0.57%	0.68%	0.15%	-1.82%
overach/underach.	(23.89)	28.15	6.75	(89.83)
BRPL's share	(23.89)	14.07	3.37	(44.92)
Total benefit on account of overachievement	(51.36)			

As per proposal	BRPL			
	FY 08	FY 09	FY 10	FY 11
Energy Input at DISCOM Periphery(MU)	9,272	8,931	9,701	10,461
Units Realised (MU)	6,684	6,896	7,708	8,493
ABR (Rs. / unit)	4.51	4.64	4.64	4.73
Collection (excluding E. Tax)	3,015	3,198	3,574	4,021
AT & C loss achieved	27.91%	22.78%	20.08%	18.82%
AT & C Incentive level as per proposal	29.67%	26.66%	21.74%	17.00%
Over Achievement / (Under achievement)	1.76%	3.88%	1.66%	-1.82%
Total benefit on account of overachievement	73.71	160.65	74.66	(89.83)
Incentive for DISCOMs	36.85	80.33	37.33	(44.92)
Total benefit on account of overachievement	109.60			

Impact of truing-up of FY 2010-11 separately claimed in another issue

§ FY 2009-10 "As per MYT Targets" numbers considered based on ATE Judgment

Table 12: Petitioner Submission - Financial Impact including carrying cost (Rs. Cr.)

Sr. No	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
1	Op. balance	0	65	145	200	227	260	299	344	396
2	Additions	61	66	34	0	0				
3	Cl. Balance	61	131	179	200	227	260	299	344	396
4	Average	30	98	162	200	227	260	299	344	396
5	Rate of interest	13.68%	13.75%	13.11%	13.38%	14.88%	15.03%	15.01%	15.13%	14.80%
6	Carrying cost	4	13	21	27	34	39	45	52	59
7	Grand Cl.	65	145	200	227	260	299	344	396	455

Sr. No	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
	Balance									

3.68 Accordingly, the Petitioner has requested the Commission to approve the aforesaid impact on account of revision in AT&C Loss trajectory.

COMMISSION'S ANALYSIS

3.69 The Commission has already clarified this issue in Tariff Order dtd. 31/08/2017, and needs no further deliberation, as follows:

"3.86 The Commission in its Tariff Order dtd. 29/09/2015 has already dealt this issue in para no. 3.66 and 3.67 wherein it is specifically indicated that the Commission has reviewed the distribution loss for 1st MYT Control period (FY 2007-08 to FY 2010-11) as per the direction of Hon'ble APTEL in Appeal No. 62 of 2012, in its Order dated 20.04.2015. Further, the Petitioner has preferred an appeal on this issue in Appeal No. 156 of 2015 against the Commission's order dated 20.04.2015.

3.87 In view of the above Order dated 20.04.2015 passed by the Commission in compliance of the Hon'ble APTEL direction and appeal filed by the Petitioner, the Commission will consider the issue based on the final judgement of Hon'ble APTEL as the matter is still sub-judice."

ISSUE 8: TRUING-UP OF AT&C LOSS FOR FY 2008-09

PETITIONER'S SUBMISSION

3.70 As regards truing-up of AT&C Loss of FY 2008-09, the Commission in Tariff Order dated August 26, 2011 stated as under:

"3.196 As detailed above, the Commission rejects the claim of AT&C Loss overachievement calculation of the Petitioner and not considered any overachievement/underachievement on account of AT&C losses in this Order.

...

3.297 As detailed in Para 3.170 – Para 3.196 the Commission rejects the AT&C loss calculation and any overachievement amount for FY 2008-09.

3.298 *The Commission observes that the Petitioner has included additional subsidy amount of Rs 14.2 Cr for month of March 2008 in revenue realised which was disbursed to the consumers in the next Financial Year for computation of AT&C losses as directed by the Commission in its True Up Order for FY 2007-08”*

3.299 *The Commission further observes that the Petitioner has included DVB arrears collected directly by DPCL from the Government bodies in its computation of revenue realised.*

3.300 *As per the provisions of the Transfer Scheme, DVB arrears related to retail consumers are collected by the Petitioner, of which 20% is retained as incentive by the Petitioner for the services extended towards collection of past dues as per the Delhi Electricity Reform (Transfer Scheme) Rules, 2001 dated 20 November, 2001. The Transfer Scheme also mentions that for past dues till 31 March, 2002 from the Municipal Corporation of Delhi, Corporates and institutions owned and/or controlled by the GoNCTD, DPCL is free to recover this amount from an alternative arrangement instead of arranging its recovery through the DISCOMs.*

3.301 *The Commission further notices that although there are no efforts undertaken by the Petitioner for recovery of Governmental dues to DPCL, the Petitioner has included this amount in computed its collection efficiency.*

3.302 *Clause 4.7 of the MYT Regulations provides that*

“The revenue realization from arrears relating to the DVB period, electricity dues and late payment surcharge shall be included for the computation of collection efficiency.”

3.303 *The Commission indicated that the critical parameter for inclusion of any amount in computing collection efficiency is ‘realization’. Considering the fact that the amount of Government dues are not ‘realized’ by the Petitioner and they are not routed through its books of accounts, the Commission holds that Government dues on account of DVB arrears, which are realized directly by DPCL, should not be considered for computing the collection efficiency.*

3.304 *Therefore, the Commission holds the view that the DVB arrears*

collected by the Petitioner and appearing in the audited books of the Petitioner should only be considered in revenue realized by the Petitioner and the DVB arrears which are directly collected by DPCL should not form a part of it.

3.305 The Commission observes that the prior period income on account of interest on Government of India securities for FY 2007-08 of Rs 0.06 Cr had not been taken into account by the Petitioner while calculating the ARR for FY 2008-09, and directed for clarification from the Petitioner. The Petitioner, through its letter dated 4 February, 2010, informed the Commission that the prior period income of Rs 0.06 Cr was mistakenly not considered while calculating the ARR for FY 2008-09.

3.306 The Commission further observes that the prior period LPSC amount for FY 2007-08 of Rs. 10.24 Cr has not been accounted for by the Petitioner, and directed for clarification from the Petitioner. The Petitioner through its letter dated 4 February, 2010 informed the Commission that the prior period income of Rs 10.24 Cr was mistakenly not considered while calculating the ARR for FY 2008-09.

3.307 The Commission also observes that for computation of revenue available for expenses, the Petitioner has deducted the amount of Electricity Tax billed instead of deducting the amount of Electricity Tax collected. The Commission has corrected for this in its calculation of revenue available for expenses. It has considered the Commission on collection of Electricity Duty for MCD received by the Petitioner viz. Rs 3.93 Cr which is stipulated to be 3% of the Electricity Tax collected, and used this amount to compute the Electricity Tax collected. Based on this methodology, the Commission approves the deduction of Rs 130.93 Cr from revenue available for expenses, on account of Electricity Tax collected in FY 2008-09.

3.308 The Commission has computed the total revenue of the Petitioner available towards ARR to be Rs. 3109.19 Cr, as detailed below:

Table-86: Revenue available towards ARR approved for FY 2008-09

Particulars (Rs. Cr.)	FY 2008-09
Amount realised as per the Petitioner	3270.99

<i>Particulars (Rs. Cr.)</i>	<i>FY 2008-09</i>
<i>Add: Prior period interest</i>	<i>0.06</i>
<i>Add: Prior period LPSC</i>	<i>10.24</i>
<i>Less: DVB Arrears collected by DPCL</i>	<i>3.09</i>
<i>Total amount realised</i>	<i>3278.18</i>
<i>Less: Benefit to be retained by the Petitioner</i>	<i>0</i>
<i>Less: DISCOM Adjustment passed on to consumers in FY 2006-07, FY 2007-08</i>	<i>0</i>
<i>Less: Benefit to be transferred to Contingency Reserve</i>	<i>0</i>
<i>Total revenue available towards ARR</i>	<i>3278.18</i>
<i>Less: LPSC (2008-09) considered as Non-Tariff Income</i>	<i>27.82</i>
<i>Less: LPSC (2007-08) considered as Non-Tariff Income</i>	<i>10.24</i>
<i>Less: Prior Period Interest considered as Non Tariff Income</i>	<i>0.06</i>
<i>Less: E. Tax</i>	<i>130.93</i>
<i>Revenue available for expenses</i>	<i>3109.13</i>

“

3.71 Aggrieved from the aforesaid finding, the Petitioner challenged the same before Hon’ble ATE in Appeal 61 of 2012. The Hon’ble ATE in Judgment dated November 28, 2014 (Appeal 61 and 62 of 2012) has ruled as under:

“75. In view of categorical assertions made by the Appellants that full details related to AT&C losses to the Commission, we direct the Commission to reconsider the matter taking in to account the information submitted by the Appellants. The Appellants are also directed to make all the additional information, if any, required by the Commission. The matter is disposed of accordingly.”

3.72 The Commission in Tariff Order dated August 31, 2017 implemented the aforesaid directions of Hon’ble ATE as under:

“3.99 Accordingly, the AT&C Loss computed by the Commission and its financial impact is indicated in the Table 101: Impact as approved by the Commission on account of implementation Hon’ble APTEL Judgments (Rs. Cr.) as follows:

Table 101: Impact as approved by the Commission on account of implementation Hon’ble APTEL Judgments (Rs. Cr.)

<i>Particulars</i>	<i>FY 05</i>	<i>FY 06</i>	<i>FY 07</i>	<i>FY 08</i>	<i>FY 09</i>	<i>FY 10</i>	<i>FY 11</i>	<i>FY 12</i>	<i>FY 13</i>	<i>FY 14</i>	<i>FY 15</i>	<i>FY 16</i>
<i>Opening Balance</i>		<i>-16.44</i>	<i>-10.69</i>	<i>1.2</i>	<i>74.55</i>	<i>104.33</i>	<i>117.94</i>	<i>134.95</i>	<i>164.22</i>	<i>194.42</i>	<i>269.85</i>	<i>300.01</i>
<i>AT&C Loss for FY 2008-09</i>					<i>14.07</i>							

Particulars	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
Additional allowance on account of true-up of R&M, A&G and employee expenses for FY 2004-05, FY 2005-06 and FY 2006-07	-15.73	6.92	12.29									
Interest de-capitalisation				4.27								
SLD Charges										41.35		
ROE and Interest of loan for 11 months of FY 2007-08				63.26								
Short term gain				2.1	6.28	1.53	1.21	4.11	6.68	7.67		
Reactive Energy Charges							0.66					
Bad debts recovered							1.21	6.68	5.35	2.59		
Total	-15.73	6.92	12.29	69.63	20.35	1.53	3.08	10.79	12.03	51.61	0	0
Rate of carrying cost	9%	9%	9%	10.34%	11.13%	11.49%	11.66%	13.17%	10.67%	10.82%	11.18%	11.23%
Carrying Cost	-0.71	-1.17	-0.41	3.72	9.43	12.08	13.93	18.48	18.16	23.83	30.16	33.69
Closing Balance	-16.44	-10.69	1.2	74.55	104.33	117.94	134.95	164.22	194.42	269.85	300.01	333.7

3.73 The Petitioner further stated that the Commission while implementing the aforesaid direction of Hon'ble Tribunal trued-up the AT&C Loss for FY 2008-09 and allow the impact of only incentive on account of over-achievement (Rs. 14.07 Crore) of AT&C Loss levels during FY 2008-09. However the Commission did not recompute the revenue considered for the purpose of the revenue gap/ surplus for FY 2008-09 as in Table-86 of Tariff Order dated August 26, 2011. By doing so, the revenue considered for the computation of revenue gap/ Surplus remained different from the revenue considered for the purpose of AT&C Loss as the Commission has considered Rs. 3270.99 Crore in Table-86 of Tariff Order dated August 26, 2011 for the purpose of computation of revenue (gap)/ surplus for FY 2008-09 whereas considered Rs. 3198.53 Crore for the purpose of allowance of incentive on account of over-achievement of AT&C Loss target during FY 2008-09.

3.74 The revenue to be considered for computation of revenue (gap)/ surplus during FY 2008-09 by placing the trued-up revenue based on AT&C Loss of FY 2008-09 in Table-86 of Tariff Order dated August 26, 2011 is Rs. 3022.62 Crore shown as follows:

Table 13: Petitioner Submission - Revenue to be considered for purpose of revenue (gap)/ surplus during FY 2008-09 (Rs. Crore)

Particulars (Rs. Cr.)	FY 2008-09
Amount realised as per the Petitioner	3198.53
Add: Prior period interest	0.06
Add: Prior period LPSC	10.24
Less: DVB Arrears collected by DPCL	3.09
Total amount realised	3205.7
Less: Benefit to be retained by the Petitioner	14.07
Less: DISCOM Adjustment passed on to consumers in FY 2006-07, FY 2007-08	0
Less: Benefit to be transferred to Contingency Reserve	0
Total revenue available towards ARR	3191.7
Less: LPSC (2008-09) considered as Non-Tariff Income	27.82
Less: LPSC (2007-08) considered as Non-Tariff Income	10.24
Less: Prior Period Interest considered as Non Tariff Income	0.06
Less: E. Tax	130.93
Revenue available for expenses	3022.62

3.75 The difference between the revenue based on the aforesaid table and that considered in Table-86 of Tariff Order dated August 26, 2011 is as under:

Table 14: Difference between revenue considered in Tariff Order dated August 26, 2011 and to be considered now

Sr. No	Particulars	Amount
1	Revenue considered in Table-86 of TO dt. 26.08.2011	3109.13
2	Revenue recomputed now based on trued-up AT&C	3022.62
3	Difference (1-2)	86.51

3.76 Out of Rs. 87 Crore, the Commission has already allowed Rs. 15 Crore in Tariff Order dated August 31, 2017. Therefore, the remaining impact of Rs. 72 Crore along with carrying cost has been provided in the table below:

Table 15: Petitioner Submission - Impact on account of truing-up of AT&C loss of FY 2008-09 (Rs. Crore)

Sr. No	Particulars	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
1	Op. balance	0	77	88	99	114	131	151	174
2	Additions	72							
3	Cl. Balance	72	77	88	99	114	131	151	174
4	Average	36	77	88	99	114	131	151	174
5	Rate of interest	13.75%	13.11%	13.38%	14.88%	15.03%	15.01%	15.13%	14.80%
6	Carrying cost	5	10	12	15	17	20	23	26
7	Grand Cl. Balance	77	88	99	114	131	151	174	199

3.77 The Petitioner has requested the Commission to allow the impact in the Tariff Order for FY 2018-19.

COMMISSION'S ANALYSIS

3.78 The Commission has analysed the submissions of the Petitioner and has considered the impact of AT&C in revenue Available for FY 2008-09 as follows:

Table 16: Commission Approved - Impact of AT&C in revenue available for FY 2008-19 (Rs. Crore)

Particulars	Amount
Amount Realized	3197.54
Benefits to be retained by the Petitioner	14.07
Less: Electricity Duty as per tariff order dtd. 26/08/2011	130.93
Net revenue	3052.53
Revenue Allowed as per tariff order dtd. 26/08/2011	3109.13
Impact provided in tariff order dtd. 31/08/2017	14.07
Additional Impact considered in this Tariff Order	42.52

ISSUE 9: EFFECT OF 6TH PAY COMMISSION FOR NON-DVB EMPLOYEES

PETITIONER'S SUBMISSION

3.79 The Hon'ble ATE in Judgment dated May 15, 2015 (RP No. 7 of 2015) has ruled as under:

"7. The Review Petitioner/Appellant had also furnished the comparison between average salary of FRSR employees and non-FRSR employees showing that the average salary of non-FRSR employees is lower than FRSR employees. It is also stated that the average cost to company (CTC) of non-FRSR employees even after accounting for additional emoluments given in view of implementation of Pay Commission Report for FRSR employees, the average CTC of non-FRSR employees is less than average CTC of FRSR employees. In view of above we allow the Review Petition. Delhi Commission will consider the issue as per the judgment of this Tribunal in 2009 ELR (APTEL) 880."

3.80 The Petitioner submitted that the Commission in Tariff Order dated August 31, 2017 added the impact claimed by the Petitioner in the Petition filed for Truing-up of FY 2014-15, Review of FY 2015-16, Multi-Year ARR from FY 2016-17 to FY 2020-21 and Tariff for FY 2016-17 to the normative allowed O&M Expenses and compared the same with actual O&M Expenses incurred during respective years during first control period. The Commission further stated that the normative O&M Expenses claimed

are higher than the actual O&M Expenses and hence the impact has not been considered.

- 3.81 The Petitioner has stated that the Commission vide Tariff Order dated February 23, 2008 (Table-72) has allowed the following employee expenses from FY 2005-06 to FY 2006-07 as under:

Table 17: Petitioner Submission - Employee expenses approved for FY 2005-06 and FY 2006-07 (Rs.Crore)

Sr. No	Particulars	FY 06	FY 07
1	Net Employee Expenses#	121.13	137.60
2	Employee Expenses pertaining to DVB Employees	75.64	85.92
3	Employee Expenses pertaining to Non-DVB Employees	45.50	51.68

Excludes impact of sixth pay commission

- 3.82 Further the Commission vide Tariff Order dated August 26, 2011 (Table-37) has allowed the following employee expenses from FY 2007-08 to FY 2010-11:

Table 18: Commission Approved - Employee Expenses from FY 2007-08 to FY 2010-11 (Rs.Crore)

Sr. No	Particulars	FY 08	FY 09	FY 10	FY 11
1	Net Employee Expenses#	144.01	150.72	157.74	165.09

Excludes impact of sixth pay commission

- 3.83 Since the bifurcation of employee expenses from FY 2007-08 to FY 2010-11 has not been provided, the petitioner has applied the same ratio as provided for FY 2006-07 for bifurcation of employee expenses between DVB and Non-DVB Employees as under:

Table 19: Petitioner Submission- Bifurcation of DVB and Non-DVB Employee expenses approved during FY 06-07 (Rs.Cr.)

Sr. No	Particulars	FY 07	%
1	Net Employee Expenses#	137.60	100%
2	Employee Expenses pertaining to DVB Employees	85.92	62%
3	Employee Expenses pertaining to Non-DVB Employees	51.68	38%

Table 20: Petitioner Submission - Bifurcation of DVB and Non-DVB Employee Expenses from FY 08 to FY 11 (Rs.Cr.)

Sr. No	Particulars	Reference	FY08	FY09	FY10	FY11
1	Total salary	Table-37 of TO dt. Aug 26, 2011	144.01	150.72	157.74	165.09
2	Salary of FRSR	62% x 1	89.92	94.11	98.50	103.09
3	Salary for Non FRSR	38% x 2	54.09	56.61	59.24	62.00

3.84 The Petitioner stated that the Commission vide Tariff Order dated August 26, 2011 (Table-35 and Table-39) has allowed the following amount on account of arrears due to sixth pay commission for DVB Employees:

Table 21: Petitioner Submission - Arrears approved on account of 6th pay commission from FY 07 to FY 11 (Rs.Crore)

Sr. No	Particulars	FY 06	FY 07	FY08	FY09	FY10	FY11
1	Arrears on account of 6th pay Commission	6.74	27.06	28.32	37.73	45.39	47.50

3.85 The impact of increase in salary of non-DVB Employees on account of 6th pay commission from FY 2007-08 to FY 2010-11 has been computed below:

Table 22: Petitioner Submission - Impact of increase in salary of non-DVB Employees on account of 6th pay commission from FY 2007-08 to FY 2010-11 (Rs. Crore)

Sr. No.	Particulars	Reference	FY06	FY07	FY08	FY09	FY10	FY11
1	Total salary	A	121.13	137.6	144.01	150.72	157.74	165.09
2	Effect of 6th pay	B	6.74	27.06	28.32	37.73	45.39	47.5
3	Salary of FRSR	C (Table-3.38 row-2 and Table-3.41 row-2)	75.64	85.92	89.92	94.11	98.50	103.09
4	Salary for Non FRSR	D (Table-3.38 row-3 and Table-3.41 row-3)	45.50	51.68	54.09	56.61	59.24	62.00
5	Effect of 6th pay on non FRSR	E=D/C X B	4.05	16.28	17.03	22.69	27.30	28.57

3.86 Further, the Commission in Tariff Order dated August 26, 2011 has applied an inflation of 4.66% on employee expenses approved for FY 2010-11 (which includes impact of 6th pay commission for DVB Employees) to arrive at employee expenses for FY 2011-12. Accordingly, the effect of 6th pay on non-FRSR Employees during FY 2011-12 is tabulated below:

Table 23: Petitioner Submission - Impact of increase in salary of non-DVB Employees on account of 6th pay commission during FY 2011-12 (Rs.Crore)

Sr. No	Particulars	Reference	FY11	Inf.	FY12
1	Total salary	A	165.09	4.66%	172.78
2	Effect of 6th pay	B	47.5	4.66%	49.71
3	Salary of FRSR	C	103.09	4.66%	107.89
4	Salary for Non FRSR	D	62.00	4.66%	64.89
5	Effect of 6th pay on non FRSR	E=D/C X B	28.57		29.90

3.87 The impact on account of the increase in the salary of non-DVB Employees due to the 6th pay commission from FY 2007-08 to FY 2011-12 has been computed along with carrying cost up to FY 2013-14 is as under:

Table 24: Petitioner Submission - Impact on account of 6th pay commission along with carrying cost (Rs. Crore)

Sr. No	Particulars	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
1	Op. balance	0	4	22	43	73	112	157	212	244	281	324
2	Additions	4	16	17	23	27	29	30				
3	Cl. Balance	4	21	39	65	100	140	187	212	244	281	324
4	Average	2	12	30	54	87	126	172	212	244	281	324
5	Rate of interest	9%	9%	13.68%	13.75%	13.11%	13.38%	14.88%	15.03%	15.01%	15.13%	15.01%
6	Carrying cost	0	1	4	7	11	17	26	32	37	43	48
7	Grand Cl. Balance	4	22	43	73	112	157	212	244	281	324	372

3.88 The Petitioner has requested the Commission to allow the aforesaid impact in the Tariff Order for FY 2018-19.

COMMISSION'S ANALYSIS

3.89 The Commission has re-considered this issue based on Hon'ble APTEL direction vide its judgement dated 31/10/2017 in Clarificatory application filed by the Commission and has allowed the impact of 6th pay commission for Non-DVB employees in Employee Expenses of the Petitioner from FY 2007-08 to FY 2011-12.

ISSUE 10: REVISION IN AT&C LOSS TARGET OF FY 2011-12

PETITIONER'S SUBMISSION

3.90 The Hon'ble ATE in Judgment dated November 28, 2014 (Appeal 61 and 62 of 2012) has ruled as under:

"72. In the light of above discussions we direct the Delhi Commission to refix the AT&C loss levels for the FY 2011-12 as per its letter dated 8.3.2011 and give consequential relief to the Appellants. The issue is decided in favour of the Appellants."

3.91 The Petitioner further referred Commission's letter dated March 08, 2011 in which the AT&C Loss Target for FY 2011-12 are fixed as under:

"The AT&C loss target for FY 2011-12 will be the lower of the following two figures.

i. Actual AT&C loss for 2010-11: &

ii. Reduction at 1% over the AT&C target for FY 2010-11"

3.92 However the Commission in Tariff Order dated September 29, 2015 has stated that a Clarificatory petition has been filed on the said issue which is pending adjudication before Hon'ble ATE. Similar stand has been taken by the Commission in Tariff Order dated August 31, 2017. The Hon'ble ATE vide Judgment dated October 31, 2017 has dismissed clarificatory application filed by the Commission.

3.93 The Commission has already trued-up actual AT&C Loss during FY 2011-12 as 18.11% and computed the under-achievement with respect to AT&C Loss Target of 15%.

3.94 The under-achievement ought to be recomputed as follows:

Table 25: Petitioner Submission - Impact due to revision in AT&C Loss Target for FY 2011-12

Sr. No	Particulars	UoM	MYT Order	Actuals
1	AT&C Loss	%	17.82%	18.11%
2	Over achievement/ (Under achievement)	%	-0.29%	
3	Energy Input	MU	10909.72	10909.72
4	Units realised	MU	8966	8934
5	Average Billing Rate	Rs./ kWh	5.15	5.15
6	Amount realised	Rs. Cr.	4617	4601
7	Under-achievement	Rs. Cr.		16
8	Considered in TO dt. July 31, 2013	Rs. Cr.		168
9	Impact	Rs. Cr.		151

3.95 The Petitioner requested that the above amount ought to be allowed along with carrying cost as under:

Table 26: Petitioner Submission - Impact of revision in AT&C Loss Target for FY 2011-12 along with carrying cost (Rs.Crore)

Sr. No	Particulars	FY 12	FY 13	FY 14	FY 15	FY 16
1	Op. balance	0	162	187	215	247
2	Additions	151				
3	Cl. Balance	151	162	187	215	247

Sr. No	Particulars	FY 12	FY 13	FY 14	FY 15	FY 16
4	Average	76	162	187	215	247
5	Rate of interest	14.88%	15.03%	15.01%	15.13%	14.80%
6	Carrying cost	11	24	28	33	37
7	Grand Cl. Balance	162	187	215	247	284

3.96 Accordingly, the Petitioner has requested the Commission to allow the impact on account of revision in AT&C Loss of FY 2011-12.

COMMISSION'S ANALYSIS

3.97 This matter is sub judice before Hon'ble Supreme Court of India and the same has also been clarified by Hon'ble APTEL vide it's Order dated 31/10/2017 in the Clarificatory Appeal. Therefore, the view on this issue will be considered, as deemed fit and appropriate, after receipt of the judgment of Hon'ble Supreme Court of India in the pending Appeal (8660-61 of 2015).

ISSUE 11: NON-REVISION OF AT&C LOSS FOR FY 2012-13 AND FY 2013-14

PETITIONER'S SUBMISSION

3.98 The Hon'ble ATE in Judgment dated March 2, 2015 (Appeal 177 and 178 of 2012) has ruled as under:

"30.12 The State Commission has proposed AT&C loss reduction 1.27% below the target fixed for 2011-12(15%). Now the AT&C loss target for FY 2011-12 has to be refixed to 16% for BRPL as per the decision of this Tribunal in Appeal no. 62 of 2012. The State Commission has fixed AT&C loss target for 2014-15 as 12.5% which would mean a loss reduction of 3.5% in the control period of 3 years which seems reasonable and can be distributed to 1.05% reduction in 2012-13, 1.2% in 2013-14 and 1.25% in 2014-15 over the target of previous year i.e. AT&C loss target of 14.99%, 13.75% and 12.5% respectively. Lower target for 2012-13 has been fixed as the impugned order was passed on 13.07.2012, about 3½ months after the commencement of FY 2012-13. In this way, the target for FY 2014-15 will remain the same as decided by the Commission in the impugned order. Considering the

performance in the past and the actual AT&C loss level, the above loss reduction trajectory will be reasonable. According decided.

30.13...When the target level for FY 2011-12 has to be refixed, the AT&C loss targets for FY 2012-13 to 2014-15 have also to be refixed by the State Commission accordingly."

3.99 The directions of Hon'ble ATE regarding FY 2010-11, FY 2012-13 to FY 2014-15 and FY 2011-12 in Judgment dated March 2, 2015 (Appeal 177 of 2012) and November 28, 2014 (Appeal 61 of 2012) are as under:

- a) AT&C Loss for FY 2010-11 to be revised to 18.82% in case it is found that the Petitioner has not been able to achieve AT&C Loss reduction due to non-approval of capex schemes by the Commission.
- b) AT&C Loss for FY 2011-12 to be re-determined in terms of letter dated March 8, 2011 which states that the loss level for FY 2011-12 shall be lower of actual AT&C Loss for FY 2010-11 or the AT&C Loss target for FY 2010-11 minus 1%.
- c) AT&C Loss from FY 2012-13 to FY 2014-15 to be re-determined in ratio of 1.05% in FY 2012-13, 1.2% in FY 2013-14 and 1.25% in FY 2014-15.

3.100 Accordingly, the AT&C Loss Target from FY 2012-13 and FY 2013-14 is proposed to be revised from 14.16% and 13.33% to 16.65% and 15.31% respectively.

3.101 The Petitioner tabulated the impact on account of revision in AT&C loss target from FY 2012-13 and FY 2013-14 as below:

Table 27: Petitioner Submission - Impact due to revision of AT&C Loss Target from FY 2012-13 to FY 2013-14

Sr. No.	Particulars	UoM	FY 2012-13		FY 2013-14	
			ATE	DERC	ATE	DERC
1	AT&C Loss	%	16.65%	14.16%	15.31%	13.33%
2	Energy Input	MU	11233	11233	11509	11509
3	Units realised	MU	9362	9642	9747	9975
4	Average Billing Rate	Rs./ kWh	6.27	6.27	6.89	6.89
5	Amount realised	Rs. Cr.	5873	6049	6720	6877
6	Difference	Rs. Cr.		175		157

3.102 The aforesaid impact along with carrying cost is tabulated below:

Table 28: Petitioner Submission - Impact of revision of AT&C Loss Target from FY 12-13 to FY 13-14 along with carrying cost (Rs. Cr.)

Sr. No.	Particulars	FY 13	FY 14	FY 15	FY 16
1	Op. balance	0	189	386	444

Sr. No.	Particulars	FY 13	FY 14	FY 15	FY 16
2	Additions	175	157		
3	Cl. Balance	175	346	386	444
4	Average	88	267	386	444
5	Rate of interest	15.03%	15.01%	15.13%	14.80%
6	Carrying cost	13.19	40.10	58.36	65.74
7	Grand Cl. Balance	189	386	444	510

3.103 Accordingly, the Petitioner has requested the Commission to allow the aforesaid impact in the Tariff Order for FY 2018-19.

COMMISSION'S ANALYSIS

3.104 This matter is sub judice before Hon'ble Supreme Court of India and the same has also been clarified by Hon'ble APTEL vide it's order dated 31/10/2017 for AT&C Loss target of FY 2011-12 in the Clarificatory appeal. Further, it is noted that the directions of Hon'ble APTEL to revise the AT&C Loss target were linked with proposed AT&C Loss target of FY 2011-12. Therefore, the view on this issue will be considered, as deemed fit and appropriate, after receipt of the judgment of Hon'ble Supreme Court of India in the pending appeal.

ISSUE 12: INCREASE IN EMPLOYEE EXPENSES CORRESPONDING TO INCREASE IN CONSUMER BASE PETITIONER'S SUBMISSION

3.105 The Petitioner has submitted that in the Petitioner's licensed area of supply, consumer base has increased by 59 % in FY 12 as compared to FY 2006-07 (FY 07: 10.9 Lakhs, FY 12; 17.33 Lakhs) and units billed have grown by 51 % in FY 2011-12 as compared to FY 2006-07 (Units billed 2007: 5872 MU, 2012: 8844 MU). The Petitioner is obligated under the extant regulatory framework to maintain standards in supply of electricity and to retain AT & C loss levels effectively. As per the Hon'ble ATE order, the Commission is required to factor in the increase in employee cost required due to increase in consumer base.

3.106 The Petitioner has referred the Hon'ble APTEL Judgment dated October 6, 2009 (Appeal No. 36 of 2008) as under:

"74) Having gone through the impugned order we do find that the Commission has not considered the issue of possible increase in the number of employees consequent on increase in the consumer base. Nor has the

Commission ruled on the Petitioner's proposal to increase the salaries etc. The Commission has nonetheless assured to true up the employees expenses subject to prudence check. The Commission shall also take care of the related carrying cost. This should satisfy the Petitioner.

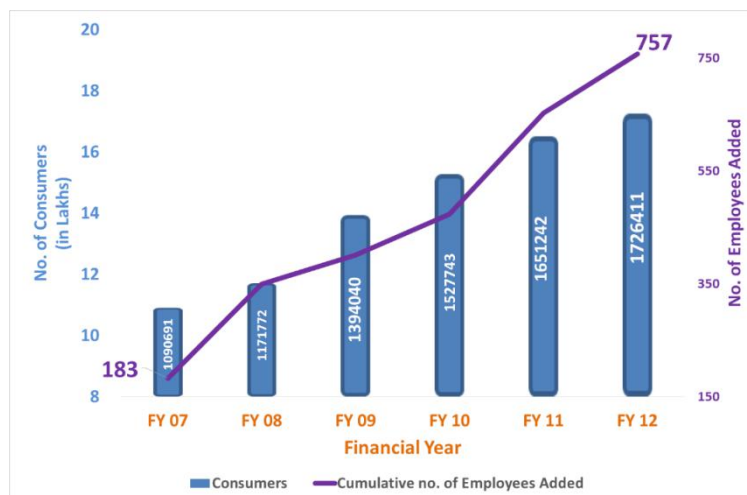
75) ... We thus conclude the issue of employees' expenses by saying that the: The Commission shall allow the expenses incurred towards the retirement benefit of SVRS optees pending decision of the Actuarial Arbitration Tribunal and shall true up the employee expenses to the extent of increase caused by increase in the consumer base..... "

3.107 The Petitioner referred the Commission's Tariff Order dated July 31, 2013 stated as under:

"3.112 As regard true up of the employees expenses to the extent of increased cost by increase in consumer base and salary hike comparable to sixth pay Commission's recommendations for employees other than erstwhile DVB employees, the Commission has initiated a benchmarking exercise for employee expenses taking into account the increased consumer base as well as increase in sales. This would also take into account the salary hike of employees other than the erstwhile DVB employees. The impact will be given once the benchmarking exercise is completed."

3.108 The aforesaid benchmarking exercise has not found place in any of the tariff orders issued after July 31, 2013.

3.109 The Petitioner has added considerable number of employees during the MYT Control period to cater to the needs of the business growth as shown in the figure below:



3.110 As per the DERC MYT Regulations, sales is an uncontrollable factor because the licensee has a universal obligation to provide electricity to any consumer. Therefore to meet with the business growth, the licensee is forced to employ additional manpower. Under this circumstance, the Hon'ble Tribunal had directed the Commission to true up the employees expenses to the extent of increased cost by increase in consumer base. The Commission has already tried up the consumer base of the Petitioner for the First MYT Control Period but is yet to implement the judgment of the Hon'ble ATE. The impact of increase in consumer base on the employee cost is estimated below:

Table 29: Petitioner Submission - Increase in employee expenses from FY 08 to FY 12 (Rs.Crore)

Sr. No	Particulars	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12
1	Employee Expenses in the base year	181					
2	No. of Consumers served during base year	1090691					
3	Employee Expenses per consumer in the base year	1659					
4	Escalation Factor		4.66%	4.66%	4.66%	4.66%	4.66%
5	Increase in employee expenses over first MYT Control Period after applying escalation factor		1736	1817	1902	1990	2083
6	Actual number of consumers served during first Control Period		1171772	1394040	1527743	1651241	1733007
7	Increase in number of consumers served y-o-y basis		81081	222268	133703	123498	81766
8	Increase in employee Expenses based on number of consumers		14	40	25	25	17

Table 30: Petitioner Submission- Impact on account of increase in employee expenses along with carrying cost (Rs. Crore)

Sr. No	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
1	Op. balance	0	15	60	95	134	173	198	228	263
2	Additions	14	40	25	25	17	0	0	0	0
3	Cl. Balance	14	55	86	120	151	173	198	228	263
4	Average	7	35	73	108	143	173	198	228	263
5	Rate of interest	13.68%	13.75%	13.11%	13.38%	14.88%	15.03%	15.01%	15.13%	14.80%
6	Carrying cost	0.96	4.85	9.57	14.40	21.24	25.93	29.78	34.52	38.89
7	Grand Cl. Balance	15	60	95	134	173	198	228	263	302

Note To the extent of increase in consumer base

3.111 The Petitioner has stated that in view of the aforesaid facts, the Commission is required to expeditiously implement the Hon'ble APTEL judgment and to true-up the employee expenses to the extent of increased cost by increase in consumer base along with carrying costs.

COMMISSION'S ANALYSIS

3.112 The Commission has already clarified this issue in detail, in Tariff Order dated 31/08/2017 and has allowed the impact of 6th Pay Commission on Non-DVB Employees (Non-FRSR) based on the directions of Hon'ble APTEL.

3.113 Further, the Commission has already clarified this issue in tariff Order dtd. 29/09/2015 as follows:

"3.7 The Petitioner had not raised this issue in Appeal No. 61 & 62 of 2012 against Tariff Order dated 26.08.2011, where the matter was addressed as per the directions of Hon'ble APTEL in Appeal No. 36 of 2008. Therefore, this issue has attained finality with respect to judgment in Appeal No. 36 of 2008 as the issue has been addressed in Tariff Order dated 26.08.2011."

3.114 In view of the above, the issue does not merit consideration.

ISSUE 13: R&M AND A&G EXPENSES FROM FY 2004-05 TO FY 2006-07

PETITIONER'S SUBMISSION

3.115 The Petitioner has mentioned the Hon'ble APTEL Judgment dated October 10, 2009 (Appeal 36 of 2008) has ruled as under:

“91...

We are of the opinion that R&M expenses properly incurred should be approved and in case there is any gap between the demand made by the appellant and the amount sanctioned by the Commission, the Commission should enter into the exercise of a prudent check and grant the approval to such expenses....

...

97...

It appears that the Commission is yet to true up the accounts for the year 2004-05 on the basis of the audited accounts and whenever such truing up is done the appellant’s grievance of denial of administrative and general expenses of 2004-05 should disappear.”

3.116 The Petitioner has submitted that the Commission in Tariff Order dated July 23, 2014 has allowed the R&M and A&G Expenses from FY 2004-05 to FY 2006-07 based on benchmarking with other DISCOMs of Delhi.

3.117 The Hon’ble ATE in Judgment dated November 28, 2014 (Appeal 61 and 62 of 2012) has ruled as under:

*“22. We agree with the contentions made by the Appellants that true up for the policy direction period cannot be carried out on the basis of benchmarking concept muted in MYT Regulations. **The Commission is directed to implement the direction of this Tribunal in true letter and spirit and do not involve in inventing any new methodology to circumvent to such directions.** The issue is decided in favour of the Appellants. “ (Emphasis added)*

3.118 The Petitioner has mentioned that the Commission in Tariff Order dated September 29, 2015 stated as under:

“3.50 In compliance of the direction of Hon’ble APTEL in Appeal No. 61 and 62 of 2012, the Commission has appointed a Chartered Accountant firm empanelled with C&AG for independent verification of the claims of the Petitioner in respect of R&M and A&G expenses for FY 2004-05 to FY 2005-06. Final impact will be considered based on the report of Chartered Accountant firm appointed by the Commission.”

3.119 The Petitioner has humbly submitted that though the Consultant's report was shared with the Petitioner by the Commission, however, how the numbers trued-up by the Commission in the abovementioned table are computed is neither mentioned in the Report nor explained in the Tariff Order.

3.120 A Comparison of R&M Expenses and A&G Expenses allowed by the Commission during FY 2004-05 in various Tariff Orders is given in the table below:

Table 31: R&M and A&G Expenses for FY 2004-05-Comparison of various Orders (Rs. Crore)

Sr. No	Particulars	TO dt. 23.02.2008	TO dt. 23.07.2014	Impugned Order	Actuals
1	Repair & Maintenance	68.99	78.70	68.99	92.02
2	Administrative & General Expenses	29.04	35.06	29.04	38.54

3.121 The above comparison shows that the Commission has simply considered the numbers for R&M Expenses and A&G Expenses for FY 2004-05 as per Tariff Order dated February 23, 2008 which was subject matter of Appeal 36 of 2008. In Tariff Order dated February 23, 2008, the Commission without entering into any prudence check simply disallowed the R&M and A&G Expenses during FY 2004-05 only based on the reason that the Petitioner did not apply for prior approval from the Commission before incurring the R&M and A&G Expenses above stipulated limit. Coincidentally, the Commission in the Tariff Order dated August 31, 2017 has arrived at the same numbers (upto two decimal places) as trued-up in Tariff Order dated February 23, 2008 based on the Consultant's report.

3.122 Accordingly the Petitioner has claimed the actual R&M Expenses and A&G Expenses of FY 2004-05 as under:

Table 32: Impact of R&M and A&G Expenses from FY 2004-05 to FY 2006-07 (Rs.Crore)

Particulars	FY 2004-05		
	Audited A/c	Tariff Order	Diff.
A&G Expenses	38.54	29.04	9.50
R&M Expenses	92.02	68.99	23.03
Total base impact	130.57	98.03	32.54

3.123 The total impact on account of R&M and A&G Expenses from FY 2004-05 along with carrying cost is as under:

Table 33: Impact of R&M and A&G Expenses from FY 2004-05 along with carrying cost (Rs.Crore)

S. No	Particulars	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
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1	Op. balance	0	34	37	40	46	52	59	67	77	89	102	117
2	Additions	33											
3	Cl. Balance	33	34	37	40	46	52	59	67	77	89	102	117
4	Average	16	34	37	40	46	52	59	67	77	89	102	117
5	Rate of interest	9%	9%	9%	13.68%	13.75%	13.11%	13.38%	14.88%	15.03%	15.01%	15.13%	14.80%
6	Carrying cost	1.46	3.06	3.34	5.53	6.32	6.85	7.91	9.97	11.57	13.29	15.40	17.35
7	Grand Cl. Balance	34	37	40	46	52	59	67	77	89	102	117	135

3.124 The Petitioner has requested the Commission to allow the aforesaid impact to the Petitioner.

COMMISSION'S ANALYSIS

3.125 The Commission has already clarified this issue in the tariff order dated 31/08/2017 and the Commission has considered the impact based on the recommendation of the auditor appointed by the Commission. Therefore, the issue does not merit consideration.

ISSUE 14: LOWER RATES OF CARRYING COST

PETITIONER'S SUBMISSION

3.126 The Hon'ble ATE in Judgment dated July 30, 2010 (Appeal 153 of 2009) has ruled as under:

"51. It cannot be disputed that the State Commission shall be guided by the principles that reward efficiency in performance as provided under section 61(e) of the Electricity Act, 2003. Similarly, the said section provide that State Commission shall be guided by the National Electricity Policy and Tariff Policy. Therefore, the State Commission should have allowed the carrying cost at the prevailing market lending rate for the carrying cost so that the efficiency of the distribution company is not affected. The State Commission is required to take the trueing up exercise to fill up the gap between the actual expenses at the end of the year and anticipated expenses in the beginning of theyear. This Tribunal in various judgments rendered by it held in Appeal No. 36 of 2008 in the judgment dated 06.10.2009 reported in 2009 ELR (APTEL) 880 has held that "the true up exercise is to be done to mitigate the difference between the

*projection and actuals and true up mechanism should not be used as a shelter to deter the recovery of legitimate expenses/revenue gap by over-projecting revenue for the next tariff.” Therefore, the fixation of 9% carrying cost, in our view, is not appropriate. **Therefore, the State Commission is hereby directed to reconsider the rate of carrying cost at the prevailing market rate and the carrying cost also to be allowed in the debt/ equity of 70:30.***

...

58. ...

*(iv) The next issue is relating to the inadequate lower rate of 9% for the allowance of the carrying cost. The carrying cost is allowed based on the financial principle that whenever the recovery of the cost is to be deferred, the financing of the gap in cash flow arranged by the distribution company from lenders and/or promoters and/or accrual and/or internal accrual has to be paid for by way of carrying cost. The carrying cost is a legitimate expense. Therefore the recovery of such carrying cost is a legitimate expectation of the distribution company. **The State Commission instead of applying the principle of PLR for the carrying cost has wrongly allowed the rate of 9% which is not the prevalent market lending rate. Admittedly, the prevalent market lending rate was higher than the rate fixed by the State Commission in the tariff order. Therefore, the State Commission is directed to reconsider the rate of carrying cost at the prevalent market rate keeping in view the prevailing Prime Lending Rate. ” (Emphasis added)***

3.127 The Commission in Tariff Order dated September 29, 2015 has reduced the rates of carrying cost based on net-worth as per Audited Accounts. Without pre-judice, the Petitioner requests the Commission to implement the aforesaid direction of Hon’ble APTEL as the net-worth approach ought not to be followed and tantamount to incorrect results.

3.128 The Petitioner has applied the debt-equity ratio of 70:30 considering ROE as 16% and rate of interest as SBI PLR while computing the impact.

3.129 The carrying cost on already recognised Regulatory Assets upto FY 2013-14 is tabulated below:

Table 34: Impact due to difference in rates of carrying cost (Rs. Crore)

Sr. No	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
A	Opening Balance	382	601	540	1517	2935	5139	5788	5784	6094
B	Adjustments: Contingency Reserve				29					
C	Additions	156	-135	851	1169	1645	184	-304	55	-1083
D	Adjustment from surcharge						299	507	580	619
E	Closing	538	466	1391	2657	4580	5024	4976	5259	4392
F	Average	460	534	965	2073	3757	5081	5382	5521	5243
G	Carrying cost	13.68%	13.75%	13.11%	13.38%	14.88%	15.03%	15.01%	15.13%	14.80%
H	Carrying cost	63	73	127	277	559	764	808	835	776
I	Grand Closing balance	601	540	1517	2935	5139	5788	5784	6094	5168
J	Additional true-up past impact									402
K	Total balance									5569

3.130 In view of above computation, there is difference of Rs. 1336 Crore above closing balance, i.e, Rs. 5569 Crore when compared with Regulatory Assets recognised up to FY 2013-14, i.e., Rs. 4233 Crore.

COMMISSION'S ANALYSIS

3.131 The Commission has already clarified this issue in tariff order dated 31/08/2017 as follows:

3.135 The Petitioner has made its prayer for allowing additional interest which has not been paid to any financial institution or bank for funding the Revenue Gap accumulated during the previous years after true up of ARR. The Petitioner has submitted return on equity for funding of accumulated revenue gap in the ratio debt: equity of 70:30 for allowance of carrying cost without investing equity for funding of accumulated revenue gap.

3.136 As per MYT regulations 2007 & 2011 for the purpose of WACC, where actual equity employed is less than 30%, the actual equity and Debt shall be considered. The Commission has assessed the actual equity and debt available with the licensee for the purpose of capitalisation, working capital and finally revenue gap funding. Under the normative circumstances, the

disclosure is required to infuse adequate equity either from reserve & surplus or by infusing fresh equity from time to time to maintain adequate debt equity ratio of 70:30. In case the said ratio is not maintained, the Commission in accordance with regulation shall restrict the ROE on the actual equity available only with review of actual equity.

is also clarified that the carrying cost on Revenue Gap has got reduced in case of the Petitioner due to non availability of actual equity for funding of the Revenue Gap. Therefore one side the Petitioner has infused insufficient equity for funding the revenue gap which could have reduced the cost of borrowings and on the other hand asking additional return on the equity which has never been deployed into the business by the promoter. The impact of insufficient equity cannot be passed onto the consumers through ARR.

3.138 The Petitioner has interpreted the direction of Hon'ble Tribunal for funding the revenue gap in the ratio of 70:30 (debt:equity) but forget to mention that the ratio of 70:30 of debt:equity can only be applied if the promoter has infused equity for funding the revenue gap at the level of 30% or more. Secondly, the Petitioner wants the interest rate also should be allowed at the rate of SBI PLR, however it is clarified that the Petitioner was getting loans at the rates 2.75% less than SBI PLR as forecasted in the MYT order dated 23/02/2008.

3.139 The financing of business can be either by equity or loan. In accordance with the judgment of this Hon'ble Tribunal in Appeal No. 153 of 2009, the Commission has revised the carrying cost rate by issuing 70:30 ratios of debt and equity on provisional basis. The requirement of funds is primarily dependent on capitalisation and working capital requirement. Thus, Commission has provided the cost of capital including carrying cost based on actual equity available in the books of accounts as submitted by the Petitioner.

3.140 Further, regarding rate of return on Equity, it is clarified that the matter has already been decided against the one of the Delhi DISCOM by Hon'ble APTEL in Appeal No. 271/2013 as follows:

“ 16.3) That it is clear from Regulation 5.10 that rate of return on equity has been specified by the Delhi Commission as 14% which has been given to the appellant on equity part of the carrying cost. Hence, there is no merit in this issue.

17.3) **Regulation 5.9** deals with computation of Return on Capital Employed, prescribing a formula for such kind of computation. **Regulation 5.10** provides for computation of Weighted Average Cost of Capital (WACC) for each year of the control period, clearly providing that “cost of equity for wheeling business shall be considered at 14% post tax.” **Regulation 5.39** clearly states that the return from the wheeling business and retail supply business shall not exceed 16% of equity. Thus, there is a rider restricting that the return from the wheeling business and retail supply business shall not exceed 16% of the equity. Thus, the maximum limit is 16% which cannot be allowed to exceed under any circumstances. Appellant is claiming 16% of equity on the basis of 14% RoE + 2% supply margin. In view of the above discussion, we do not find any illegality or perversity in the finding recorded in the Impugned Order on this issue and we approve the approach adopted by the Delhi Commission in deciding this issue. We find and observe that the learned Delhi Commission has correctly, in the impugned tariff order, considered the rate of return on equity at 14% to which we also agree. Hence, this issue is decided against the appellant.”

3.141 Further, the Petitioner has already preferred an Appeal in Appeal No. 297/2015 filed before the Hon'ble APTEL. Therefore, the matter is sub-judice and decision will be taken by the Commission as deemed fit and appropriate, after receipt of the judgment of Hon'ble APTEL.”

3.132 In view of above, this issue does not merit consideration at this point of time.

ISSUE 15: AT&C LOSS FOR FY 2010-11

PETITIONER'S SUBMISSION

3.133 The Hon'ble ATE in Judgment dated March 2, 2015 (Appeal 177 of 2012) has ruled as under:

"40.9 We remand the matter to consider the contentions of the Appellant regarding non-achievement of AT&C loss target for FY 2010-11 due to delay/non-approval of the schemes which was beyond its control after considering whether there was delay in according approval to the loss reduction schemes submitted by the Appellant in FY 2009-10 which resulted in the non-completion of these schemes during FY 2010-11. If it is found that the proposed loss reduction schemes were not approved for no fault of the Appellant then the Appellant will be entitled to a relief. Accordingly, directed."

3.134 The Petitioner vide its letter dated April 28, 2015 submitted category-wise details of the schemes which were submitted and approved by the Hon'ble Commission from FY 2007-08 to FY 2012-13. From the perusal of the data submitted, it is evident that:

- a) The Commission approved only 209 schemes amounting to Rs. 5442.18 lacs as against 401 schemes amounting to Rs.12884.40 lacs (excluding deposits schemes which does not require in-principle approval) submitted by the Petitioner for reduction of AT & C loss.
- b) The Commission has only approved approx. 52% of the number of Capex schemes, which relates to approx. 42% of the amount of Capex schemes submitted by the Petitioner for reduction of AT & C loss level.
- c) The Capex schemes submitted by the Petitioner for reduction of AT&C loss in February 2009 were approved by the Commission in August 2009, i.e., after expiry of nearly 6 months. Even while approving the scheme, the Commission, without any justification has reduced the amount of Capex claimed by the Petitioner from Rs. 6708.11 crores to Rs. 5442.18 crores thereby constraining the ability of the Petitioner to execute the project.

3.135 The Petitioner filed Petition for implementation of the aforesaid direction of Hon'ble ATE. The Petition has been numbered as 50 of 2015. The Commission vide Order dated December 10, 2015 observed that the issues have been analysed and a report shall be submitted before the Commission shortly. The Commission vide letter dated

July 28, 2017 forwarded the copy of the report which was received by the Petitioner on August 2, 2017. The Petitioner has already submitted point-wise reply on the observations of the Commission on October 24, 2017.

3.136 Accordingly the Petitioner has computed the amount of under-achievement during FY 2010-11 as per Tariff Order dated August 26, 2011 along with carrying cost as under:

Table 35: Impact of under-achievement during FY 2010-11 along with carrying cost (Rs. Crore)

Sr. No	Particulars	FY 11	FY 12	FY 13	FY 14
1	Op. balance	0	96	110	127
2	Additions	90	0	0	
3	Cl. Balance	90	96	110	127
4	Average	45	96	110	127
5	Rate of interest	13.38%	14.88%	15.03%	15.01%
6	Carrying cost	6.02	14.28	16.57	19.03
7	Grand Cl. Balance	96	110	127	146

3.137 The Petitioner has requested the Commission to allow the impact along with carrying cost.

COMMISSION'S ANALYSIS

3.138 The written submissions filed by the Petitioner with reference to the Commission's Order dtd. 31/10/2017 in Petition No. 50/2015 is under examination and the judgement is reserved.

3.139 Therefore, a view in the matter will be taken, as deemed fit and appropriate, after issuance of Order by the Commission in Petition No. 50/2015 based on the information submitted by the Petitioner.

ISSUE 16: EFFICIENCY FACTOR FOR FY 2011-12 TO FY 2015-16

ISSUE 17: EFFICIENCY FACTOR FOR FY 2010-11

PETITIONER'S SUBMISSION

3.140 The Hon'ble ATE in Judgment dated November 28, 2014 (Appeal 61 of 2012) has observed as under:

“126...This issue was also considered by this Tribunal in Appeal No. 14 of 2012 and was decided in favour of the Appellant therein. The relevant extracts of the said judgment are as under:

“...

25. ...

However, the efficiency factor has to be determined by the Commission based on licensee’s filing, benchmarking, approved cost by the Commission in the past and any other factor that Commission feels appropriate. In the impugned order the Commission has determined the efficiency improvement factor as 2%, 3% and 4% for FY 2009, FY 2010 and FY-2011 respectively arbitrarily without any benchmarking or any analysis and identification of area of inefficiency where the improvement is desired to be carried out. Such efficiency factor has naturally to be determined only on the basis of material placed before the State Commission and analysis of various factors and not on ad-hoc basis as done by the State Commission. Therefore, this point is answered accordingly in favour of the Appellant”.

201 So, on the strength of the judgment of this Tribunal in Appeal No. 28 of 2008, we decide this point accordingly in favour of the Appellant.”

127. The above ratio of this Tribunal’s judgment in Appeal No. 14 of 2012 applies squarely into the facts of the present case. The issue is decided in favour of the Appellants. “

3.141 The arbitrary determination of efficiency factor has resulted in reduction of Operation and Maintenance Expenses approved for FY 2011-12 by Rs. 17 Crore.

3.142 The impact due to the application of ad-hoc efficiency factor on Operation and Maintenance Expenses along with carrying cost is tabulated below:

Table 36: Impact due to application of ad-hoc efficiency factor (Rs.Crore)

Sr. No	Particulars	FY 12	FY 13	FY 14	FY 15	FY 16
1	Op. balance	0	18	20	23	27
2	Additions	17				

Sr. No	Particulars	FY 12	FY 13	FY 14	FY 15	FY 16
3	Cl. Balance	17	18	20	23	27
4	Average	8	18	20	23	27
5	Rate of interest	14.88%	15.03%	15.01%	15.13%	14.80%
6	Carrying cost	1.23	2.67	3.06	3.55	4.00
7	Grand Cl. Balance	18	20	23	27	31

The Petitioner has requested the Commission to allow the impact of the aforesaid issue in the Tariff Order for FY 2018-19.

The Hon'ble ATE in Judgment dated March 2, 2015 (Appeal 177 of 2012) has directed the Commission as under:

"37.3 This issue has been considered by this Tribunal in Appeal no. 171 of 2012. The relevant paragraph of the judgment are reproduced below:

*"12.5 We find that as per the Regulations, the efficiency factor can be determined by benchmarking and, therefore, there is no fault in the Commission's basic approach for benchmarking the O&M cost of the Appellant with other distribution companies. However, the benchmarking of O&M has to be with respect to like distribution licensees and for a larger span with analysis. In the present case, the State Commission has given figures of O&M cost per unit of sales and per consumer for a single year i.e. FY 2010-11. **It is not clear whether the O&M expenses considered are the actual audited expenses or trued up expenses or the estimate of expenses approved in the tariff order.** The State owned distribution licensee considered in the benchmarking should be much who maintain reliable power supply and distribution loss level comparable to the Appellant. The Commission should have benchmarked the O&M costs of some more distribution licensees having metropolitan area of supply such as other licensees of **Delhi, Mumbai, Kolkata for at last three years** before coming to a conclusion. The approach adopted by the State Commission is over simplified and lacks analysis.*

12.6 While we agree with the basic approach of benchmarking, the data and the analysis is required to be augmented as discussed above. Therefore, we

remand the matter to the State Commission for redetermination of the Efficiency Factors.”

3.143 As regards efficiency factor, the Commission in Tariff Order dated August 31, 2017 ruled as under:

“3.544 From the above analysis, the Commission observes that O&M Expenses per unit of Sales for Rlnfra-D varies from Rs. 0.63/kWh to Rs. 0.99/kWh for same year (FY 2013- 14) in various Orders of Business Plan, Multi Year and True up. Therefore, the Commission decides not to consider O&M Expenses per unit of Sales of Rlnfra-D for comparison purpose for Delhi DISCOMs.

3.545 It is observed that BRPL is being allowed O&M Expenses per unit of sales are Rs. 0.52/ kWh and Rs. 0.54/ kWh in FY 2014-15 and FY 2015-16 respectively as compared to the O&M Expenses per unit of sales for Torrent power Limited (Distribution) Surat (Rs. 0.30/ kWh), Torrent Power Limited (Distribution) Ahmedabad (Rs. 0.40/ kWh) and Tata Power Company Limited-Distribution Business (Rs. 0.28/ kWh) and there is scope for improvement in O&M Expenses. Therefore, the Commission decides to retain the efficiency factor of 3%, 4% and 4% for FY 2013-14, FY 2014-15 and FY 2015-16 respectively. Such efficiency factor is not considered for SVRS pension and Arrears on account of statutory pay revision to employees.”

3.144 The aforesaid finding is incorrect on account of the following reasons:

- a) Non-consideration of R-Infra-D for comparison: The Business Plan and MYT Orders are based on estimation whereas True-up is based on actual. The O&M Expenses per unit of sales include two factors, i.e., O&M Expenses and Sales. Therefore the ratio can vary based on both O&M Expenses and Sales. Further the ratio of O&M Expenses to per unit of sales in the Business Plan, MYT Petition and True-up of R Infra-D is higher than the Petitioner in all cases. Therefore there is no reason as to why R Infra-D should be singled out for non-consideration for the purpose of comparison.

Also the Maharashtra Electricity Regulatory Commission (MERC) despite of

being vast disparity between the ratio of O&M Expenses per unit of sales has allowed the O&M Expenses of R Infra-D and TPC-D. Therefore the ratios of R Infra-D also ought to be considered.

- b) Comparison not in line with APTEL Judgment in Appeal 177 of 2012: The Hon'ble ATE in Judgment dated March 2, 2015 has clearly directed the Commission to compare the O&M Expenses per unit of sales of Delhi, Mumbai and Kolkata for last 3 years. The Comparison is required to be conducted based on the data before the start of the control period, i.e., FY 2012-13. However the Commission has done the comparison based on FY 2014-15 and FY 2015-16 which was surely not available before FY 2012-13. Further the efficiency factor of FY 2013-14 cannot be determined based on comparison of FY 2014-15 and FY 2015-16.
- c) Comparison not conducted for similarly placed Utilities: The Hon'ble APTEL in Judgment dated March 2, 2015 categorically stated that the comparison is to be done with the Utilities (including Government Utilities) having similar distribution loss levels. However the Commission has chosen to conduct the comparison only with TPC-D, TPL-S, TPL-A. The comparison of loss levels of these Utilities with Petitioner is tabulated below:

Table 37: Comparison of Distribution loss levels

Particulars	UoM	Petitioner	TPC-D	TPL-S	TPL-A
Distribution Loss levels	%	12.46	0.92	3.89	7.15

As evident from the aforesaid table, the DISCOMs which have been considered for comparison with the Petitioner have far lower distribution loss levels than the Petitioner. Such loss levels are generally possible when there are no theft zones in Licensed area, DISCOM is operating in relatively small licensed area and the ratio of high voltage consumers or bulk consumers to total consumers is higher. Further both Tata Power Company-Mumbai and Torrent Power Limited-Gujarat are full fledged Generation Licensee and thus, O&M Expenses of these companies gets divided among other Business as well. Thus these DISCOMs have completely different profile and are better placed than the Petitioner.

d) No methodology for computation of 2%, 3% and 4%: The Commission in Tariff Order dated August 31, 2017 has compared the O&M Expenses per unit of sales of the Petitioner with that of TPC-D, TPL-S and TPL-A. However the Commission has still not provided the computation of 2%, 3% and 4% as to how these numbers have been derived from the benchmarking exercise.

3.145 Accordingly the Petitioner has requested the Commission to allow the impact on account of the efficiency factor from FY 2012-13 to FY 2015-16 tabulated as follows:

Table 38: Impact of efficiency factor from FY 2012-13 to FY 2015-16 (Rs.Crore)

Sr. No	Particulars	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
1	O&M Expenses	458	494	533	575
2	Eff. Fact. %	2%	3%	4%	4%
3	Eff. Factor	9	15	21	23

3.146 The aforesaid impact has been considered along with carrying cost as under:

Table 39: Impact on account of efficiency factor along with carrying cost (Rs. Crore)

Sr. No	Particulars	FY 13	FY 14	FY 15	FY 16
1	Op. balance	0	10	27	54
2	Additions	9	15	21	23
3	Cl. Balance	9	25	49	77
4	Average	5	17	38	66
5	Rate of interest	15.03%	15.01%	15.13%	14.80%
6	Carrying cost	0.69	2.59	5.73	9.74
7	Grand Cl. Balance	10	27	54	87

3.147 The Petitioner has requested the Commission to allow the impact on account of efficiency factor based on the comparison shown in tables given above and allow the impact in the ARR.

COMMISSION'S ANALYSIS

3.148 The Commission has re-considered this issue based on Hon'ble APTEL direction vide its judgement dtd. 31/10/2017 in Clarificatory application filed by the Commission and has allowed the impact of efficiency factor in O&M expenses of the Petitioner from FY 2011-12 to FY 2014-15.

ISSUE 18: EFFICIENCY FACTOR FOR FY 2010-11**PETITIONER'S SUBMISSION**

3.149 The Petitioner mentioned that the Hon'ble APTEL in Judgment dated March 2, 2015 (Appeal 177 of 2012) has directed the Commission as under:

"44. The 36th issue is arbitrary imposition of efficiency factor for determination of O&M Expenses for true-up of FY 2010-11

44.1 This issue has been considered by this Tribunal in Appeal No. 61 of 2012 and decided in favour of the Appellant. The relevant extracts of the Judgment are referred below:

...

201 So, on strength of the Judgment in Appeal No. 14 of 2012 applies squarely into the facts of the present case. The issue is decided in favour of the Appellants."

44.2 Accordingly, this issue is decided in favour of the Appellant."

3.150 The impact on account of the said issue along with carrying cost is tabulated below:

Table 40: Impact of efficiency factor during FY 2010-11 along with carrying cost (Rs. Crore)

Sr. No	Particulars	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
1	Op. balance	0	17	19	22	25	29
2	Additions	16	0	0	0	0	0
3	Cl. Balance	16	17	19	22	25	29
4	Average	8	17	19	22	25	29
5	Rate of interest	13.38%	14.88%	15.03%	15.01%	15.13%	14.80%
6	Carrying cost	1.05	2.48	2.88	3.31	3.83	4.32
7	Grand Cl. Balance	17	19	22	25	29	34

3.151 The Petitioner has requested the Commission to allow the impact in the Tariff Order for FY 2018-19.

COMMISSION'S ANALYSIS

3.152 The Commission has already clarified this issue in tariff order dated 31/08/2017 as follows:

"3.157 The Commission has observed that the Hon'ble tribunal in its judgments in Appeal No. 52/2008 has not find any merit in the contention raised by the TPDDL

regarding introduction efficiency factor of 2%, 3% and 4% for FY 2009, FY 2010 and FY 2011 respectively as follows:

“67. (ix) The last issue is erroneous computation of the Efficiency Factor. Admittedly, the Appellant had not proposed any Efficiency Factor in its MYT Petition in accordance with the MYT Regulations. The State Commission has compared the O&M expenses of the Appellant with similar urban distribution companies in other states and found the expenses of the Appellant on higher side. Accordingly, the State Commission has decided to introduce efficiency factor of 2%, 3% and 4% for FY 2009, FY 2010 and FY 2011 respectively. Therefore, we do not find any merit in the contention raised by the Appellant. Therefore, the State Commission finding on this issue is justified.”

3.158 Further, the Petitioner has relied upon the judgment of Hon’ble APTEL in Appeal No. 177/2012 which has been pronounced on the basis of Appeal No. 14/2012. It is pertinent to state that TPDDL (Appellant in Appeal No. 14/2012) had prayed before Hon’ble APTEL against the Efficiency Factor for FY 2011-12 and not FY 2010-11 in issue no. 23. However, the Petitioner has misrepresented the facts before the Commission that Hon’ble APTEL has decided the issue for Efficiency Factor of FY 2010-11. The relevant extract of the said judgement is as follows:

“198. On this issue, the learned Counsel for the Appellant submits as under: ... (c) However, in the impugned order the Delhi Commission has merely extended the efficiency factor of 4% that was applicable for O & M expenses of the Appellant for the period FY 2010-11 to apply to FY 2011-12 and has also extended the MYT Order while extending the operation of the MYT Regulations to the period FY 2011-12. This has resulted in gross under-allowance of O & M costs for FY 2011-12....”

3.159 It is clarified that the Efficiency Factor had been introduced by the Commission for 1st MYT Control Period (FY 08-FY11) in its MYT Order dtd. 23/02/2008 for all the Distribution Licensees. The Petitioner has not

challenged the issue of Efficiency Factor in its Appeal against MYT Order dtd. 23/02/2008 and even Hon'ble APTEL has upheld the methodology for Efficiency Factor in case of other Distribution Licensee as indicated above. Therefore, this issue does not merit consideration."

3.153 In view of the above the Commission has not re-considered this issue.

ISSUE 19: COMPUTATION OF AT&C LOSS FOR FY 2009-10:

PETITIONER'S SUBMISSION

3.154 The Petitioner has referred the Hon'ble ATE in Judgment dated March 2, 2015 (Appeal 177 of 2012) has directed the Commission as under:

"79. The perusal of the findings of the Commission in the Impugned Order would suggest that the Delhi Commission has failed to understand the working of the tri-vector meters installed at the consumers' premises by the Appellant. Basic electricity meters record only active power i.e. kWh consumed by the consumer. Tri-vector meters records all three vectors i.e. Active Power (kWh), Reactive Power (kVARh) and Apparent Power (kVAh). The principle parameter recorded by these meters is kWh. Other parameters are determined from this basic parameter based on instantaneous values of the current and voltage and their phaser angle. Therefore, the Commission has erred in computing kWh based on kVAh and power factor. It is interesting to note that the Commission has computed the average power factor for FY 2010-11 on the basis of kWh and kVAh recordings and computed kWh figures by reverse calculations using the kVAh figures for 2009-10 and average power factor for FY 2010-11.

80. In the light of above discussions we direct the Commission to recomputed the AT&C losses for FY 2009-10 using actual kWh figures as recorded in para 4.8 of the Impugned order. The issue is decided in favour of the Appellants."

3.155 The Commission in Tariff Order dated September 29, 2015 ruled as under:

"3.104 The Commission has indicated the power factor to be applied in the respective Tariff orders for projection of revenue and accordingly the

revenue has been estimated and considered in the respective tariff orders for the purpose of tariff fixation. The power factor derived from the data provided by the Petitioner for FY 2009-10 was not in line with either the power factor considered by the Commission for projection of revenue or actual power factor for the past period. It is observed that the Petitioner had submitted only one actual data i.e. kWh, whereas, for computation of billed amount in respect of the consumers where kVAh billing is approved in the Tariff Schedule, either actual kVAh or kWh together with power factor is required. In view of this, the Commission has filed Clarificatory Application before Hon'ble APTEL and the view on impact of AT&C Loss for FY 2009-10 will be taken, as deemed fit and appropriate, after receipt of the judgment of Hon'ble APTEL in the said Clarificatory Application."

3.156 The Commission in Tariff Order dated August 31, 2017 ruled as under:

"3.167 The Commission will consider the issue after the final Judgment of Hon'ble APTEL as the matter is still sub-judice in the Clarificatory Application filed by the Commission."

3.157 The Hon'ble Tribunal vide Judgment dated October 31, 2017 has dismissed the clarificatory application filed by the Commission.

3.158 The Petitioner has stated that Hon'ble Tribunal in Judgment dated November 28, 2014 (Appeal 61 of 2012) has clearly held that kWh is the basic parameter based on which the other factors are derived in the meters irrespective of the billing of the consumer. The Commission in Para-4.8 of the Tariff Order has stated that the energy sales in kWh was verified by the Commission during prudence check exercise. Therefore the Petitioner requests the Commission to implement the direction of Hon'ble APTEL as per Judgment dated November 28, 2014. The computation of AT&C Loss for FY 2009-10 is tabulated below:

Table 41: AT&C Loss for FY 2009-10

Sr. No	Particulars	Units	Now Approved
A	Units consumed at BRPL Periphery	MU	9700.62
B	Units billed	MU	7796.94
C	Amount billed	Rs. Cr.	3594.46
D	Distribution Loss	%	19.62%
E	Amount collected	Rs. Cr.	3573.98

Sr. No	Particulars	Units	Now Approved
F	Collection efficiency	%	99.43%
G	Units realised	MU	7752.52
H	AT&C Loss level	%	20.08%

3.159 The Commission determined the AT&C Loss Target for FY 2009-10 as 20.23%. Since the actual AT&C Loss during FY 2009-10 is 20.08%, the Petitioner is entitled for an incentive as per DERC MYT Regulations, 2007. The over-achievement on account of AT&C Loss for FY 2009-10 is tabulated below:

Table 42: Over-achievement of AT&C Loss during FY 2009-10

Particulars	UoM	MYT Order	Actuals	Reference
AT&C Loss	%	20.23%	20.08%	A
Over achievement/ (Under achievement)	%	0.15%		B
Energy Input	MU	9700.62	9700.62	C
Units realised	MU	7738	7753	D=C*(1-A)
Average Billing Rate	Rs./ kWh	4.64	4.64	E
Amount realised	Rs. Cr.	3567	3574	
Over-achievement	Rs. Cr.		7	
Proposed to be transferred to consumers	Rs. Cr.		3.37	
Proposed to be retained	Rs. Cr.		3.37	
Less: E. Tax	Rs. Cr.		152	
Less: LPSC	Rs. Cr.		15	
Total revenue	Rs. Cr.		3405	

3.160 The impact on account of re-computation of AT&C Loss of FY 2009-10 is tabulated below:

Table 43: Re-computation of AT&C Loss during FY 2009-10 (Rs.Crore)

Sr. No	Particulars	FY 2009-10
1	Revenue submitted by Petitioner	3408
2	Revenue considered in Tariff Order	3405
3	Net Impact	3

3.161 The total impact including carrying cost is tabulated below:

Table 44: Impact along with carrying cost of revision of AT&C Loss during FY 2009-10 (Rs. Crore)

Sr. No	Particulars	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
1	Op. balance	0	4	4	5	6	6	7
2	Additions	3	0	0				
3	Cl. Balance	3	4	4	5	6	6	7
4	Average	2	4	4	5	6	6	7
5	Rate of interest	13.11%	13.38%	14.88%	15.03%	15.01%	15.13%	14.80%

Sr. No	Particulars	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
6	Carrying cost	0.22	0.48	0.61	0.70	0.81	0.94	1.06
7	Grand Cl. Balance	4	4	5	6	6	7	8

The Petitioner has requested the Commission to consider the impact on account of the same in the Tariff Order for FY 2018-19.

COMMISSION'S ANALYSIS

3.162 The Commission has analysed the petitioner submission as well as the direction of Hon'ble APTEL in appeal no 61 & 62 of 2012. Hon'ble APTEL has also clarified this issue in its judgment dtd. 31/10/2017 for Clarificatory application that the issue is sub judice before Hon'ble Supreme Court of India as follows:

“v) Disallowance due to wrong valuation of sales in kWh figures for FY 2009-10. (Pending in Civil Appeal Nos. 8660-61 of 2015 filed against Judgement dated 28/11/2014 in Appeal Nos. 61 and 62 of 2012)”

3.163 In view of the above, the Commission is of the view that this issue does not merit consideration at this point of time.

ISSUE 20: REVERSAL OF SELF-CONSUMPTION DURING FY 2012-13

PETITIONER'S SUBMISSION

3.164 This section pertains to the energy sales towards self-consumption of the Petitioner in its establishment, i.e., its offices, call centres, sub-stations, etc. There is a mandatory direction by the Hon'ble APTEL in its judgment dated March 2, 2015 to inter alia arrive at the quantum of self-consumption based on the actual figure. The Hon'ble ATE in Judgment dated March 2, 2015 (Appeal 177 of 2012) ruled as under:

“25.5 This issue has also been dealt by us in Appeal no. 195 of 2013 filed by a consumer and the Tribunal decided as under:

“We feel that the Appellant should have installed meters for self consumption in all its offices, call centres, sub-stations, etc. The Respondent no.2 does not need specific instructions for the same. When the Respondent no.2 is including self consumption in its energy sale figures, then it was legally bound to supply electricity for gross consumption only through correct meters. We feel that the State

Commission should have allowed self consumption only to the extent of actual consumption for metered installations. The formula proposed by the Respondent no. 2 for calculating own consumption in its installations is for calculating energy consumption for consumers in case of faulty meters. Accordingly, we direct the State Commission to re-determine the self consumption based on the metered data only. We also do not feel that this would result in change in procedure in true up with respect to the MYT order dated 23.02.2008. In the MYT order the consumption is based on the projections. In the MYT order the State Commission has not approved that the self consumption would not be metered and would only be assessed by a formula considering the load, number of days/hours, load factor, etc.”

3.165 However, the Commission erred in computing own consumption of the Petitioner on a normative basis rather than on the basis of actual consumption of metered data only.

3.166 The aforesaid Order was passed in violation of the judgments of this Hon'ble Tribunal in Appeal No. 195 of 2013 and Appeal No. 177 of 2012, wherein a similar dispensation of normative self-consumption was set aside and this Hon'ble Tribunal held that self-consumption of the Licensee has to be determined on the basis of actual consumption of metered data only and not on any normative basis

3.167 However, the Commission in Tariff Order dated September 29, 2015 stated as under:

“3.201 It is observed from the above table that the opening readings are much less than the closing reading as per the bill dated 12.06.2013 which shows that the meter readings are either suppressed or wrong. While adjusting the bill, the Petitioner adjusted the final readings to match the opening readings. Further it is noticed from the adjustment bill that meter readings of kWh and kVAh are same. The said CA number pertains to a Non Domestic LT Consumer which may have inductive/capacitive load leading to non unity power factor. Thus it can be seen that the original bill captures actual consumption, whereas adjusted bill is prepared manually by entering the meter reading. This shows that the own consumption bills are regularly

being adjusted and it is also noted that out of 171.26 MU, 147.86 MU have been adjusted to match the normative consumption allowed by the Commission. Hence, the explanation provided by the Petitioner for adjustment of 147.86 MU in Form 2.1(a) against own consumption is not justified.

3.202 The Commission is of the view that such an act of suppression of facts by the petitioner will have adverse impact on tariff. Therefore as a penal action, the Commission has considered Sales against own consumption as 171.26 MU indicated in Form 2.1 (a) without considering negative adjustments of 147.86 MU.

3.203 In the 2nd MYT Order, the Commission vide directive 6.12 has directed all DISCOMs to meter self-consumption in their own premises and to raise the bills at appropriate tariff for actual consumption based on meter reading every month and the licensee may avail credit at zero tariff to the extent of the normative self-consumption approved by the Commission at the end of the financial year.

*3.204 The Commission, vide Para 2.79 of 2nd in its MYT Order had decided the base self-consumption as 0.25% of total sales for FY 2010-11, to be escalated at the rate of 2% per annum up to FY 2014-15. Accordingly, the Commission has arrived at the normative own consumption for the Petitioner as 22.30 MU (21.86*1.02) for FY 2013-14 by escalating the own consumption approved for FY 2012-13 at the rate of 2% per annum.*

3.205 It is noted that the own consumption over and above the normative consumption is 148.96 MU. As discussed above, the Commission decided to consider this excess own consumption of 148.96 MU at the Average Billing Rate of Rs. 10.45/kWh for FY 2013-14 of Non-Domestic category assuming all installations for non-domestic purpose as given in Form 2.1(a) submitted by the Petitioner and has disallowed the same in truing up for FY 2013-14. The additional amount to be considered as deemed revenue billed, thus

*computed as Rs.155.66 Crore (148.96*10.45/10) on account of ownconsumption.” (Emphasis added)*

3.168 The Petitioner raised the following issues before the Commission:

- a. Each adjustment of the bill was necessitated inter alia, due to data entry error and the fact that such data entry was done without any pre or post audit of the consumption.
- b. The self-consumption of the Petitioner in the three years immediately preceding 2014-15 was never shown exceeding 27 MU. In point of fact for FY 2012-13, the Commission has tried up a self-consumption at 21.86 MU. Hence it is incomprehensive as to how the 27 MU had come down to 21.71 MU in 2 years.
- c. Even if it is assumed for the purpose of arguments that originally the bills of 171 MU were faulty by adopting the Commission’s own LDHF formula specified in the Supply Code, the self-consumption for the year in question comes to 33 MU only.
- d. In terms of own consumption bills for 171 MU being faulty in terms of clause 1.8 of the DERC Supply Code, 0.2% of total bills raised by the licensees are permitted to be faulty. The bills of own consumption of 171 MU constituted only 0.003% of the total bills issued by the Petitioner. Even on this count there is no question the Commission imposing a punitive measure.
- e. In Judgment dated February 9, 2015 in Appeal No. 195/2013, this Hon'ble Tribunal specifically stated that the self-consumption of the Petitioner has to be determined on the basis of actual consumption of metered data only and not on any normative basis.
- f. Again in Judgment dated March 2, 2015 in Appeal No. 177/2012 para 25, this Hon'ble Tribunal relying a Judgment in Appeal No.195/2013 had set aside the Commission’s second MYT Order which provided for a normative self-consumption of 25% of the unit sold with a normative increase of 2% p.a.

3.169 Despite the aforesaid submissions, in the Tariff Order dated September 29, 2015, the Commission held inter alia that:-

- a. The reasons given by the Petitioner for the adjustment of the bills was not acceptable and tantamount a suppression.
- b. The Petitioner submitted only one original bill and one adjusted bill for the month of June 2013 and did not submitted any other bills despite being required to do so.
- c. The adjustment had been made for the purpose of matching the normative consumption allowable by the Commission.
- d. The Commission, as a penal action, has considered the sale of 171.26 MU without considering the adjustment of 147.86 MU.

3.170 A punitive measure in a tariff proceeding as was done in terms of the foregoing portion of the aforesaid order, was erroneous. The Commission committed a grave error in law in proceeding on the basis that it could take penal action in a tariff determination order. The well settled law of the Tribunal is that Tariff determination exercise could not be into a punitive exercise and the tariff could not be disallowed as a punishment. In this regard reference may be had to Judgment dated May 4, 2009 in Appeal No. 71 of 2007 titled MSEDCL versus MERC.

3.171 Appeal against the aforesaid issue arising in the said Tariff Order dated September 29, 2015 is currently pending before Hon'ble ATE in Appeal No. 290 and 297 of 2015, Appeal No. 265 and 266 of 2013, Appeal No. 235 and 236 of 2014.

3.172 The treatment by the Commission is clearly erroneous on account of following reasons:

- (i) The Commission could not pass the Tariff Order dated September 29, 2015 in complete violation and in the teeth of two Judgments in Appeal No.195/2013 and Appeal No. 177/2012.
- (ii) The Commission committed a factual erroneous error in proceeding on the basis that the Petitioner has submitted only one original bill for the month of June 2013. Factually, the entire data of all the original bills as well as the adjusted bills had been furnished to the Commission by the Petitioner vide letter dated May 18, 2014 in response to the Commission's e-mail dated May 13, 2015.

Interestingly the Petitioner letter dated May 18, 2013 has admittedly being received by the Commission.

- (iii) The Commission's finding that the adjustments were made to match the normative consumption allowed by the Commission is factually incorrect and a mere conjunctive on the part of the Commission. This is clear from the fact that though the normative consumption as per the Commission was 22.3 MU, as per the Judgments of Hon'ble Tribunal dated February 9, 2015 (Appeal No. 195 of 2013) (para 13 thereof) and March 2, 2015 (Appeal No. 177 of 2012) (para 25 thereof) the consumption of the Petitioner was 23.4 MU. If the Petitioner wants to match its consumption to match the normative it could have done so by bringing the same within the normative. Further there is no question of the Commission to consider or allowing any normative consumption which has been specifically and squarely set aside by this Hon'ble Tribunal in Appeal No.195/2013 and Appeal No.177/2012. Since there is no question of the Commission allowing any normative self-consumption, the question of Petitioner having to match the normative could not and does not arise.
- (iv) The Commission committed a grave error in law in proceeding on the basis that it could take penal action in a tariff determination Order. The well settled law of this Hon'ble Tribunal is that the Tariff determination exercise could not be into a punitive exercise and the tariff could not be disallowed as a punishment. In this regard reference may be had to Judgment dated 04.05.2009 in Appeal No 71 of 2007 titled MSEDCL Vs MERC.
- (v) Without prejudice to the same even assuming that the Commission could consider a punitive measure as part of the tariff determination process the Commission completely violated the fundamental principles of natural justice since there was no notice to the Petitioner to explain as to why a punitive action could not to be made out. In the

absence of any such opportunity, no punishment can be awarded against the Petitioner.

- (v) In the Order dated September 29, 2015, the Commission has sought to rely upon the normative number determined in its second MYT order for own consumption. The Commission appears to have overlooked the Judgment of this Hon'ble Tribunal in Appeal No.177/2012, para 25 thereof where that portion of the second MYT order dealing with the normative of own consumption has been squarely set aside by this Hon'ble Tribunal. After the judgment of this Hon'ble Tribunal in Appeal No.177/2012 the portion of the second MYT order determining the norms of own consumption ceased to exist in law and could not be relied upon by the Commission and that too deliberate intention of awarding a penalty to the Petitioner.
- (vi) The Commission further erred in considering the so called "excess own consumption" over and above the normative number at average billing rate of the non-domestic category. If the Commission were to treat such own consumption as a normative sale, then the Commission was also required to consider the cost of such power procurement, distribution cost of the so-called excess consumption and treated as an additional costs in the ARR. The Commission has considered only the revenue and not estimated the costs in the ARR. This contention has also been raised before Hon'ble Tribunal in Appeal No.235-236/2014 which is pending before Hon'ble Tribunal.

3.173 Further the Commission in Tariff Order dated August 31, 2017 also adopted similar methodology and did not consider the actual adjustments of 50 MU on account of self-consumption while truing-up the sales of FY 2014-15.

3.174 As per the aforesaid Judgment dated March 2, 2015 (Appeal 177 of 2012), the Hon'ble ATE has directed the Commission to allow the actual self-consumption on metered basis and not apply any formula for computation of self-consumption. Application of any formulae to arrive at the self-consumption at the establishments of the Petitioner was barred and would result in an erroneous conclusion besides

being in the teeth of the said judgement passed by the APTEL. Accordingly, the actual self-consumption on metered basis was communicated to the Commission vide letter dated May 1, 2015.

3.175 However the actual self-consumption on metered basis was ignored by the Commission in Tariff Order dated September 29, 2015 as normative formulae were applied and normative revenue at tariff rates approved for non-domestic category beyond normative self-consumption was factored in.

3.176 The Petitioner has tabulated the revised revenue billed and revenue collection during FY 2013-14 and FY 2014-15 as under:

Table 45: Revenue billed and revenue collection during FY 2013-14 and FY 2014-15 (Rs. Crore)

Revenue billed			
Sr. No	Particulars	FY 2013-14	FY 2014-15
A	Revenue billed	7444	8322
B	Less: ED	309	349
C	Less: 8% Surcharge	514	580
D	Less: Revenue-enforcement	55	
E	Add: Revenue-enforcement	35	51
F	Total	6602	7455

Revenue Collection			
S. No	Particulars	FY 2013-14	FY 2014-15
A	Revenue collection	7425	8490
B	Less: ED	304	346
C	Less: 8% Surcharge	507	576
D	Less: LPSC	22	25
E	Less: Monthly rebate#		44
F	Net Amount	6592	7499

Without pre-judice to rights and contentions raised in Appeal

3.177 The revised AT&C Loss during FY 2013-14 and FY 2014-15 is tabulated below:

Table 46: Revised AT&C Loss during FY 2013-14 and FY 2014-15

Sr. No	Particulars	UoM	FY 2013-14	FY 2014-15
A	Energy l/p	MU	11509	11824
B	Units Billed	MU	9652	10229
C	Amount Billed	Rs. Cr.	6602	7455
D	ABR	Rs./ U	6.84	7.29
E	Dist. Loss	%	16.13%	13.49%
F	Amount collected	Rs. Cr.	6592	7499
G	CE	%	99.85%	100.60%
H	Units realised	MU	9637	10290
I	AT&C Loss level	%	16.26%	12.97%

3.178 The revised amount realized vis-à-vis that considered by the Commission in Tariff Order dated September 29, 2015 is tabulated below:

Table 47: Revised revenue after consideration of sales on account of self-consumption

FY 2014-15:

Sr. No	Particulars	UoM	Revised AT&C Loss	Tariff Order
A	AT&C Loss	%	13.33	13.33
B	Energy Input	MU	11509	11509
C	Units realised	MU	9975	9975
D	ABR	Rs./ kWh	6.84	6.89
E	Amount realised	MU	6822	6877
F	Difference	Rs. Cr.		55

FY 2015-16:

Sr. No	Particulars	UoM	Revised AT&C Loss	Tariff Order
A	AT&C Loss	%	12.50	12.50
B	Energy Input	MU	11824	11824
C	Units realised	MU	10346	10229
D	ABR	Rs./ kWh	7.29	7.34
E	Amount realised	MU	7540	7499
F	Difference	Rs. Cr.		59

3.179 The aforesaid impact along with carrying cost is tabulated below:

Table 48: Impact on account of self-consumption along with carrying cost (Rs. Crore)

Sr. No	Particulars	FY 14	FY 15	FY 16
1	Op. balance	0	59	131
2	Additions	55	59	0
3	Cl. Balance	55	118	131
4	Average	27	88	131
5	Rate of interest	15.01%	15.13%	14.80%
6	Carrying cost	4.10	13.36	19.42
7	Grand Cl. Balance	59	131	151

3.180 The Petitioner has requested the Commission to allow the above impact in the Tariff Order for FY 2018-19.

COMMISSION'S ANALYSIS

3.181 The Commission has analyzed in detail regarding own consumption and reason for disallowance of adjustment made under the category of own consumption in Tariff Order dated 29.09.2015 as follows:

“3.196 The Petitioner has submitted the Own Consumption as 23.40 MU in FY 2013-14. During the Technical Validation Session held on 12.03.2015, it was indicated by the Petitioner that all its installations are metered and the own consumption of 23.40 MU pertains to FY 2013-14 only. However, the Commission has observed that in Form 2.1(a) the Petitioner has made negative adjustment in sales of 147.86 MU against total Own Consumption of 171.26 MU and arrived at net own consumption of 23.40 MU.

3.197 The Commission enquired from the Petitioner that in spite of 100% metering at their own premises how the Own Consumption adjustment can be so high. The Commission, during the prudence check, also sought clarification about 147.86 MU of adjustment under Own Consumption. The Petitioner has clarified that in some of the cases where closing meter reading is less than opening meter reading in that case the billing software is recording the net reading as per Full Round Indicator. The Commission directed the Petitioner to submit the sample bill of cases where Full Round Indicator has been considered by the billing software in order to justify its submission.

3.198 However, the Petitioner has further submitted its clarifications vide letter dated 09.04.2015 as follows:

“...we would like to submit that meters installed in BRPL grid stations are of L&G make. Even though these meters have the facility for Automated Reading download (AMR), the data downloaded is not compatible without billing software. The reading from these meters are manually taken each month and fed in to the billing software.

Being a manual process, in certain cases wrong readings were punched. Moreover, billing for Own Consumption were not subjected to pre and post audit checks earlier. As and when the errors were detected, the wrong bills were reversed and corrected bills were raised. All these reversals are reflected

in the adjustments column of the monthly Form 2.1a submitted with the commission.”

3.199 Further, the Petitioner has submitted only one original bill dated 12.06.2013 as well as adjusted bill dated 18.06.2013 for CA No. 150014810 raised for the month of June, 2013. The Petitioner has not submitted copy of any bill pertaining to Full Round Indicator error even after being asked to submit the same as discussed during the Technical Validation Session.

3.200 The Commission has observed the variation in Original and Adjusted bill indicated in the table as follows:

Sl. No.	Particulars	Original Bill	Adjustment Bill
1	CA number	150014810	150014810
2	Date of Bill	12.06.2013	18.06.2013
3	Opening meter reading (kVAh)	1533.43	1533.43
4	Opening meter reading (kWh)	1533.43	1533.43
5	Closing meter reading (kVAh)	14284.90	1556.76
6	Closing meter reading (kWh)	11127.06	1556.76
7	Power Factor	0.75	1.00

3.201 It is observed from the above table that the opening readings are much less than the closing reading as per the bill dated 12.06.2013 which shows that the meter readings are either suppressed or wrong. While adjusting the bill, the Petitioner adjusted the final readings to match the opening readings. Further it is noticed from the adjustment bill that meter readings of kWh and kVAh are same. The said CA number pertains to a Non Domestic LT Consumer which may have inductive/capacitive load leading to non unity power factor. Thus it can be seen that the original bill captures actual consumption, whereas adjusted bill is prepared manually by entering the meter reading. This shows that the own consumption bills are regularly being adjusted and it is also noted that out of 171.26 MU, 147.86 MU have been adjusted to match the normative consumption allowed by the Commission. Hence, the explanation provided by the Petitioner for adjustment of 147.86 MU in Form 2.1(a) against own consumption is not justified.

3.202 The Commission is of the view that such an act of suppression of facts by the petitioner will have adverse impact on tariff. Therefore as a penal

action, the Commission has considered Sales against own consumption as 171.26 MU indicated in Form 2.1 (a) without considering negative adjustments of 147.86 MU.

3.203 In the 2nd MYT Order, the Commission vide directive 6.12 has directed all DISCOMs to meter self consumption in their own premises and to raise the bills at appropriate tariff for actual consumption based on meter reading every month and the licensee may avail credit at zero tariff to the extent of the normative self consumption approved by the Commission at the end of the financial year.”

3.182 The Commission will consider the issue after the final judgment of Hon’ble APTEL as the matter is still sub-judice in the Appeal No. 297/2015 filed by the Petitioner.

ISSUE 21: FINANCING COST OF LPSC BASED ON SBI PLR

PETITIONER’S SUBMISSION

3.183 The Petitioner has submitted that the Commission in Tariff Order dated September 29, 2015 relied on Judgment dated November 28, 2013 and has rejected any revision in the interest rate for funding of LPSC on the ground that (a) the funding of LPSC is akin to the funding of working capital and (b) since the interest rate for working capital is to be trued-up only when the variation in the SBI PLR is more than +/-1%, and as the actual variation has not been more than 1%, there is no need to revise the rate of interest for funding of LPSC. Further the Commission has stated that a clarificatory petition has been filed before Hon’ble ATE. Same stand has been maintained by the Commission in Tariff Order dated August 31, 2017. The said clarificatory application has been dismissed by the Hon’ble Tribunal vide Judgment dated October 31, 2017.

3.184 The Petitioner has further submitted that the Commission has relied upon the Hon’ble APTEL’s Judgment dated October 6, 2009 (Appeal 36 of 2008) which was with respect to Tariff Order dated February 23, 2008. The issue of financing cost of LPSC arose for the first time in Appeal 142 of 2009 which was filed with respect to Tariff Order dated May 28, 2009. The Commission has not referred to Hon’ble APTEL’s directions in Judgment dated July 12, 2011 (Appeal 142 of 2009) and instead

relied upon Judgment dated October 6, 2009 (Appeal 36 of 2008). The relevant extracts from Judgment dated July 12, 2011 (Appeal 142 of 2009) are reproduced below:

“10. The fifth issue is regarding the Late Payment Surcharge.

10.1. The above issue had been covered in this Tribunal’s Judgment dated 30.7.2010 reported in 2010 ELR (APTEL) 0891 titled as NDPL vs. DERC. The relevant extracts of the Judgment are reproduced below:

“The normative working capital compensates the distribution company in delay for the 2 months credit period which is given to the consumers. The late payment surcharge is only if the delay is more than the normative credit period. For the period of delay beyond normative period, the distribution company has to be compensated with the cost of such additional financing. It is not the case of the Appellant that the late payment surcharge should not be treated as a non-tariff income. The Appellant is only praying that the financing cost is involved due to late payment and as such the Appellant is entitled to the compensation to incur such additional financing cost. Therefore, the financing cost of outstanding dues, i.e. the entire principal amount, should be allowed and it should not be limited to late payment surcharge amount alone. Further, the interest rate which is fixed as 9% is not the prevalent market Lending Rate due to increase in Prime Lending Rate since 2004-05. Therefore, the State Commission is directed to rectify its computation of the financing cost relating to the late payment surcharge for the FY 2007-08 at the prevalent market lending rate during that period keeping in view the prevailing Prime Lending Rate”.

This issue is decided accordingly in terms of the above Judgment.”(Emphasis added)

3.185 Further the Hon’ble ATE in Judgment dated March 2, 2015 (Appeal 177 of 2012) has directed the Commission as under:

“4.8 We find that the State Commission has mechanically allowed interest rate of 9.5% as allowed while passing the MYT order on funding of working capital without verifying the prevailing cost of debt contracted by the licensee

and other relevant factors. As directed in the judgment in appeal no. 153 of 2009, the financing cost for Late Payment amount has to be allowed at the prevalent market lending rates as per the Tariff Regulations. According, the State Commission is directed to redetermine the interest rate and the amount of financing cost.”(Emphasis added)

3.186 Accordingly, the Petitioner has computed the financing cost of LPSC based on SBI PLR as under:

Table 49: Difference in financing cost of LPSC due to rate of interest (Rs. Crore)

Sr. No	Particulars	UoM	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13
1	Delayed Payment Surcharge	Rs. Cr.	32	28	28	29	35	31
2	Rate of LPSC per month	%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
3	Rate of LPSC for 12 Months	%	18%	18%	18%	18%	18%	18%
4	Principal Amount	Rs. Cr.	177	155	156	162	197	172
5	SBI PLR	%	12.69%	12.79%	11.87%	12.26%	14.40%	14.61%
6	Financing Cost of LPSC	Rs. Cr.	22	20	19	20	28	25
7	Allowed by DERC	Rs. Cr.	19	14	15	17	25	17
8	Net Amount	Rs. Cr.	3	5	4	3	3	8

3.187 The aforesaid difference has been considered along with carrying cost as under:

Table 50: Impact of difference in financing cost of LPSC along with carrying cost (Rs. Crore)

Sr. No	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
1	Op. balance	0	3	9	14	20	26	39	44	51
2	Additions	3	5	4	3	3	8	0	0	0
3	Cl. Balance	3	9	13	18	23	34	39	44	51
4	Average	2	6	11	16	21	30	39	44	51
5	Rate of interest	13.68%	13.75%	13.11%	13.38%	14.88%	15.03%	15.01%	15.13%	14.80%
6	Carrying cost	0.21	0.82	1.47	2.14	3.17	4.53	5.80	6.73	7.58
7	Grand Cl. Balance	3	9	14	20	26	39	44	51	59

3.188 The Petitioner has requested the Commission to allow the aforesaid impact in the Tariff Order for FY 2018-19.

COMMISSION'S ANALYSIS

3.189 The Petitioner has submitted that the SBI PLR should be considered for LPSC financing cost to allowed however the judgement of Hon'ble APTEL does not specify the SBI PLR. However, the direction state that the rate of interest should be

considered as per the provision of Tariff Regulations. Tariff Regulation states as follows:

“rd is the Cost of Debt and shall be determined at the beginning of the Control Period after considering Licensee’s proposals, present cost of debt already contracted by the Licensee, and other relevant factors (risk free returns, risk premium, prime lending rate etc.);”

3.190 In view of the above, the Commission has not reconsidered this issue in this Tariff Order as the issue related to true up of rate of interest is sub judice before Hon’ble Supreme Court and Hon’ble APTEL has also clarified in its judgement dtd. 31/10/2017 that the issue is sub judice before Supreme Court in disposal of Clarificatory appeal.

ISSUE 22: DISALLOWANCE OF REBATE ARISING OUT OF PAYMENT MADE TO DTL

PETITIONER’S SUBMISSION

3.191 The Petitioner has submitted that during the Policy Direction Period, i.e., FY 2002-03 to FY 2006-07, Delhi Transco Limited (hereinafter referred to as “DTL”) was given the responsibility of purchasing power for the Delhi DISCOMs. As a result the DISCOMs were required to pay Bulk Supply Tariff (hereinafter referred to as “BST”) to DTL as determined by the Commission. There was a dispute between DTL and the Petitioner on the methodology for computation of the exact power purchase cost payable by the Petitioner to DTL. The disputed amount was an amount of Rs. 6.39 Crores. This was challenged by the Petitioner before the Commission. While the dispute was pending, the Petitioner paid the disputed amount to DTL under protest.

3.192 The Petitioner in its Petition for Truing-up of FY 2006-07 claimed the actual power purchase cost incurred during FY 2006-07. However the Commission observed that there is a difference of Rs. 7.05 Crore (Rs. 6.39 Crore on account of rebate and Rs. 0.66 Crore on account of reactive energy charges) between the power purchase cost as stated by DTL and that claimed by the Petitioner in the Petition. Thus, the Commission took the lower amount, as appearing in DTL’s book, as the power purchase cost of the Petitioner, though the Petitioner had paid a higher amount as correctly reflecting in its book. This amount was paid under protest by the Petitioner,

on account of which it was out of pocket to the extent of amount in question, which it had paid towards power purchase cost, which is a pass-through expense.

3.193 The Commission allowed the Petitioner to recover power purchase cost only as per the amount in the audited accounts of DTL, on account of the pending dispute between DTL and the Petitioner. While doing so, the Commission, stated that any additional power purchase cost on this account will be allowed in future. In other words, the Commission agreed to provide the Petitioner its entitlement once the disputes between DTL and the Petitioner were resolved and the amounts in question were reconciled in the books of DTL and the Petitioner. Therefore the power purchase cost of the Petitioner was understated by Rs. 7.05 Crore (Rs. 6.39 Crore on account of rebate and Rs. 0.66 Crore on account of reactive energy charges).

3.194 The treatment given by the Commission was challenged by the Petitioner before this Hon'ble Tribunal in Appeal 36 of 2008. The Hon'ble Tribunal in the Judgment dated October 6, 2009 ruled as under:

“87) It is clear from the portion of the impugned order quoted above that the Commission has not disallowed the rebate claimed on account of timely payment to the DTL. However, in this regard there is a dispute between the appellant and the DTL. The Commission has provisionally allowed the power purchase cost for the FY 2007. It was submitted before us by the senior counsel Mr.A. N. Haksar that he has already advised the Commission to decide the dispute as soon as possible. The Commission shall make suitable adjustments in the entitlement of the appellant as soon as the decision in this regard is taken.”

3.195 During the adjudication of dispute before the Commission, a joint statement was signed by both the parties (Petitioner and DTL) wherein it was agreed that the Petitioner is entitled to recover the rebate of Rs. 6.39 Crore from DTL. The relevant extracts from the Order dated February 4, 2011 passed by the Commission in the aforesaid matter are reproduced below:

“30. After hearing the parties, the Commission accepted the joint statement duly signed by both the parties and directed that the Petition is disposed off as settled by mutual agreement.”

3.196 The Petitioner vide letter dated April 25, 2012 requested the Commission to allow the claim of additional amount of Rs. 6.39 Crore along with carrying cost in ARR of FY 2012-13 as per the assertion made by the Ld. Counsel of the Commission before this Hon'ble ATE during proceedings of Appeal 36 of 2008.

3.197 The Commission in Tariff Order dated July 13, 2012 ruled as under:

*“3.8 The Commission observes that while truing up of FY 2006-07 for DTL, the Commission did not considered prior period income as income of DTL. After truing up for FY 2006-07, the Commission had determined a surplus for the DTL and deficit for BRPL. As this amount was not considered while calculating the surplus/deficit till FY 2006-07, the surplus of DTL will increase by Rs 6.39 Cr and deficit of BRPL will increase by Rs 6.39 Cr. **The Commission directs DTL to adjust Rs 6.39 Cr along with carrying cost (considered by the Commission for revenue gap funding of BRPL) in first three bills for transmission charges issued by DTL after issuance of this tariff order.**” (Emphasis added)*

3.198 As per the directions of the Commission, DTL transferred an amount of Rs. 14.86 Crore including carrying cost on Rs. 6.39 Crore. For the purpose of accounting, the Petitioner showed the same as Other Income.

3.199 It is submitted that the above equation as per various tariff orders is tabulated as under:

Table 51: Power Purchase cost during FY 2006-07 allowed by the Commission (Rs. Crore)

Particulars	TO dt. Feb 23, 2008	TO dt. Aug 26, 2011	TO dt. July 13, 2012	TO dt. September 29, 2015
PP Cost incurred by Petitioner	2102.96	2102.96	2096.57	2096.57
PP Cost borne by consumers	2095.91	2096.57	2096.57	2090.18
Disputed amount				
DTL	-6.39	-6.39	0	
Petitioner	6.39	6.39	0	6.39
Reactive Energy Charges	0.66			

(-) sign represents income

- i. In Tariff Order dated February 23, 2008, the Petitioner bore total power purchase cost of Rs. 2102.96 Crore which included Rs. 0.66 Crore on account of reactive energy charges and Rs. 6.39 Crore on account of

amount paid under dispute to DTL. However power purchase allowed to the Petitioner and that borne by the consumers was Rs. 2095.91 Crore.

- ii. Subsequent to the pronouncement of the Judgment dated October 10, 2009, the Commission allowed Rs. 0.66 Crore on account of reactive energy charges in its Tariff Order dated August 26, 2011. However, the Commission did not allow any additional power purchase cost despite of resolution of dispute between DTL and the Petitioner vide Order dated February 4, 2011.
- iii. In its Tariff Order dated July 13, 2012, the Commission directed DTL to transfer Rs. 6.39 Crore along with carrying cost to the Petitioner.
- iv. In Tariff Order dated September 29, 2015, the Commission passed on the income recovered from DTL to the consumers. As a result principal amount of Rs. 6.39 Crore remain unrecovered in the ARR of the Petitioner.

3.200 The Petitioner vide letter dated April 8, 2015 requested the Commission not to consider the income recovered from DTL as a part of NTI during FY 2013-14. However the Commission ignored the same and the income has been considered as NTI in Tariff Order dated September 29, 2015.

3.201 As regards the same, the Commission in Tariff Order dated August 31, 2017 has ruled as under:

“3.200 The Commission observes that the Petitioner had not indicated the amount of Rs. 14.86 Cr. in its Petition filed for True up of FY 2013-14 to be reduced from NTI in table no. 3.20. However, the Petitioner has submitted its claim in this Tariff Petition for true up of FY 2014-15 and FY 2015-16 that the amount of Rs. 14.86 Cr. was part of other income in the audited financial statements of FY 2013-14. Further, it is pertinent to state that there is no indication of amount of Rs. 14.86 Cr. in the audited financial statement of FY 2013-14 at Note 26- “Other Income”. Therefore, the Commission has not considered this issue.”

3.202 As regards the aforesaid, it is submitted that the Commission’s observation that the Petitioner had not indicated the amount of Rs. 14.86 Cr. in the Petition is factually

incorrect as the Petitioner made a presentation on the claims of NTI and other miscellaneous expenses for FY 2013-14 during the meeting conducted on March 12, 2015 held at the premises of the Commission. Further the Petitioner vide letter dated March 17, 2015 also forwarded the copy of the presentation along with the minutes of meeting of TVS. Point no. 30 of the said minutes of meeting states as under:

“29. Break-up of other miscellaneous income, i.e., Rs. 25.79 Cr. to be given.

30. The Petitioner has requested DERC to allow interest received from DTL as per the direction to be allowed as a pass-through which has been included in Rs. 25.79 Cr. DERC has agreed to the same based on bifurcation.

(Item apart from ARR)”

3.203 Pursuant to the same, the Commission vide letter dated March 18, 2015 sought information in reference to the TVS regarding true up of Non Tariff Income and other business income as claimed in the ARR Petition 11 of 2015. In reply to the Commission’s letter dated March 18, 2015, the Petitioner vide its letter dated April 8, 2015 submitted the bifurcation of the other miscellaneous income and again submitted its’ claim on the rebate on account of DTL to be deducted from other income appearing in audited accounts for computation of Non-Tariff Income.

3.204 Therefore the Petitioner submitted its claim towards deduction of rebate for the purpose of computation of NTI and also indicated that the amount received on account of rebate is a part of miscellaneous income appearing the Audited Accounts.

3.205 In accordance with the above, the Petitioner is claiming the DTL rebate along with carrying cost upto FY 2015-16.

3.206 The amount along with carrying cost is tabulated below:

Table 52: Impact on account of DTL Rebate along with carrying cost (Rs. Crore)

Sr. No	Particulars	FY 14	FY 15	FY 16
1	Op. balance	0	16	18
2	Additions	15		
3	Cl. Balance	15	16	18
4	Average	7	16	18
5	Rate of interest	15.01%	15.13%	14.80%
6	Carrying cost	1.12	2.42	2.72
7	Grand Cl. Balance	16	18	21

3.207 The Petitioner has requested to allow the amount along with carrying cost in the ARR.

3.208 In case the Commission's decision that the rebate has not been received by the Petitioner during FY 2013-14 is considered to be true, then this means that DTL has not complied with the Commission's direction in Tariff Order dated July 13, 2012. In such event, the DTL would again be required to be directed to comply with the directions of the Commission in Tariff Order dated July 13, 2012.

COMMISSION'S ANALYSIS

3.209 The Commission has already clarified this issue in its Tariff Order dtd. 31/08/2017 that the Petitioner had not indicated the amount of Rs. 14.86 Cr. in its Petition filed for True up of FY 2013-14 to be reduced from NTI in table no. 3.20. However, the Petitioner has submitted its claim in this Tariff Petition for true up of FY 2014-15 and FY 2015-16 that the amount of Rs. 14.86 Cr. was part of other income in the audited financial statements of FY 2013-14. Further, it is pertinent to state that there is no indication of amount of Rs. 14.86 Cr. in the audited financial statement of FY 2013-14 at Note 26 – "Other Income".

3.210 Therefore, the Commission has not considered this issue.

ISSUE 23: DVB ARREARS WHILE COMPUTING AT&C LOSS FOR FY 2008-09

PETITIONER'S SUBMISSION

3.211 The Hon'ble ATE in Judgment dated November 28, 2014 (Appeal 61 and 62 of 2012) has ruled as under:

"58. In view of the above discussions the issue is decided as under:

- 1) All the parameters such as LPSC, ED, DVB arrears have to be included both in the numerator as well in the denominator for computing the collection efficiency.*

... "

3.212 The Commission in Tariff Order dated August 31, 2017 ruled as under:

"3.203 The Petitioner was not able to substantiate the claim of AT&C Loss in

Tariff Order dtd. 26/08/2011 due to non true up of amount collected including DVB arrears and the daily collection register (which was also not produced). Since the information could not be substantiated, which has a direct bearing on calculation of AT&C Loss of FY 2008-09 in this Tariff Order as indicated in para above by considering target collection efficiency for FY 2008-09. ”

3.213 As regards above, it is submitted that the Commission in Tariff Order dated August 26, 2011 did not consider the amount of DVB Arrears collected, i.e., Rs. 3.09 Crore during FY 2008-09 as the same was directly collected by DPCL. This issue is not at all related to prudence check of collection done by the Petitioner during FY 2008-09. Same is also evident from the Tariff Order dated August 26, 2011 as under:

“3.302 Clause 4.7 of the MYT Regulations provides that

“The revenue realization from arrears relating to the DVB period, electricity dues and late payment surcharge shall be included for the computation of collection efficiency.”

3.303 The Commission indicated that the critical parameter for inclusion of any amount in computing collection efficiency is “realization”. Considering the fact that the amount of Government dues are not “realized” by the Petitioner and they are not routed through its books of accounts, the Commission holds that Government dues on account of DVB arrears, which are realized directly by DPCL, should not be considered for computing the collection efficiency.

3.304 Therefore, the Commission holds the view that the DVB arrears collected by the Petitioner and appearing in the audited books of the Petitioner should only be considered in revenue realized by the Petitioner and the DVB arrears which are directly collected by DPCL should not form a part of it.”

3.214 The Petitioner has submitted that as evident from the aforesaid, the DVB Arrears of Rs. 3.09 Crore was directly collected by DPCL and hence was not considered for the purpose of computation of AT&C Loss. However the Commission in Tariff Order dated February 23, 2008 set the AT&C Loss targets from FY 2007-08 to FY 2010-11 in

terms of Regulation-3.302 wherein the DVB Arrears was considered as part of collection. The Hon'ble ATE in Judgment dated November 28, 2014 (Appeal 61 of 2012) has ruled that all parameters are to be included in both numerator and denominator for computation of collection efficiency.

3.215 Since the Petitioner has not deducted the DVB Arrears while computation of impact on account of over-achievement of AT&C Loss during FY 2008-09. Therefore the amount pertaining to DVB Arrears during FY 2008-09 ought to be allowed as an expense along with carrying cost as under:

Table 53: Impact on account of DVB Arrears (Rs.Crore)

Sr. No	Particulars	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
1	Op. balance	0	3	4	4	5	6	6	7
2	Additions	3							
3	Cl. Balance	3	3	4	4	5	6	6	7
4	Average	2	3	4	4	5	6	6	7
5	Rate of interest	13.75%	13.11%	13.38%	14.88%	15.03%	15.01%	15.13%	14.80%
6	Carrying cost	0.21	0.43	0.50	0.63	0.73	0.84	0.97	1.10
7	Grand Cl. Balance	3	4	4	5	6	6	7	9

3.216 The Petitioner has requested the Commission to allow the aforesaid impact to the Petitioner.

COMMISSION'S ANALYSIS

3.217 The Petitioner was not able to substantiate the claim of AT&C loss in Tariff Order dtd. 26/08/2011 due to non true up of amount collected including DVB arrears and the daily collection register (which was also not produced). Since, the information could not be substantiated, which had a direct bearing on calculation of AT&C losses claimed by the Petitioner, the Commission has trued up AT&C Loss of FY 2008-09 in Tariff Order dated 31/08/2017 based on normative collection efficiency, therefore there is no need to factor various adjustment including DVB arrears and LPSC in the revenue for FY 2008-09.

ISSUE 24: REVISION OF R&M EXPENSES BY REVISING "K" FACTOR

PETITIONER'S SUBMISSION

3.218 The Hon'ble ATE in Judgment dated March 2, 2012 (Appeal 177 of 2012) has ruled as under:

"36.5 We find that the State Commission had decided to fix the 'K' factor as the average K factor based on the actual R&M expenses of the last five years. We do not find any infirmity in the methodology except that the Commission has not followed the principle of computing the 'K' factor based on the actual for the last 5 years by ignoring the K factor for FY 2007-08. By this method the R&M expenses of FY 2012-13 have been determined more or less at the same level as 2011-12 which does not even cover the normal inflation factor. Therefore, the Commission should take into account the K factor for 2007-08 also and redetermine the K factor and the R&M expenses for the Control Period. Accordingly, directed." (Emphasis added)

3.219 The Petitioner has submitted as evident from the aforesaid, the Hon'ble ATE remanded the matter back to the Commission to re-determine the "K" factor by considering past 5 years data. Same was a matter of limited remand. However the Commission in Tariff Order dated September 29, 2015 revised the entire methodology and allowed "K" factor of 2.62% instead of 2.70% which was to be allowed as per Hon'ble ATE directions.

3.220 Aggrieved from the above, the Petitioner challenged the same before Hon'ble ATE in Appeal No. 297 of 2015. Same is pending adjudication before Hon'ble ATE. In reply to the Appeal 297 of 2015, the Commission stated as under:

"ISSUE NO. 25

Incorrect revision of R&M Expenses by revising "K" Factor

25.1 That the Commission will reconsider this issue in view of the submission made by the Appellant in the appeal. The impact, if any, on account of revision of R&M Expenses by revising "K" factor will be considered in the subsequent tariff order."

Contrary to the above statement, the Commission in Tariff Order dated August 31, 2017 ruled as under:

"3.207 The Commission has given the detailed reasoning and the factors which have been considered for determination of R&M expenses in Tariff

Order dated 29/09/2015 and the same has been challenged by the Petitioner in Appeal No. 297/2015 before Hon'ble APTEL. As the matter is sub judice, therefore a view in the matter will be taken, as deemed fit and appropriate, after receipt of the direction of the Hon'ble APTEL in the said Appeal."

3.221 The Petitioner has further submitted that the Hon'ble Tribunal in Appeal 177 Judgment (as well as the judgment in Appeal No. 171 of 2012) has directed the Commission to recalculate the "K" factor for the control period based on "K" factor for FY 2007-08 to FY 2011-12 as the Commission considered average of "K" factor from FY 2008-09 to FY 2011-12. As per the said direction, the "K" factor for the Petitioner is tabulated below:

Table 54: Revised "K" factor as per Judgment in Appeal 177 of 2012

Sr. No	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	Average
1	Opening GFA	2030	2558	3099	3649	4099	
2	Total R&M Expenses	69.4	71.8	63.4	90.5	113.4	
3	K Factor	3.42%	2.81%	2.05%	2.48%	2.77%	2.70%

3.222 The Petitioner has computed the R&M Expenses based on "K" factor as per the direction of the Hon'ble ATE and GFA considered by the Commission in Tariff Order dated July 13, 2012 as under:

Table 55: Difference in R&M Expenses due to revised "K" factor (Rs. Crore)

Sr. No	Particulars	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
1	GFA allowed at the time of truing-up	3583	3884	4171	4479
2	K Factor	2.70%	2.70%	2.70%	2.70%
3	R&M Expenses	97	105	113	121
4	Allowed in MYT Order	94	102	109	117
5	Difference	3	3	3	4

3.223 The aforesaid impact along with carrying cost is tabulated below:

Table 56: Impact on account of difference in R&M Expenses along with carrying cost (Rs. Crore)

Sr. No	Particulars	FY 13	FY 14	FY 15	FY 16
1	Op. balance	0	3	7	11
2	Additions	3	3	3	4
3	Cl. Balance	3	6	10	15
4	Average	1	4	8	13
5	Rate of interest	15.03%	15.01%	15.13%	14.80%
6	Carrying cost	0.21	0.67	1.25	1.91

Sr. No	Particulars	FY 13	FY 14	FY 15	FY 16
7	Grand Cl. Balance	3	7	11	17

3.224 The Petitioner has requested the Commission to allow the aforesaid impact in the Tariff Order for FY 2018-19.

COMMISSION'S ANALYSIS

3.225 The Commission has given the detailed reasoning and the factors which have been considered for determination of R&M expenses in Tariff Order dated 29/09/2015 and the same has challenged by the Petitioner in Appeal No. 297/2015 before Hon'ble APTEL and is sub judice. Further, R&M expenses are linked with the value of Opening GFA of the Petitioner which is subject to true up after physical verification of the asset since FY 2004-05 onwards. Therefore a view in the matter will be taken, as deemed fit and appropriate, after receipt of the direction of the Hon'ble APTEL in the said Appeal and true up of asset based on physical verification report of the consultant appointed by the Commission.

ISSUE 25: ADDITIONAL UI CHARGES ABOVE 49.5 Hz

PETITIONER'S SUBMISSION

3.226 The Hon'ble ATE in Judgment dated March 2, 2015 (Appeal 177 of 2012) has ruled as under:

"28.4 In view of above submissions of the Appellant, we direct the State Commission to reconsider the amount disallowed on account of UI charges to restrict it to the amount for overdrawals below the frequency at which penal charges for UI are leviable. Accordingly, decided."

3.227 As regards the issue of UI Charges, the Commission has given contradictory statement in Tariff Order dated September 29, 2015 which is as under:

"3.112 The Commission, in compliance to the Hon'ble APTEL's judgment in Appeal No. 177 of 2012, has vide its letter dated 05.08.2015 sought the details of additional UI charges paid by the Petitioner in FY 2010-11 duly certified by SLDC. The Petitioner vide its letter dated 12.08.2015 has

*submitted additional UI charges paid in FY 2010-11 as Rs. 5.50 Crore certified by SLDC, which is the same amount disallowed by the Commission in the Tariff Order dated 13.07.2012. It is pertinent to state that **SLDC has not differentiated between penal and additional charges on account of UI. All the additional UI charges are imposed on the Distribution Licensee to maintain the Grid discipline.** The Forum of Regulators in its Press Release dated 23.07.2009 had stated that additional UI charges imposed on various distribution utilities across the country for excessive over drawl from the Grid will not be allowed to be recovered from the consumers w.e.f 01.08.2009 as follows:*

*“...
all the Chairpersons of State Electricity Regulatory Commissions as its members, has agreed that the additional Unscheduled Interchange (UI) charges imposed on distribution utilities for excessive over drawl from the grid would not be allowed to be recovered from consumers w.e.f. 1st August, 2009.”*

3.113 In view of the above, the Commission has not considered any impact on the same. (Emphasis added)

- 3.228 As evident from above, the Commission has disallowed entire UI Charges only because SLDC has not differentiated between penal and additional UI Charges.
- 3.229 The Commission in Tariff Order dated August 31, 2017 has maintained the same stand as in Tariff Order dated September 29, 2015 and has not allowed the entitled relief to the Petitioner.
- 3.230 The Petitioner has submitted that the Central Electricity Regulatory Commission (UI and related matters) Regulations, 2009 (hereinafter referred to as the “UI Regulations”) as amended from time to time does not prescribe any UI rates as penal. However, the said Regulations prescribed drawls and injection below 49.2 Hz as additional UI rate.
- 3.231 The Commission has also relied upon the deliberation of the FOR to justify the disallowance. It is submitted that the Press Release of the FOR dated July 23, 2009 provides as follows:-

“3. After deliberation on the recommendation, the Forum of Regulators

arrived at a consensus that the additional UI charges imposed on the utilities under the UI regulations of CERC for overdrawl during the period when grid frequency is below 49.2 Hz. should not be permitted in the annual revenue requirement of distribution utilities w.e.f. 1st August, 2009.” (Emphasis supplied)

- 3.232 It is clear from the above that the Commission has erred in relying upon the deliberations of the FOR as the FOR did not state that the additional UI charges for overdrawl during the period when grid frequency is between 49.5 and 49.2 Hz should not be permitted in the annual revenue requirement of distribution utilities.
- 3.233 Accordingly the Petitioner requested the Commission to allow UI Charges worth Rs. 2.84 Crore above frequency 49.2 Hz along with carrying cost as under:

Table 57: Impact on account of UI Charges along with carrying cost (Rs.Crore)

Sr. No	Particulars	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
1	Op. balance	0	3	3	4	5	5
2	Additions	3	0	0	0	0	0
3	Cl. Balance	3	3	3	4	5	5
4	Average	1	3	3	4	5	5
5	Rate of interest	13.38%	14.88%	15.03%	15.01%	15.13%	14.80%
6	Carrying cost	0.19	0.45	1	1	1	1
7	Grand Cl. Balance	3	3	4	5	5	6

- 3.234 The Petitioner has requested the Commission to allow the above in the Tariff Order for FY 2018-19.

COMMISSION’S ANALYSIS

- 3.235 The Commission has given the detailed reasoning regarding penal nature of payment towards additional UI Charges due to non-adherence of the scheduled drawl by the Petitioner in its various Tariff Orders which has also been upheld by the Hon’ble APTEL in its judgement in Appeal No. 271/2013 as follows:

“ 7.6) Penal interests are applicable at the specified rates for over-drawal of electricity for each time block when grid frequency is below 49.5 Hz. The time block under UI Regulations is 15 minutes. We are totally unable to accept the contention of the appellant that the appellant has taken all the necessary

steps to ensure compliance with the requirements of UI Regulations, over-drawal from grid below 49.5 Hz frequency is inevitable despite efficient management of the appellant. These are the problems which are to be sorted out by a Discom by making efficient management, proper scheduling of power and procurement etc. What is provided under the Regulation is that the State Commission is bound to follow those Regulations, without giving any dilution or relaxation in the provisions of Act or Rules. We are unable to accept the appellant's contention that over-drawal or under-drawal depends on the scheduled generation available, since, the generation available changes constantly and further due to loss of generation the schedules are affected resulting in over-drawal by Discoms. In view of the above discussions, we do not find any merit in the contentions of the appellant and hence, this Issue No.8 is decided against the appellant."

3.236 Therefore, this matter does not merit consideration.

ISSUE 26: PENALTY LEVIED ON ACCOUNT OF NON-FULFILMENT OF RPO TARGETS

PETITIONER'S SUBMISSION

3.237 The Hon'ble ATE in Judgment dated April 2, 2015 (DFR No. 377 of 2015) ruled as under:

"The Appellants are aggrieved by the letter dated 02.01.2015 sent on behalf of Delhi Electricity Regulatory Commission by the Executive Director (Tariff). The Appellants are more particularly aggrieved by the following paragraph:

"In this regard, the Commission has examined the representation of Distribution Licensees and has decided not to allow any carry forward or waive off of RPO targets for FY 2013-14 and FY 2014-15. The Distribution Licensees are directed to strictly comply with the Renewable Purchase Obligation under the Regulations and meet their RPO targets failing which action shall be taken as per the applicable provisions of the Act/ Regulations."

We notice that in the letter dated 02.01.2015 no reasons have been assigned by the State Commission as to why the representation of

Distribution Licensees has been rejected. In the circumstances, we are of the opinion that the Appellants should file a Petition before the State Commission under Section 86 (1) (e) of the Electricity Act, 2003 seeking appropriate relief. If such petition is filed, the State Commission shall pass appropriate reasoned order thereon in accordance with law after hearing all parties concerned."

3.238 Accordingly the Petitioner filed the Petition for relaxation of RPO Targets from FY 2012-13 to FY 2015-16 which was numbered as Petition No. 30 of 2015. The Commission in Tariff Order dated September 29, 2015 ruled as under:

"3.299 The Petitioner has requested reconsideration of compliance of RPO for FY 2012-13 and FY 2013-14 in Petition No. 30 of 2015. The Commission will decide regarding levy of penalty, if any, for non-compliance of RPO in the final Order of the Petition No. 30 of 2015. The impact as per the Order in the said Petition shall be considered in the subsequent Tariff Order."

3.239 However in the same Tariff Order, the Commission issued a directive which is reproduced below:

"6.9 The Commission directs the Petitioner that RPO requirements for green power for the year 2015-16, must be met along with requirements carried over from the previous year, and if so required by way of purchase of REC's from the exchange. Non compliance of Renewable Purchase Obligation (RPO) shall attract penalty of 10% of the cost of REC for quantum of shortfall in RPO."

3.240 Aggrieved from the aforesaid directive, the Petitioner challenged the same in Appeal No. 297 of 2015. In reply to Appeal 297 of 2015, the Commission stated as under:

"...The Appellant has already submitted petition before the Commission vide Petition no. 30 of 2015 for renewable purchase obligation. The same petition is under examination before the Commission and the same has been dealt in the tariff order as follows:

"3.299 The Petitioner has requested reconsideration of compliance of RPO for FY 2012-13 and FY 2013-14 in the Petition No. 30 of 2015. The

Commission will decide regarding levy of penalty, if any, for non-compliance of RPO in the final Order of the Petition No. 30 of 2015. The impact as per thw Order in the said Petition shall be considered in the subsequent Tariff Order.””

- 3.241 The Petition No.30 of 2015 is still pending adjudication before the Commission. However contrary to the Hon’ble ATE’s Judgment in DFR No. 377 of 2015, the statement given at Para-3.299 of Tariff Order dated September 29, 2015 and reply filed before Hon’ble ATE, the Commission levied penalty of Rs. 28.43 Crore on account of non-fulfilment of RPO from FY 2012-13 to FY 2015-16.
- 3.242 The Petitioner has requested the Commission to re-instate the penalty levied on account of non-fulfilment of RPO targets till the Petition No. 30 of 2015 is disposed off. Further the penalty if any based upon the final Order in Petition No. 30 of 2015 may be levied in terms of RPO Regulations, 2012 and not @ 10% of shortfall in RPO Targets.
- 3.243 The Petitioner projected the impact on account of the same along with carrying cost as tabulated below:

Table 58: Impact on account of reactive energy charges along with carrying cost (Rs. Crore)

Sr. No	Particulars	FY 16
1	Opening Balance	0
2	Additions	28
3	Closing	28
4	Average	14
5	Carrying cost	14.80%
6	Carrying cost	2
7	Grand closing Balance	31

- 3.244 The Petitioner has requested the Commission to allow the same in the Tariff Order for FY 2018-19.
- 3.245 Based on the above submissions, the total impact claimed on account of implementation of Hon’ble ATE Judgments is tabulated below:

Table 59: Total impact claimed on account of implementation of Hon’ble ATE Judgment (Rs.Crore)

Sr. No	Particulars	Principal	Carrying cost	Total
1	Capex related issues	2123	2337	4460
2	Impact of 11 months truing-up	139	254	393
3	Revision in distribution loss-FY 08 to FY 11	161	294	455
4	Truing-up of AT&C Loss of FY 2008-09	72	127	199

Sr. No	Particulars	Principal	Carrying cost	Total
5	Effect of 6th pay commission for non-DVB Employees	146	226	372
6	AT&C Loss for FY 2011-12	151	133	284
7	Non-revision of AT&C Loss from FY 2012-13 to FY 2013-14	333	177	510
8	Increase in employee expenses corresponding to increase in consumer base	122	180	302
9	Payment to VRS Optees	67	146	212
10	R&M and A&G Expenses-FY 05 to FY 07	33	102	135
11	Lower rates of carrying cost		1336	1336
12	AT&C Loss for FY 2010-11	90	103	193
13	Efficiency factor for FY 2011-12	17	15	31
14	Efficiency factor from FY 13 to FY 16	68	19	87
15	Efficiency factor for FY 2010-11	16	18	34
16	Computation of AT&C Loss for FY 2009-10	3	5	8
17	Own consumption-reversals	114	37	151
18	Financing cost of LPSC based on SBI PLR	26	32	59
19	Income recovered from DTL treated as NTI	15	6	21
20	DVB Arrears while computing AT&C Loss for FY 09	3	5	9
21	Incorrect revision of R&M Expenses by revising "K" factor	13	4	17
22	Additional UI Charges above 49.5 Hz	3	3	6
24	RPO penalty	28	2	31
25	TOTAL	3741	5562	9303

3.246 The Petitioner requests the Commission to allow the impact on account of the aforesaid issues in the present ARR of the Petitioner.

COMMISSION'S ANALYSIS

3.247 It is observed that the Petitioner has filed Petition No. 30 of 2015 on this issue and the same is still pending adjudication before the Commission. Therefore, the Commission will consider the issue based on the outcome of pending adjudication of appeals / Petition before the Commission and Hon'ble APTEL.

ISSUE 27: DISALLOWANCE OF PP COST DUE TO MOD

PETITIONER'S SUBMISSION

3.248 The Commission in its Tariff Order dated September 29, 2015 directed the Petitioner as under:

"3.256...

Further, the Commission has analysed the slot-wise data of power procurement for FY 2013-14 received from SLDC. It was observed from Petitioner's letter dated 08.11.2013 addressed to SLDC requesting for back down of various stations whose average rate were in the range of Rs.1.61/kWh to Rs.3.56/kWh. The plants proposed for backing down by the Petitioner to SLDC are as follows:

Name of the Plant	Variable Rate (Rs./ kWh)
MTPS#6	2.5
CTPS#7&8	1.61
Kahalgaon-I	2.97
Kahalgaon-II	2.41
Farakka	3.56

3.257 However, it is pertinent to state that in the said letter the Petitioner has not properly indicated Merit Order Dispatch considering all plants in its portfolio in accordance with the variable cost. Further, it is observed from Form F1 submitted with the Petition that the average cost of higher variable cost plants were not considered for backing down in the month of November i.e., the same month in which letter for back down was given to SLDC. The details of few costlier plants which has not been considered for backing down in the month of November'2013 is as follows:

Name of the Plant	Variable Rate (Rs./ kWh)
Dadri-I	2.5
Aravali	1.61
BTPS	2.97
Dadri-II	2.41
Pragati-I	3.56

3.258 Further, the Hon'ble APTEL in its judgment in Appeal No. 160 of 2012 dated 08.04.2015 (R-Infra-D v/s MERC) has ruled for avoided power purchase cost as follows:

"(vii) The Commission felt that it cannot carry out the micro analysis to quantify the exact impact of such imprudent power purchase and avoidable power purchase cost and therefore disallowed 2/3rd of the cost of Rs. 6.35

crores on account of such avoidable power purchase done from costlier firm/Day Ahead contracts which amounts to Rs. 4.23 crores.

(viii) In truing up for FY 2010-11 also the State Commission has given similar findings and disallowed 2/3rd of the cost of Rs. 22.94 crores on account of avoidable power purchase done from costlier firm/DA contracts amounting to Rs. 15.29 crores.

70. We find that the State Commission has given detailed findings and computed avoidable power purchase after analysis of the data furnished by the Appellant.

...Accordingly we do not find any reason to interfere with the findings of the State Commission in this regard.”

3.259 Therefore, avoided Power Purchase Cost due to scheduling of Power without considering Merit Order Dispatch Principle by the Petitioner is Rs. 139.39 Crore which has been computed based on slot wise and plant wise energy details received from SLDC and considering the actual station wise average Variable rates for FY 2013-14. The said amount has not been considered in the Power Purchase Cost of FY 2013-14.”

3.249 Further the Commission in Tariff Order dated August 31, 2017 stated as under:

“3.234 It is observed that the Petitioner has submitted the disallowance due to violation of Merit Order Dispatch is only based on the letter from the Petitioner to SLDC to back down the power plant from eastern region. However, the Commission has provided a sample month of November, 2013 in its Tariff Order dated 29/09/2015, where backing down from Dadri-I and Dadri-II etc. stations had not been proposed in violation of Merit Order Dispatch principle and surplus power had been sold below the variable cost of these stations. Therefore, the Commission hereby directs the Petitioner to submit station-wise detailed analysis for reconsideration of disallowance of power purchase cost on account of Merit Order Dispatch Principle during FY 2013-14 with all the relevant documents to justify their claims, if any.”

3.250 For all three years in question, i.e. FY 2013-14; FY 2014-15 and FY 2015-16, the Commission has disallowed the Power Purchase Cost, inter alia on the ground that

the Appellant has violated the MOD principle for few stations like NCPP Dadri I and II which were scheduled over and above the technical limit even after meeting the demand. In this regard, the Commission in Tariff Order dated August 31, 2017 has held as under:

*“3.234 It is observed that the Petitioner has submitted the disallowance due to violation of merit order dispatch is only based on the letter from the Petitioner to SLDC to back down the power plant from eastern region. However, the Commission had provided a sample month of November, 2013 in its Tariff Order dated 29/09/2015, **where backing down from Dadri-I and Dadri-II etc.** stations had not been proposed in violation of Merit Order Dispatch Principle and surplus power had been sold below the variable cost of these stations. Therefore, the Commission hereby directs the Petitioner to submit station-wise detailed analysis for reconsideration of disallowance of power purchase cost on account of Merit Order Dispatch Principle during FY 2013-14 with all the relevant documents to justify their claims, if any.*

....

*“3.450 The Commission has observed that in FY 2014-15 and FY 2015-16 the Petitioner has violated Merit Order Dispatch principle for few stations like **NCPP Dadri I and II** which were scheduled over and above the technical limit even after meeting the demand. During such time period when NCPP Dadri I and II were scheduled over and above the technical limit, and the Surplus Power from these substations was sold below the variable cost of these stations.”*

(emphasis supplied)

3.251 Contrary to the purported adherence to the MOD principle, in para 3.449 of the same Order, the Commission has stated that:

*“3.449 Therefore, the Commission has excluded various power stations from Merit Order Dispatch principle which have must run status like Nuclear & Hydro, State GENCOs **which are considered in the Islanding scheme of Delhi and Eastern Region Plants** where there is time delay in revision of schedule.”*

(emphasis supplied)

3.252 The Petitioner has submitted a tabular representation of the power actually scheduled and procured by the Appellant from the Northern Region and Eastern Region plants during the relevant period:

Table 60: BRPL-Availability vs. Scheduled trend during FY 2013-14

Month	Northern Region plants				Eastern Region plants			
	Aravali	BTPS	Dadri-I&II	Pragati-I	MTPS#6	CTPS#7&8	Kahalgaon I&II	Farakka
Nov'13	20%	47%	74%	88%	96%	85%	95%	90%
Dec'13	28%	60%	71%	93%	99%	88%	93%	91%
Jan'14	30%	74%	81%	95%	98%	88%	96%	97%
Feb'14	29%	70%	83%	91%	89%	58%	92%	93%
Mar'14	10%	77%	77%	83%	99%	97%	73%	90%
Avg.	64%				90%			

SOURCE: As per SLDC and respective monthly bills of the generating stations

3.253 The Petitioner has requested the Commission to allow the Power Purchase cost on account scheduling of power without considering Merit Order Dispatch Principle. The impact along with carrying cost is tabulated as follows:

Table 61: Impact power purchase cost disallowed due to MOD along with carrying cost (Rs. Crore)

Sr. No	Particulars	FY 14	FY 15	FY 16
1	Op. balance	0	150	174
2	Additions	139	1	2
3	Cl. Balance	139	151	176
4	Average	70	151	175
5	Rate of interest	15.01%	15.13%	14.80%
6	Carrying cost	10	23	26
7	Grand Cl. Balance	150	174	202

3.254 Without pre-judice to the contentions in the Appeal, the Petitioner requests the Commission to allow the aforesaid impact in the Tariff Order for FY 2018-19.

COMMISSION'S ANALYSIS

3.255 The Commission has analysed the submission of the Petitioner and the principle adopted for merit order dispatch in tariff order dated 31/08/2017 and accordingly, re-considered the treatment of disallowance under Merit Order Dispatch principle for FY 2013-14 in line with the replies filed before Hon'ble APTEL and practice followed in Tariff Order dtd. 31/08/2017 as follows:

“ 3.449 Therefore, the Commission has excluded various power stations from Merit Order Dispatch principle which have must run status like Nuclear & Hydro, State GENCOs which are considered in the Islanding scheme of Delhi and Eastern Region Plants where there is time delay in revision of schedule.”

3.256 Accordingly, the Commission has revised the disallowance from Merit Order Dispatch principle for FY 2013-14 from Rs. 139.39 Cr. to Rs. 104.23 Cr. and has allowed Rs. 35.16 Cr. in FY 2013-14.

ISSUE 28: OVERLAPPING BANKING TRANSACTIONS

PETITIONER'S SUBMISSION

3.257 The Petitioner has referred the Commission's Tariff Order dated July 23, 2014 as under:

“2.200...In order to optimize the cost of power purchase, the Commission has advised the distribution utilities to explore the possibility of higher banking transactions to avoid purchase of peaking power for a short duration, so as not to burden the consumers with avoidable purchases of RTC power which entail the sale of off-peak surplus at very low rates under the mechanism of Unscheduled Interchange (UI).

...

2.208...As such the Commission encourages sale of surplus energy at off peak hours through banking/ interstates sales etc. Since these revenues fetch higher rates than sales through UI.

...

3.62...The Commission is of the view that the Petitioner should enter into increased banking/ bilateral transactions against available surplus power to avoid the short term power purchase requirement.

...

3.76...The Commission is of the view that Petitioner should endeavour to maximise revenue from sale of surplus power and enter into increased banking, intrastate and bilateral transactions.

...

4.78 The Petitioner has proposed to purchase 1363.64 MU of power from the other sources under short term purchase at Rs. 3.98/ kWh. The short term power purchase has not been considered by the Commission due to surplus power availability with the Petitioner. In case of excess demand the Petitioner may first utilise the quantum of Banked energy and in case of further shortage they may purchase from bilateral/ exchange etc so as to keep the short power purchase cost at minimum level.”

3.258 As evident from above, the Commission has emphasised on purchase and sale of surplus power through banking transactions in the interest of consumers. While complying with the direction of the Commission, there may be few instances when there is overlapping of banking transactions. The Petitioner ought not to be penalised for the same as such treatment results in micro-management of the business of the Petitioner and especially when such over-lapping is intrinsic and unavoidable in banking transactions contrary to the law laid down by this Hon’ble Tribunal in KPTCL vs KERC, reported as 2007 ELR (APTEL) 233.

Table 62: Comparison of two scenarios

Sr. No	Particulars	UoM	Overlapping banking	IEX transactions
1	Short term purchase through banking	MU	100	100
2	Notional rate for purchase	Rs./ kWh	4	4
3	Power Purchase Cost	Rs. Cr.	40	40
4	Sale of surplus power	MU	100	100
5	Notional rate for sale	Rs./ kWh	4	1.8
6	Revenue from sale of power	Rs. Cr.	40	18
7	Loss from sale of power	Rs. Cr.	0	-22

3.259 The Commission in Tariff Order dated September 29, 2015 and August 31, 2017 deducted the power purchase cost on account of overlapping of banking transactions.

3.260 The ‘Banking of Power’, also termed as ‘Swapping of Power’ is an arrangement between two parties, through which power is traded on barter system. Thus, a banking transaction is a non- monetary transaction where excess power available with a Licensee is traded for power at a subsequent date, without any net payment

of money for the power to the other party with whom such an arrangement is entered into. However, it is not always possible to conclusively confirm the complementary demand and surplus profiles to facilitate banking of power.

3.261 As regards FY 2014-15 and FY 2015-16, it is submitted that the Commission has disallowed the legitimate entitlements of the Petitioner by citing the instance of the Petitioner doing Banking purchase and sale in January 2015 and September 2015. In this regard, the Petitioner makes the following submissions:

- a. Forecasting, importing and exporting of power is on a best endeavour basis. The same assumes a trajectory of demand based on existing power sources being able to deliver as they have historically. However, at times, it is not possible to forecast with arithmetic precision or even provide in a forecast a deviation which is not in the ordinary course of business.
- b. It may be noted that the re-allocation of power was done by the Commission itself in Tariff Order dated July 23, 2014 between the Petitioner and other Delhi DISCOMs. The Petitioner who had forecasted its power requirement earlier from these re-allocated sources actually resulted in a gap, which needed to be filled. However, through its professional, diligent and dedicated review of its power requirements and in anticipation of the shortage arising on account of the reallocation of the Dadri II and BTPS power, the Petitioner sought power from the market to make up the shortfall/ gap.
- c. However, the tender did not solicit adequate response to meet the projected gap and also produced the market rate of Rs. 4.17- Rs. 6, which, in the eyes of the Petitioner did not seem to be a reasonable price. Accordingly, the Petitioner gave up its attempt to bilaterally procure power for the time slots where it was deficient as the said power was either not available or wherever available was at a high cost.

Table 63: Comparison of cost actually incurred due to overlapping banking transactions and would have been incurred in other scenarios

FY	Month	Time period	Overlapping Quantum (MU)	If Purchased from Bilateral (Rs. Cr.)	If Purchased from Exchange (Rs. Cr.)	Additional cost due to Banking (Rs. Cr.)
FY 2014-15*	Jan-15	07-13 & 18-21	19	8-11	7	1.97
FY 2015-16#	Sep-15	RTC	42	18	15	4.89

SOURCE: * As per IEX and BRPL's bilateral Tender rates

As per CERC Market monitoring report

3.262 Accordingly, the Petitioner has tabulated the impact on account of the disallowance of power purchase cost due to overlapping banking transactions along with carrying cost as below:

Table 64: Impact of disallowance of power purchase cost due to over-lapping banking transactions (Rs. Cr.)

Sr. No	Particulars	FY 14	FY 15	FY 16
1	Op. balance	0	6	10
2	Additions	6	2	5
3	Cl. Balance	6	8	14
4	Average	3	7	12
5	Rate of interest	15.01%	15.13%	14.80%
6	Carrying cost	0.45	1.13	1.78
7	Grand Cl. Balance	6	10	16

3.263 The Petitioner has preferred an Appeal bearing No. [297 of 2015] under section 111 of the Act from the deduction of the purchase cost on account of overlapping of banking transactions made in the said tariff order dated September 29, 2015. Without pre-judice to the contentions in the Appeal, the Petitioner hereby prays before the Commission to consider the submissions made above and thereafter allow the impact of Rs. 6 Crore in the ARR.

COMMISSION'S ANALYSIS

3.264 The Commission has already provided detail reason for disallowance on account of overlapping of banking transactions in power purchase cost of the relevant year. Therefore, this matter does not merit consideration at this point of time.

ISSUE 29: NON-TARIFF INCOME WRITE-BACK OF MISCELLANEOUS PROVISIONS

PETITIONER'S SUBMISSION

3.265 The Commission in Tariff Order dated September 29, 2015 reversed miscellaneous provisions for doubtful debts for the period FY 2007-08 to FY 2011-12 and stated as under:

“3.121 As per Regulation 5.23 of MYT Regulation 2007, the miscellaneous receipts from the consumers shall constitute non tariff income of the licensee. Write back of provision of doubtful debts related to recovery of debts forms part of miscellaneous receipts of the petitioner. The Commission is of the view that the target of AT&C loss has been fixed by considering the collection efficiency at 99.5% with a scope of 0.5% provisions for bad/doubtful debts. Therefore, any recovery on account of bad and doubtful debts shall constitute non tariff income of the licensee to the extent of 0.5% provision on debtors. Accordingly, the income on account of any such write back of provision for doubtful/bad debts is considered as Non tariff income.”

Table 65: Collection efficiency after tariff hike at cent percent collection

Months	Amount billed	Amount collected	Collection efficiency	Cumulative collection efficiency	Remarks
	Rs.	Rs.	F/E	Cum.	
April	1000	1000	100%	100%	
May	1000	1000	100%	100%	
June	1000	1000	100%	100%	
July	1000	1000	100%	100%	Tariff Hike of 8% assumed
August	1080	1000	92.59%	98.43%	Billing lag of 15-16 days after consumption
September	1080	1040	96.30%	98.05%	
October	1080	1080	100%	98.34%	
November	1080	1080	100%	98.56%	
December	1080	1080	100%	98.72%	
January	1080	1080	100%	98.85%	
February	1080	1080	100%	98.96%	
March	1080	1080	100%	99.05%	
Total	12640	12520	99.05%	99.05%	

3.266 The Petitioner has submitted that the Commission has excluded the provision for doubtful debts as appearing in the Audited Accounts of FY 2006-07 for the projection of A&G Expenses from FY 2007-08 to FY 2011-12 as per the table given below:

Table 66: Net A&G Expenses utilitised for projection of A&G Expenses from FY 2007-08 to FY 2011-12 by the Commission

Sr. No	Particulars	Amount (Rs. Cr.)
1	Total A&G Expenses	138.72
2	Provision for Doubtful debts	76.05
3	Loss on sale of assets	1.18
4	Bad debts written off	0.00
5	Add: Bank Charges	5.17
6	Net A&G Expenses considered for projection	66.65

3.267 The Commission in Tariff Order dated February 23, 2008 has considered A&G Expenses as per the aforesaid table for projection of A&G Expenses from FY 2007-08 to FY 2010-11.

3.268 The Petitioner has tabulated the impact on account of write-back of miscellaneous provisions along with carrying cost as below:

Table 67: Impact of write-back of miscellaneous provisions along with carrying cost (Rs. Crore)

Sr. No	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
1	Op. balance	0	2	4	29	36	50	60	76	87
2	Additions	2	2	23	3	8	3	6	0	0
3	Cl. Balance	2	4	27	32	44	53	66	76	87
4	Average	1	3	15	30	40	51	63	76	87
5	Rate of interest	13.68%	13.75%	13.11%	13.38%	14.88%	15.03%	15.01%	15.13%	14.80%
6	Carrying cost	0.13	0.38	2.00	4.05	5.97	7.72	9.50	11.45	12.90
7	Grand Cl. Balance	2	4	29	36	50	60	76	87	100

3.269 The Petitioner has preferred an Appeal bearing No. 297 of 2015 under Section-111 of the Act from the said tariff order dated September 29, 2015. Without pre-judice to the contentions in the Appeal, the Petitioner hereby prays before the Commission to consider the submissions made above and thereafter allow the impact of Rs. 100 Crore in the ARR.

COMMISSION'S ANALYSIS

3.270 The Petitioner has already made an appeal in this matter therefore, the Commission will take a decision on the Petitioner's request based on the judgement of Hon'ble APTEL in Appeal No. 297 of 2015 as this issue is sub-judice before Hon'ble APTEL.

ISSUE 30: INTEREST ON FUNDING OF CARRYING COST**PETITIONER'S SUBMISSION**

- 3.271 The Petitioner has submitted that the Commission in its respective Tariff Orders has provided carrying cost on the outstanding balance of Regulatory Assets. However in actual scenario, the carrying cost was actually not being recovered during the year. The Commission vide its Tariff Order dated July 13, 2012 introduced 8% surcharge during FY 2012-13 towards recovery of Regulatory Assets. The surcharge was insufficient to recover even the entire carrying cost during FY 2012-13. As a result the Petitioner was not able to recover entire carrying cost till FY 2011-12 and only partial carrying cost during FY 2012-13.
- 3.272 In absence of any recovery, the Petitioner was required to fund even the carrying cost incurred from FY 2007-08 to FY 2013-14. Since the Petitioner was funding the carrying cost on its own, the same also attracts interest. Therefore carrying cost ought to have been allowed after grossing up.
- 3.273 From FY 2014-15, the Commission has allowed carrying cost separately as a part of tariff to be recovered from consumers.
- 3.274 Accordingly the Petitioner is seeking interest on funding of carrying cost during FY 2007-08 to FY 2013-14 as under:

Table 68: Interest on carrying cost from FY 2007-08 to FY 2013-14 (Rs.Crore)

Sr. No	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
1	Op. Balance	0	3	7	14	30	66	83
2	Additions	48	58	107	239	483	525	538
3	Recovery of CC						299	507
4	Rate of interest	13.68%	13.75%	13.11%	13.38%	14.88%	15.03%	15.01%
5	Carrying cost	3	4	7	16	36	17	2
6	Grand Cl. Balance	3	7	14	30	66	83	85

- 3.275 The Petitioner has requests the Commission to allow the impact on account of the aforesaid issue in the Tariff Order for FY 2018-19.

COMMISSION'S ANALYSIS

- 3.276 The Commission has allowed carrying cost on accumulated revenue gap on compounding basis in true up of ARR of the relevant year therefore, the Commission is of the view that this matter does not merit consideration.

ISSUE 31: DE-CAPITALISATION OF ASSETS**PETITIONER'S SUBMISSION**

3.277 The Petitioner has submitted that as regards de-capitalisation of assets, it is submitted that the Petition for loss on retirement of assets was submitted on October 25, 2012. Pending adjudication of the petition, the Commission in Tariff Order dated September 29, 2015 instead of allowing the loss incurred on retirement of assets, decided to reduce all capex associated costs on account of retirement of assets (which was neither subject matter of the Petition nor the methodology for loss on retirement of assets as per TO dt. July 7, 2005) based on the methodology specified in letter dated November 26, 2014. Without pre-judice to the contentions raised in the Appeal, it is submitted that the amount on account of loss on retirement of assets ought to be allowed following the principle of natural justice.

3.278 The amount on loss on retirement of assets along with carrying cost is tabulated as under:

Table 69: Amount due to retirement of assets (Rs. Crore)

Sr. No	Particulars	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
1	Op. balance	0	0	7	10	14	22	26	33	66	76	87	101
2	Additions	-0.46	7	2	3	6	1	3	26				
3	Cl. Balance	0	7	9	13	20	23	30	59	66	76	87	101
4	Average	0	3	8	11	17	23	28	46	66	76	87	101
5	Rate of interest	9%	9%	9%	13.68%	13.75%	13.11%	13.38%	14.88%	15.03%	15.01%	15.13%	14.80%
6	Carrying cost	-0.02	0.28	0.71	1.54	2.37	2.99	3.74	6.89	9.93	11.40	13.21	14.89
7	Grand Cl. Balance	0	7	10	14	22	26	33	66	76	87	101	115

3.279 The Petitioner has requested the Commission to allow the aforesaid impact in the Tariff Order for FY 2018-19.

COMMISSION'S ANALYSIS

3.280 The issue is related to capitalisation and de-capitalisation of asset and the Commission has already appointed the consultant for physical verification of asset. Therefore the Commission will consider these issues at the time of finalisation of capitalisation of the respective year. Further, regarding non tariff income, the

Commission has already indicated in its true up for FY 2014-15 and FY 2015-16 that sale of scrap has no direct relationship with de-capitalisation of assets as per the accounting principles on which audited financial statements are prepared. Therefore, the Commission has not considered the Petitioner's request for reconsideration of its claim on account of amount due to de-capitalisation of assets based on income from sale of scrap has been considered Non-tariff income.

ISSUE 32: DISALLOWANCE ON ACCOUNT OF ANTA, AURAIYA AND DADRI GAS

PETITIONER'S SUBMISSION

3.281 The Petitioner has submitted that there are two claims on account of disallowance on account of Anta, Auraiya and Dadri Gas Stations which are listed below:

- A) Arrear bills raised after March 31, 2012
- B) Bills raised for consumption post-supplementary PPA

These have been explained as under:

- A) Arrear bills raised after March 31, 2012:

3.282 The Commission vide mail dated June 30, 2017 directed the Petitioner to submit the bills of Anta, Auraiya and Dadri Gas Stations raised in FY 2014-15 and FY 2015-16 which pertains to years before PPA expiry date with the Petitioner. Accordingly the Petitioner vide letter dated June 30, 2017 provided the details of bills of Anta, Auraiya and Dadri Gas Stations raised from FY 2012-13 to FY 2015-16 which pertains to years before PPA expiry date with the Petitioner. However the same has been allowed in case of other DISCOMs but not the Petitioner. Accordingly the Petitioner is claiming the amount along with carrying cost as tabulated below:

Table 70: Impact on account of arrear bills along with carrying cost (Rs.Crore)

Sr. No	Particulars	FY 13	FY 14	FY 15	FY 16
1	Opening Balance	0	19	25	28
2	Additions	18	3	0	0
3	Cl. Balance	18	22	24	28
4	Average	9	20	25	28
5	Rate of interest	15.03%	15.01%	15.13%	14.80%
6	Carrying cost	1.33	3.05	3.71	4.15
7	Grand Cl. Balance	19	25	28	32

3.283 Accordingly the Petitioner requests the Commission to allow the above impact in the ARR of the Petitioner.

B) Bills raised for consumption post-supplementary PPA:

3.284 The Commission in Tariff Order dated September 29, 2015 decided to disallow cost incurred on account of Anta, Auraiya and Dadri Gas stations stating that the Petitioner has not undertaken prior approval from the Commission.

3.285 As discussed in Para-3.5.3 of the Petition, the cost of energy from Anta, Auraiya and Dadri Gas incurred during FY 2012-13 and FY 2013-14 is legitimate as per the License conditions and ought to be allowed. The impact on account of the disallowance of cost from the energy purchased from Anta, Auraiya and Dadri Gas Stations during FY 2012-13 to FY 2015-16 along with carrying cost is tabulated below:

Table 71: Impact on account of disallowance of power purchase cost from Anta, Auraiya and Dadri Gas along with carrying cost (Rs.Crore)

Sr. No	Particulars	FY 13	FY 14	FY 15	FY 16
1	Op. balance	0	64	138	206
2	Additions	59	60	44	49
3	Cl. Balance	59	124	182	255
4	Average	30	94	160	231
5	Rate of interest	15.03%	15.01%	15.13%	14.80%
6	Carrying cost	4.45	14.10	24.22	34.12
7	Grand Cl. Balance	64	138	206	289

3.286 The Petitioner has preferred an Appeal bearing No. 297 of 2015 under Section-111 of the Act from the said tariff order dated September 29, 2015. Without pre-judice to the contentions in the Appeal, the Petitioner hereby prays before the Commission to consider the submissions made above and thereafter allow the impact of Rs. 289 Crore in the ARR.

COMMISSION'S ANALYSIS

The Petitioner has already preferred an appeal on disallowance of power purchase cost from Anta, Auraiya and Dadri gas stations against the Commission's order for PPAC dated 12/06/2015 before the Hon'ble APTEL. The Hon'ble APTEL vide its order dated 01/06/2016 in Appeal No. 186 of 2015 & IA No. 318 of 2015 and Appeal No. 196 of 2015 & IA No. 335 of 2015 has upheld the Commission's methodology for

disallowance of the power purchase cost from Anta, Auraiya and Dadri gas stations as per the treatment in its tariff order dated 29/09/2015. Therefore, the matter does not merit reconsideration.

ISSUE 33: ERROR APPARENT-POWER PURCHASE COST COMPUTATIONAL MISTAKE

PETITIONER'S SUBMISSION

3.287 The Petitioner has submitted that there is an inadvertent error of Rs. 2 Crore in totalling of Table-146 of Tariff Order dated August 31, 2017. Same is tabulated below:

Table 72: Difference on account of error apparent in power purchase cost (Rs. Crore)

Sr. No	Particulars	Amount
A	Gross Power Purchase Cost	5690
B	Less: Cost of Surplus Power Sold	301
C	Net Power Purchase Cost	5389
D	Total Transmission Charges	1007.1
E	Total Power Purchase Cost	6396.1
F	Less Normative Rebate	-111.04
G	Net Power purchase cost including transmission charges	6285.06
H	Less: Avoidable Power Purchase Cost Anta, Auraiya and Dadri Gas	-48.53
I	Less: Cost disallowed on account of excessive trading at UI above contingency limit	-4.04
J	Less: Additional UI Charges disallowed	-5.58
K	Less: Disallowance due to purchase of power against regulated quantum & additional fixed cost	-43.14
L	Less: Disallowance on account of overlapping in banking transaction	-4.89
M	Trued-up Power Purchase Cost	6178.88
N	Tariff Order dated August 31, 2017	6176.81
O	Net difference	2.07

3.288 The impact on account of difference in power purchase cost along with carrying cost is tabulated below:

Table 73: Impact of difference in power purchase cost along with carrying cost (Rs. Crore)

Sr. No	Particulars	FY 16
1	Op. balance	0
2	Additions	2
3	Cl. Balance	2
4	Average	1
5	Rate of interest	14.80%
6	Carrying cost	0.15

Sr. No	Particulars	FY 16
7	Grand Cl. Balance	2

3.289 The Petitioner has requested the Commission to allow the aforesaid amount in the Tariff Order for FY 2018-19.

COMMISSION'S ANALYSIS

3.290 The Commission has already decided this matter in its Review Order dtd. 19/02/2018 as follows:

“ 3.11 Due to the printing error the item pertaining to the disallowance on account of violation of Merit Order Dispatch Principle amounting to Rs. 2.08 Crore was not indicated in Table 146 of Tariff Order. However, the said amount of Rs. 2.08 Crore has been taken into consideration while computing the total power purchase cost of Rs. 6,176.81 Crore for FY 2015-16, and therefore, there is no totalling error in True up of Power Purchase Cost for FY 2015-16.”

ISSUE 34: COST DISALLOWED ON ACCOUNT OF EXCESSIVE TRADING AT UI ABOVE CONTINGENCY LIMIT

PETITIONER'S SUBMISSION

3.291 There Commission in Tariff Order dated September 29, 2015 set a contingency limit on account of excessive trading at UI. The relevant excerpts are reproduced below:

“4.98 In view of the above, the Commission has decided to impose a Contingency limit of 3% per month on Gross Power Purchase to dispose off Surplus power in UI. Percentage sale of surplus power over and above the Contingency limit will be set off with differential rate of exchange/ bilateral as decided by the Commission. The Commission may review the contingency limit in future Tariff Orders depending upon the Short Term Market dynamics and other parameters.”

- 3.292 The Commission in Tariff Order dated August 31, 2017 disallowed the cost on account of excessive trading at UI during the month of August and September 2015 above contingency limit of 3%.
- 3.293 In this regard, it is submitted that the Commission specified the contingency limit of 3% in Tariff Order dated September 29, 2015 which was applicable from October 1, 2015 onwards. However the Commission while undertaking true-up of FY 2014-15 has retrospectively applied the contingency limit of 3% which is contrary to the Hon'ble ATE's Judgment dated August 4, 2011 in Appeal No. 199 of 2010 (Maharashtra State Power Generation Co Limited. vs Maharashtra Electricity Regulatory Commission and others) (Refer: Para 10.5, 16.3). In the said Judgment, this Hon'ble Tribunal has held that the order of the Maharashtra Electricity Regulatory Commission dated August 18, 2009 regarding disapproval of capital expenses cannot be applied retrospectively for the period FY 2008-09 and 2009-10. Similarly, in the Tariff Order dated August 31, 2017, the Commission has applied the benchmark of 3% to the months of August and September 2015.
- 3.294 In view of the above and without pre-judice to the contentions raised in the Appeal, the Petitioner requests the Commission to allow the disallowed amount along with carrying cost as under:

Table 74: Impact along with carrying cost (Rs. Crore)

Sr. No	Particulars	FY 16
1	Op. balance	0
2	Additions	4
3	Cl. Balance	4
4	Average	2
5	Rate of interest	14.80%
6	Carrying cost	0.30
7	Grand Cl. Balance	4

COMMISSION'S ANALYSIS

- 3.295 The Commission has already provided detail reasoning in Tariff order for deduction on account of excessive trading at UI above contingency limit in tariff order dated 29/09/2015 which has also resulted into the discipline of the Petitioner in subsequent year's operation. Therefore, this matter does not merit consideration.

ISSUE 35: NORMATIVE REBATE

PETITIONER'S SUBMISSION

3.296 As regards the issue of normative rebate, the Commission in Tariff Order dated August 31, 2017 has viewed as under:

“3.285 The issue of normative rebate is related to MYT Regulations, 2011 in which the power purchase cost has to be considered on the basis of maximum normative rebate on powerpurchase cost and transmission charges of the distribution licensee. One of the distribution licensee has challenged this issue before the Hon’ble High Court of Delhi in Writ Petition No.2203 of 2012. The Hon’ble High Court of Delhi has upheld the provision of MYT Regulations, 2011 regarding consideration of maximum normative rebate on power purchase cost and transmission charges for allowing power purchase cost to the distribution licensee. Therefore, the matter does not merit reconsideration.”

3.297 The Petitioner is claiming the difference between actual and normative rebate from FY 2012-13 to FY 2015-16 along with carrying cost as per the table given below:

Table 75: Impact along with carrying cost on normative rebate(Rs. Crore)

Sr. No	Particulars	FY 13	FY 14	FY 15	FY 16
1	Op. balance	0	82	181	320
2	Additions	76	81	104	110
3	Cl. Balance	76	162	285	430
4	Average	38	122	233	375
5	Rate of interest	15.03%	15.01%	15.13%	14.80%
6	Carrying cost	5.71	18.32	35.22	55.52
7	Grand Cl. Balance	82	181	320	486

3.298 The Petitioner has requested the Commission to allow the aforesaid amount in the Tariff Order for FY 2018-19.

COMMISSION'S ANALYSIS

3.299 The issue of normative rebate is related to MYT Regulations, 2011 in which the power purchase cost has to be considered on the basis of maximum normative rebate on power purchase cost and transmission charges of the distribution licensee. One of the distribution licensee has challenged this issue before the Hon’ble High Court of Delhi in Writ Petition No.2203 of 2012. The Hon’ble High Court of Delhi has

upheld the provision of MYT Regulations, 2011 regarding consideration of maximum normative rebate on power purchase cost and transmission charges for allowing power purchase cost to the distribution licensee. Therefore, the matter does not merit reconsideration

ISSUE 36: DISALLOWANCE OF R&M EXPENSES FROM FY 2007-08 TO FY 2011-12

PETITIONER'S SUBMISSION

3.300 The Commission in its Tariff Order dated August 31, 2017 ruled as under:

"3.294 The Hon'ble APTEL has already upheld the methodology adopted by the Commission in this matter in Appeal No. 271 of 2013 as follows:

"23.3

...

In this view of the matter, we find no merit in the contentions of the appellant and this issue relating to revised R&M based on revised GFA is decided against the appellant."

3.301 The entire relevant excerpts from the Judgment pronounced by Hon'ble ATE in Appeal 271 of 2013 is reproduced below:

"23.3) ...After analyzing the whole facts and figures, as provided by the appellant, at the time of previous tariff orders and the present Impugned Order, the learned Delhi Commission in paragraph 3.127 of the Impugned Order has clearly observed that employee expenses and A&G expenses had been trued up in the relevant FY up to 2010-11 based on the information furnished by the appellant/petitioner taking into consideration the provisions of MYT Regulations 2007. Since the efficiency factor has erroneously been applied during the true up of employee expenses on SVRS pension for 2008-09 and 2009-10, the same has now been rectified by the Delhi Commission in compliance of this Appellate Tribunal's directions in Appeal No.36 of 2008. This is the whole situation which has led the Delhi Commission to provisionally allow capitalization based on the appellant's submissions and the audited accounts of the appellant. All these factors have led to revision of GFA under MYT control period and the R&M

expenses have also been revised provisionally, subject to final true up of capitalization. The learned Delhi Commission in paragraph 3.130 of the Impugned Order clarifies that employee expenses include expenses towards SVRS Pension. However, while calculating the net employee expenses, no efficiency factor has been applied on SVRS Pension. In this view of the matter, we find no merit in the contentions of the appellant and this issue relating to revised R&M based on revised GFA is decided against the appellant.”

3.302 As regards above, it is submitted that the facts of the above case does not hold true in case of the Petitioner. Unlike TPDDL, the other DISCOM which filed Appeal 271 of 2013, the GFA and provisionally approved capitalisation allowed by the Commission from FY 2007-08 to FY 2011-12 is not at all linked to the employee and A&G Expenses. The issue of truing-up of R&M Expenses has been challenged by the Petitioner in Appeal 266 of 2013 which is pending adjudication before Hon’ble ATE.

3.303 It is respectfully submitted that the treatment provided by the Commission is contrary to Clause-4.16 (b) of DERC Tariff Regulations, 2007 which states as under:

“4.16 The true up across various controllable and uncontrollable parameters shall be conducted as per principle stated below:

...

(b) For controllable parameters,

(i) Any surplus or deficit on account of O&M expenses shall be to the account of the Licensee and shall not be trued up in ARR; and

...”

3.304 It is further submitted that the Commission in Tariff Order dated February 23, 2008 has stated that the R&M Expenses shall not be trued-up despite of change in GFA. The relevant extracts are as under:

*“4.151 Any variations on account of R&M expenses shall not be trued up and any surplus or deficit on account of over or under achievement shall be to the account of the Petitioner. **The Commission clarifies that though the value of GFA is subjected to truing up at the end of the Control Period, the***

Commission, however, shall not true-up R&M expenses as a consequence of the same.(Emphasis added).

As evident from above, the Commission clearly specified that in any case R&M Expenses will not be subject to truing-up. However the Commission has itself acted contrary to the principle set in Tariff Order dated February 23, 2008 and revised R&M Expenses based on GFA at the stage of truing-up.

3.305 The Petitioner has further submitted that the Commission in Tariff Order dated September 29, 2015 revised the R&M Expenses for the second time based on revision in GFA. The Commission in Tariff Order dated July 31, 2013 has already revised the R&M Expenses from FY 2007-08 to FY 2011-12 based on the provisionally approved capitalisation pending physical verification of assets.

3.306 The Petitioner mentioned that in the Petition submitted on December 18, 2015 highlighted the contrary treatment given in Tariff Order dated July 31, 2013. However the Commission in Tariff Order dated September 29, 2015 without providing any reason for the deviation from Tariff Order dated February 23, 2008 again revised the R&M Expenses from FY 2007-08 to FY 2011-12.

3.307 The difference between the R&M Expenses approved in Tariff Order dated September 29, 2015 and February 23, 2008 is tabulated below:

Table 76: R&M Expenses from FY 2007-08 to FY 2011-12 (Rs.Crore)

Sr. No	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12
1	R&M Allowed	72	91	110	130	146
2	R&M Actuals	71	78	102	113	123
3	Difference	1	12	8	17	23

3.308 The aforesaid impact along with carrying cost is tabulated below:

Table 77: Impact of R&M Expenses along with carrying cost (Rs. Crore)

Sr. No	Particulars	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
1	Opening Balance	14	24	45	76	115	164	222
2	Additions	8	17	23	25	30	30	30
3	Cl. Balance	22	41	68	101	145	194	252
4	Average	18	32	56	89	130	179	237
5	Rate of interest	13.11%	13.38%	14.88%	15.03%	15.01%	15.13%	14.80%
6	Carrying cost	2	4	8	13	19	27.11	35.03
7	Grand Cl. Balance	24	45	76	115	164	222	287

3.309 The Petitioner has requested the Commission to allow the impact on account of the same in the Tariff Order for FY 2018-19.

COMMISSION'S ANALYSIS

3.310 The Hon'ble APTEL has already upheld the methodology adopted by the Commission in this matter in Appeal No. 271 of 2013 for TPDDL as follows :

"23.3

.....

In this view of the matter, we find no merit in the contentions of the appellant and this issue relating to revised R&M based on revised GFA is decided against the appellant."

3.311 The Petitioner is cherry picking the issues in interpretation of Hon'ble APTEL judgments in its favour. On some of the issues against the other Distribution Licensee, in that case the Petitioner argued that with the DISCOMs are operating in different conditions, therefore same judgement need not be applied.

3.312 However, the Commission is adopting similar treatment for all the Distribution Licensee operating in the area of GoNCTD and same tariff regulations are applicable to all the Distribution Licensees.

3.313 In view of the above, it is observed that this matter does not merit consideration.

ISSUE 37: EMPLOYEE AND A&G EXPENSES FROM FY 2012-13 TO FY 2013-14

PETITIONER'S SUBMISSION

3.314 The Hon'ble ATE in Judgment dated February 10, 2015 (Appeal 171 of 2012) set aside the methodology of benchmarking adopted for Employee and A&G Expenses by the Commission in Tariff Order dated July 13, 2012 and directed to re-determine the same by factoring in:

- a) Cost per unit of sales and Cost per employee instead of percentage increase;
- b) Comparison of overall O&M Expenses per consumer or per unit of sales instead of individual heads;
- c) Performance of distribution licensees in terms of system availability/

reliability of supply.

3.315 The Commission in Tariff Order dated September 29, 2015 has re-determined the Employee and A&G Expenses from FY 2012-13 to FY 2013-14 in accordance with the directions of Hon'ble ATE in Judgment dated February 10, 2015 (Appeal 171 of 2012).

3.316 As regards benchmarking, the Petitioner in Petition for Truing-up of FY 2015-16, Review of FY 2016-17, Multi-Year ARR from FY 2017-18 to FY 2020-21 and Tariff for FY 2016-17 requested the following:

- a) Double deduction of capitalisation from employee expenses;
- b) Consideration of lower of the two, i.e., norm or actual based on benchmarking.

3.317 The Commission in Tariff Order dated August 31, 2017 ruled as under:

"3.305 The Commission has given the detailed reasoning and the factors which have been considered for determination of O&M Expenses in Tariff Order dated 29/09/2015 and the same has challenged by the Petitioner in Appeal No. 297/2015 before Hon'ble APTEL and is sub judice. Therefore a view in the matter will be taken, as deemed fit and appropriate, after receipt of the direction of the Hon'ble APTEL in the said Appeal.

3.306 Further, the Commission in its reply in Appeal No. 297/2015 before Hon'ble APTEL had indicated that the Commission will consider this issue to the extent of double deduction on account of capitalisation of employee expenses, if any. However, it is observed that there is no double deduction on account of capitalisation of employee expenses while approving employee cost for base year of FY 2011-12."

3.318 In this regard, it is submitted that the Commission in Tariff Order dated September 29, 2015 has simply provided the parameters on which the normative employee and A&G Expenses are re-worked. However the methodology of computation of normative employee and A&G Expenses derived from the audited numbers of FY 2006-07 and weights assigned to various parameters for determination of employee

and A&G Expenses from FY 2012-13 to FY 2015-16 remained undisclosed. The relevant extracts are reproduced below:

“3.158 The Employee Expenses is majorly impacted by Sales Growth, Increase in CPI and WPI indices and performance on account of reduction in AT&C Loss levels. Therefore, the Commission has compared the Actual Employee Expenses of FY 2011-12 as per audited Financial statement of FY 2011-12 with the Actual Employee Expenses of FY 2007-08 escalated by proportionate increase in five years Sales Growth, Increase in CPI and WPI indices and performance on account of reduction in AT&C Loss levels. It has been observed that the Actual Employee Expenses of FY 2011-12 is less than the escalated Employee Expenses by considering Sales Growth, Increase in CPI and WPI indices and performance on account of reduction in AT&C Loss levels.

3.159 Therefore, the Commission has approved the base year Employee Expenses of the Petitioner at Rs. 278.03 Crore which is minimum of revised Employee Expenses (Rs. 278.03 Crore) and Audited Employee Expenses (Rs. 282.20 Crore). Hon’ble APTEL has upheld the escalation factor of 8% to be applied for projection of Employee expenses during second MYT control period in Appeal No. 171, 177 and 178 of 2012.

3.160 Accordingly, the Commission has approved the Employee expenses for second MYT control period as follows:

Table 3.41: Revised Employee Expenses for 2nd MYT Period (Rs. Crore)

Particulars	Audited Employee Expenses FY 12	Revised Employee Expenses (FY 12)	Base Year Employee Expenses	FY 13	FY 14	FY 15
Gross Employee Expenses	282.20	278.03	278.03	300.27	324.29	350.23
Less: capitalisation (@10%)				30.03	32.43	35.02
Net Employee Expenses				270.24	291.86	315.21

As evident from above, the Commission at Para-3.158 has stated that *“It has been observed that the Actual Employee Expenses of FY 2011-12 is less than the escalated Employee Expenses by considering Sales Growth, Increase in CPI and WPI indices and performance on account of reduction in AT&C Loss*

levels.” Whereas in Table-3.41 of the same Tariff Order, the actual employee expenses of FY 2011-12 has been indicated on a higher side than the escalated normative employee expenses. The Petitioner in Appeal 297 of 2015 has also requested the Commission to provide the computation. However in reply to Appeal 297 of 2015, the Commission has not provided the same. Ironically the Petitioner does not know as to how its employee and A&G Expenses have been computed by the Commission.

- 3.319 Further the Commission in Tariff Order dated August 31, 2017 has simply stated that *“it is observed that there is no double deduction on account of capitalisation of employee expenses while approving employee cost for base year of FY 2011-12.”* However the Commission has not demonstrated through computations as to how it reached on the conclusion that there is no double deduction on account of capitalisation of employee cost for base year of FY 2011-12. Same is against the spirit of Electricity Act 2003 wherein Section-86 (3) states that *“The State Commission shall ensure transparency while exercising its powers and discharging its functions.”*
- 3.320 Without pre-judice to the contentions in Appeal filed before Hon’ble ATE, the Petitioner requests the Commission to reconsider the claims on account of double deduction of employee expenses and provide the detailed computation of employee Expenses specified in Tariff Order dated September 29, 2015.

Table 78: Employee expenses from FY 2012-13 to FY 2013-14 (Rs. Crore)

Sr. No	Particulars	FY 13	FY 14	FY 15	FY 16
1	Employee Expenses	300	324	350	378
2	Capitalisation	30	32	35	38
3	Net Employee Expenses	270	292	315	340

- 3.321 The Commission in Tariff Order dated September 29, 2015 has considered the minimum of actual expenses during FY 2011-12 and norm derived for FY 2011-12 by escalating the actual expenses during FY 2007-08. It is further submitted that the Commission has considered the norm in case of employee expenses for the Petitioner as the norm is lower than the actual employee expenses incurred during FY 2011-12. However in case of A&G Expenses, the Commission has considered the actual A&G Expenses since the same is lower than the norm. The Commission has remained silent on such treatment in Tariff Order dated August 31, 2017.

3.322 Accordingly the A&G expenses from FY 2012-13 to FY 2015-16 is tabulated as under:

Table 79: A&G Expenses from FY 2011-12 to FY 2015-16 (Rs. Crore)

Sr. No	Particulars	FY 13	FY 14	FY 15	FY 16
1	A&G Expenses	101	109	117	127
2	A&G Expenses	93	101	109	118
3	Difference	7	8	9	9

3.323 The difference on account of employee and A&G Expenses from FY 2012-13 to FY 2013-14 along with carrying cost is tabulated below:

Table 80: Impact on account of employee and A&G Expenses along with carrying cost (Rs. Crore)

Sr. No	Particulars	FY 13	FY 14	FY 15	FY 16
1	Opening Balance	0	40	90	150
2	Additions	37	40	44	47
3	Cl. Balance	37	81	134	198
4	Average	19	61	112	174
5	Rate of interest	15.03%	15.01%	15.13%	14.80%
6	Carrying cost	3	9	17	26
7	Grand Cl. Balance	40	90	150	223

3.324 Accordingly, the Petitioner has requested the Commission to allow the aforesaid impact in the Tariff Order for FY 2018-19.

COMMISSION'S ANALYSIS

3.325 The Commission has given the detailed reasoning and the factors which have been considered for determination of O&M expenses in Tariff Order dated 29/09/2015 and the same has challenged by the Petitioner in Appeal No. 297/2015 before Hon'ble APTEL and is sub judice. Therefore a view in the matter will be taken, as deemed fit and appropriate, after receipt of the direction of the Hon'ble APTEL in the said Appeal.

3.326 Further, the Commission in its reply in Appeal No. 297/2015 before Hon'ble APTEL had indicated that the Commission will consider this issue to the extent of double deduction on account of capitalization of employee expenses, if any. However, it is observed that there is no double deduction on account of capitalization of employee expenses while approving the Employee Cost for base year of FY 2011-12

ISSUE 38: COST DISALLOWED ON ACCOUNT OF REGULATION OF POWER

PETITIONER'S SUBMISSION

3.327 The Petitioner vide letter dated July 3, 2017 also indicated the savings on account of regulation of power during FY 2014-15 and FY 2015-16. However the Commission while undertaking true-up of power purchase cost during FY 2014-15 and FY 2015-16 ruled as under:

"3.464 CERC vide its Regulations had introduced Central Electricity Regulatory Commission (Regulation of Power Supply) Regulations, 2010 on 28/09/2010 which are applicable to the Generating Station and the Transmission System where there is a specific provision in the Agreement between the Beneficiaries and Generating Company or the Transmission Licensee as the case may be, for Regulation of Power supply in case of non-payment of outstanding dues or non-maintenance of Letter of Credit or any other agreed Payment Security Mechanism. In its Statement of Reasons (SOR), CERC has specifically indicated that responsibility of bearing the capacity charges has to remain with the Regulated Entity. The relevant extract of the said SOR is as follows:

" 9.3 We have considered the comments and are of the view that a balance has to be maintained between the benefit and risk of the Regulating Entity as well as Regulated Entity. As a result of regulation of power supply, the generator is already ensured of getting all its expenses, including the capacity charge, energy charge and incidental charges like trading margin, if sold through a trader. So, there would not be loss to the generator due to regulation of power. As per the provisions of these regulations, the Regulated Entity has to pay capacity charge even if the power is not scheduled to him due to regulation.

....

13.7 We are of view that during the regulation of power, the allocation of generating capacity remains with the Regulated Entity and only the power generated from it is being diverted for the specific reason of non-payment of outstanding dues by the Regulated Entity. Therefore, the

responsibility of bearing the capacity charges has to remain with the Regulated Entity.”

3.465 The Commission vide its letter dated 28/12/2012 and dated 11/04/2013 communicated its decision to the distribution licensee as follows:

“..in such cases where cheaper power is regulated due to non payment of dues and eventually distribution licensee purchases expensive power to meet the demand, at the time of true-up cost of such expensive power will be restricted to the cost of cheaper power”

3.466 In view of the above, the Commission has decided to continue with its existing practice for treatment of Regulated Power and disallow the prorated Fixed Cost as also indicated in para 3.265 of the Tariff Order dtd. 29/09/2015.”

- 3.328 As evident from above, the Commission despite acknowledging the fact that as per CERC Central Electricity Regulatory Commission (Regulation of Power Supply) Regulations, 2010 on 28/09/2010 the Petitioner is required to pay capacity charges also in case regulation of power, has disallowed the capacity charges. The same is contrary to CERC Tariff Regulations and CERC (Regulation of Power Supply) Regulations, 2010.
- 3.329 The Commission has completely ignored the fact that due to the regulation of power, the surplus power which otherwise would have been sold at lower rate during off-peak period never materialized. However, the Petitioner was also required to purchase additional short term power to cater the peak demand for a few hours in a day. It is submitted that during regulation of power the Petitioner was able to avoid purchase of 671 MU during off-peak hours whereas the Petitioner was required to purchase additional 165 MU though short term power during peak hours.
- 3.330 As a result, the regulation of power actually contributed in net savings to the consumers due to the reduction in power purchase cost. The same is tabulated as under:

Table 81: Reduction in Power Purchase Cost on account of Regulation of Power during FY 2012-13

Particulars	Quantum	Avg. per unit rate	Amount	Remarks
	MU	Rs./ kWh	Rs. Cr.	
Actual Power Purchase cost during FY 13 (A)	11233	5.2	5843	Figures as per ARR Petition
Regulated Power during FY 2012-13	671	2.39	160	671 MU @ Rs. 2.39 per kWh as per DERC Tariff Order
Short term power purchase to make up for Regulated power when demand exceeds schedule (FY 2012-13)	165	3.24	53	165 MU as per short term schedule and Rs. 3.24 per kWh as per IEX Rate (Slot-wise)
Power Purchase Cost assuming no regulation of power in FY 2012-13 (B)	11739	5.07	5950	
Net savings to consumers due to reduction in power purchase cost			107	B-A

3.331 Similarly during regulation of power during FY 2013-14, the Petitioner was able to avoid purchase of 99 MU during off-peak hours whereas the Petitioner was required to purchase additional 14 MU though short term power during peak hours. As a result, the regulation of power actually contributed in net savings to the consumers due to the reduction in power purchase cost. The same is tabulated as under:

Table 82: Reduction in Power Purchase Cost on account of Regulation of Power during FY 2013-14

Particulars	Quantum	Avg. per unit rate	Amount	Remarks
	MU	Rs./ kWh	Rs. Cr.	
Actual Power Purchase cost during FY 14 (A)	11509	5.36	6174	Figures as per ARR Petition
Regulated Power during FY 2013-14	99	2.39	24	99 MU @ Rs. 2.39 per kWh as per DERC Tariff Order
Short term power purchase to make up for Regulated power when demand exceeds schedule (FY 2013-14)	14	2.23	3	165 MU as per short term schedule and Rs. 3.24 per kWh as per IEX Rate (Slot-wise)
Power Purchase Cost assuming no regulation of power in FY 2013-14 (B)	11594	5.34	6194	
Avoided cost consumer due to reduction in power purchase cost			21	(B-A)

3.332 Similarly during regulation of power during FY 2014-15, the Petitioner was able to avoid purchase of 93 MU during off-peak hours whereas the Petitioner was required to purchase additional 14 MU though short term power during peak hours. As a result, the regulation of power actually contributed in net savings to the consumers due to the reduction in power purchase cost. The same is tabulated as under:

Table 83: Reduction in Power Purchase Cost on account of Regulation of Power during FY 2014-15

Particulars	Quantum	Avg. per unit rate	Amount	Remarks
	MU	Rs./ kWh	Rs. Cr.	
Actual Power Purchase cost during FY 15 (A)	11938	5.83	6955	As per actuals
Regulated Power during FY 2014-15	93	3.85	36	Quantum of purchase is considered as per slot-wise analysis and rate is considered before regulation of power
Short term power purchase to make up for Regulated power when demand exceeds schedule (FY 2014-15)	14	1.94	3	14 MU's as per slot-wise analysis and Rs. 1.94/ Unit as per IEX/ UI rate
Power Purchase Cost assuming no regulation of power in FY 2014-15 (B)	12017	5.82	6988	
Avoided cost consumer due to reduction in power purchase cost			33	(B-A)

3.333 Similarly during regulation of power during FY 2015-16, the Petitioner was able to avoid purchase of 400 MU during off-peak hours whereas the Petitioner was required to purchase additional 253 MU though short term power during peak hours. As a result, the regulation of power actually contributed in net savings to the consumers due to the reduction in power purchase cost. The same is tabulated as under:

Table 84: Reduction in Power Purchase Cost on account of Regulation of Power during FY 2015-16

Particulars	Quantum	Avg. per unit rate	Amount	Remarks
	MU	Rs./ kWh	Rs. Cr.	
Actual Power Purchase cost during FY 16 (A)	12017	5.32	6389	As per actuals
Regulated Power during FY 2015-16	400	3.85	133	Quantum of purchase is considered as per slot-

Particulars	Quantum	Avg. per unit rate	Amount	Remarks
	MU	Rs./ kWh	Rs. Cr.	
				wise analysis and rate is considered before regulation of power
Short term power purchase to make up for Regulated power when demand exceeds schedule (FY 2015-16)	253	2.70	68	253 MU's as per slot-wise analysis and Rs. 2.70/ Unit as per IEX/ UI rate
Power Purchase Cost assuming no regulation of power in FY 2015-16 (B)	12164	5.31	6454	
Avoided cost consumer due to reduction in power purchase cost			65	(B-A)

3.334 Without pre-judice to the Appeal, the Petitioner requests the Commission to consider the above submissions and allow the cost incurred on account of Regulated Power from FY 2011-12 to FY 2015-16 along with carrying cost as tabulated below:

Table 85: Amount pertaining to Regulated Power from FY 2011-12 to FY 2015-16 (Rs. Crore)

Sr. No	Particulars	FY 12	FY 13	FY 14	FY 15	FY 16
1	Op. balance	0	23	173	211	251
2	Additions	21	137	11	7	43
3	Cl. Balance	21	159	184	218	294
4	Average	11	91	179	215	272
5	Rate of interest	14.88%	15.03%	15.01%	15.13%	14.80%
6	Carrying cost	2	14	27	32	40
7	Grand Cl. Balance	23	173	211	251	334

COMMISSION'S ANALYSIS

3.335 The Commission has analyzed the submission of the Petitioner and it is observed that the Petitioner has still not factored the merit order principle while computing the opportunity cost and benefit due to regulation of power vis-a-vis sale of surplus power as per the remark of the Commission in Tariff order dated 31/08/2017. It is clarified that in case the power would not have been regulated from these cheaper station of NHPC then the Petitioner would had the opportunity to back down its costly station and avail the cheaper power from NHPC, which could have reduced the loss on sale of surplus power as considered by the Petitioner. Therefore, this matter does not merit consideration at this point of time.

ISSUE 39: BANK CHARGES/ SYNDICATION FEES**PETITIONER'S SUBMISSION**

3.336 As regards the issue of allowance of bank charges/ syndication fees, the Commission in Tariff Order dated August 31, 2017 has stated as under:

"3.324 The Commission had already clarified this issue in its tariff order dated 29/09/2015 that the borrowing cost including syndication & documentation charges for availing the loan will be considered at the time of final true up of capitalisation. Further, the matter is sub-judice before Hon'ble APTEL in Appeal No. 297/ 2015 against the Commission's direction in Tariff Order dtd. 29/09/2015. Therefore, the matter does not merit consideration at this point of time."

3.337 The Petitioner submitted that the Commission should take up and decide the issue and decide it making its decision subject to the result of Appeal No. 297/2015 which is currently pending and referred to in the aforesaid order dated 31.08.2017. This will avoid exposure of carrying costs on the consumers could also be contained.

3.338 The Commission in its Tariff Order dated September 29, 2015 ruled as under:

As per Regulation 5.6 of the MYT Regulations, 2011,

"Return on Capital Employed (RoCE) shall be used to provide a return to the Distribution Licensee, and shall cover all financing costs, without providing separate allowances for interest on loans and interest on working capital".

As per Accounting standard (AS 16 - Borrowing Costs) issued by Institute of Chartered Accountants of India and notified by Companies amendment Act 1999,

"6. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset should be capitalized as part of the cost of that asset. The amount of borrowing costs eligible for capitalisation should be determined in accordance with this Statement. Other borrowing costs should be recognised as an expense in the period in which they are incurred."

Conjoint reading of all the three extracts above, the Commission is of the view

that the borrowing costs directly related to the capital assets shall be added to the cost of such capital assets.

The information provided by the Petitioner does not distinguish the borrowing costs on capital expenditure loans and other loans. The Commission is of the view that only the borrowing cost will be considered at the time of final true up of capitalization. Accordingly, the Commission has not considered the syndication and documentation charges claimed by the Petitioner.”

3.339 Borrowing costs pertaining to capex Loans is not capitalized with Assets: The borrowing costs which are capitalized during the year are not directly attributable to specific assets/ capital expenditure incurred during the year. In fact the funds are borrowed generally for capex purposes and related borrowing costs are capitalized as per the requirements of Clause-12 of AS-16 which states as under:

“12. To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation should be determined by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate should be the weighted average of the borrowing costs applicable to the borrowings of the enterprise that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalised during a period should not exceed the amount of borrowing costs incurred during that period.”

3.340 However the borrowing costs/ syndication fees are not being capitalized and are charged to Profit and Loss Account as finance costs. The practice adopted by the Petitioner regarding borrowing costs, i.e., syndication fees and finance charges etc. is in line with that followed by DISCOMs operating in other states. The Petitioner vide its letter dated May 30, 2014 submitted the relevant extracts of the Tariff Orders issued by other State Electricity Regulatory Commissions where the financing charges have not been capitalized and have been allowed separately as a part of ARR.

3.341 Borrowing costs pertaining to non-capex Loans are directly linked to Regulatory Assets: The Petitioner has stated that in absence of any amortization plan of

Regulatory Assets, the Petitioner was left to fund the entire Regulatory Assets on its own. The Petitioner is funding a large portion of these Regulatory Assets through debt for which the Petitioner is required to bear syndication and documentation fees. It is noteworthy to mention that the finance charges have been borne mainly on account of IDBI Loan of Rs. 5000 Crore which was borrowed in absence of amortization of Regulatory Assets so as to clear the dues to the Gencos during FY 2011-12 and FY 2012-13. The Petitioner also informed the same to the Commission vide letter dated December 16, 2011 and November 1, 2012. The Petitioner also submitted the loan agreement before the Commission. Also the Commission vide its letter dated December 16, 2011 has assured the lender to amortize the Regulatory Assets completely by the end of Second Control Period.

3.342 It is further submitted that the energy distribution Sector is operating on cost plus regime. Any costs on account of Regulatory Assets ought to be allowed to the Petitioner otherwise the Petitioner will be penalized without any fault its own.

3.343 **Borrowing cost have not been included in A&G Expenses:** The Commission itself has observed that Appendix 2 – Cost Allocation, Clause 3 (b) states as under:

*“A&G Cost: A&G expenses related to power purchase, metering, billing and collection, **financing expenses on loan** related to Retail Supply business shall be allocated to Retail Supply business. Office expenses like telephone, stationery, electricity, lease rent etc shall be apportioned between Wheeling and Retail Supply business on the basis of predominant usage concept.” (Emphasis added)*

3.344 The Commission has not included financing charges as a part of A&G Expenses while approving A&G Expenses from FY 2012-13 to FY 2014-15 in Tariff Order dated July 13, 2012. The financing charges appear in a separate schedule and are not merged with the A&G Expenses in the Audited Accounts of the Petitioner. The comparison of A&G Expenses from FY 2006-07 to FY 2010-11 as considered by the Commission and that appearing in the Audited Accounts is tabulated below:

Table 86: A&G Expenses considered from FY 07 to FY 11 (Rs.Crore)

Sr. No	Particulars	Reference	FY 07	FY 08	FY 09	FY 10	FY 11

Sr. No	Particulars	Reference	FY 07	FY 08	FY 09	FY 10	FY 11
1	A&G Expenses considered by the Commission	Table-93, Page-140 of TO dt. July 13, 2012	137	158	108	145	110
	Less: Provisions		77	94	43	95	35
	Add: Lease Rentals		2	2	2	2	2
	Net A&G Expenses considered by Commission for benchmarking		61	65	67	52	76
2	A&G Expenses as per Audited Accounts	Respective Audited Accounts	139	159	113	147	110
3	Financing charges as per Audited Accounts[#]	Respective Audited Accounts	5	2	3	7	16

not included in Sr. No. 2 and appearing in separate schedule of Audited Accounts

As evident from above, the Commission has not considered the financing charges while benchmarking A&G Expenses. Therefore, the financing charges have not been included in A&G Expenses from FY 2012-13 to FY 2014-15 and are required to be allowed separately.

3.345 Accordingly the Petitioner is claiming syndication fees/ borrowing cost incurred during previous year as under:

Table 87: Impact on account of syndication fees/ borrowing cost along with carrying cost (Rs. Crore)

Sr. No	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
1	Op. Balance	0	2	6	14	33	58	103	143	177
2	Additions	2	3	7	16	19	34	23	11	9
3	Cl. Balance	2	5	13	30	52	92	126	155	186
4	Average	1	4	9	22	42	75	115	149	182
5	Rate of interest	13.68%	13.75%	13.11%	13.38%	14.88%	15.03%	15.01%	15.13%	14.80%
6	Carrying cost	0.14	0.50	1.20	2.92	6.28	11.25	17.19	22.53	26.87
7	Grand Cl. Balance	2	6	14	33	58	103	143	177	213

3.346 The Petitioner has requested the Commission to allow the impact in the Tariff Order for FY 2018-19.

COMMISSION'S ANALYSIS

3.347 The Commission had already clarified this issue in its tariff order dated 29/09/2015 that the borrowing cost including syndication & documentation charges for availing the loan will be considered at the time of final true up of capitalization. Further, the matter is sub-judice before Hon'ble APTEL in Appeal No. 297/2015 against the Commission's decision in Tariff Order dtd. 29/09/2015. Therefore, the matter does not merit consideration at this point of time.

ISSUE 40: INCOME FROM OTHER BUSINESS-STREET LIGHT MAINTENANCE CHARGES:

PETITIONER'S SUBMISSION

3.348 The Petitioner has submitted that the Commission has not dealt with any of the contention of the Petitioner. Apart from distribution licensed business, the Petitioner is also generating revenue from other business. This other businesses are being operated parallel by the Petitioner.

3.349 As regards above, it is submitted that the responsibility of maintaining street light is not contained in the License of the Petitioner. Electricity Act 2003 does not mandate the Distribution Licensee to maintain Street Lights. Further as per Section-42 of Delhi Municipal Corporation Act, 1957, it is the responsibility of MCD to maintain Street lighting system which is reproduced below:

"42. Obligatory functions of the Corporation

....

(o) the lighting, watering and cleansing of public streets and other public places;

...

(w) the maintenance and development of the value of all properties vested in or entrusted to the management of the Corporation;"

3.350 With the unbundling and restructuring of Delhi Vidyut Board (DVB) into corporate entities and privatisation of Distribution Business, the past legacy of maintenance of public lighting was passed on to the Petitioner as matter of course, though as distribution licensee the maintenance of public lighting was not their function. In fact the Petitioner vide letter dated March 24, 2004 intimated the Commission that maintenance of street lighting is the responsibility of MCD under DMC Act and not

the Petitioner. Also the Commission in Order dated September 3, 2003 ruled as under:

“10. Having heard the submission of the parties, the Commission observed that it was the prerogative of the MCD, either to get the work done themselves or through the DISCOMs, in the latter alternative, scope of works, as also the commercial terms and conditions, shall need to be proposed by MCD. Thereafter, the Commission shall determine the maintenance charges, etc. after having considered the responses of the DISCOMs.”

- 3.351 Therefore it is clear that maintenance of street lighting is an activity assigned to the Petitioner by MCD under DMC Act and does not fall under Regulated Business.
- 3.352 However there was a dispute between the Delhi DISCOMs and MCD on scope of work of the activities and charges at which is the maintenance is to be undertaken by Delhi DISCOMs. During FY 2003-04 The Commission received number of complaints on the poor conditions of street light prevailing in respect of Public Lighting in Delhi. Consequently in order to settle the matter, the Commission vide letter dated October 15, 2003, identified the scope of works as maintenance of existing streetlights, addition of new streetlights, installing of high mast lights, transformers, etc. Further the Commission vide Order dated March 5, 2004 determined the rates for maintenance of street lights. These rates were further amended by the Order issued by the Commission on September 24, 2009.
- 3.353 It is further submitted that the determination of rates and scope of work by the Commission does not mean that maintenance of streetlights fall under Licensed Activity and is a part of regulated business. The scope of work and determination of rates by the Commission has only helped MCD and the Petitioner to reach a consensus to avoid dispute.
- 3.354 Therefore, the Petitioner is maintaining Street Lights not as an obligation under Licensed Business but on behalf of road owning agencies, viz. MCD, NHAI, PWD in the areas comprising South and West Delhi.

3.355 For carrying out the maintenance services the Petitioner optimally engages its existing manpower, Technicians, Electricians, Electric Men, Line Engineers and also outsources further manpower.

3.356 The Petitioner has tabulated the income from street light maintenance business along with carrying cost as below:

Table 88: Impact on income from SLM Business along with carrying cost (Rs. Crore)

Sr. No	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
1	Op. balance	0	16	21	48	80	122	168	221	282
2	Additions	15	3	22	24	28	26	26	26	15
3	Cl. Balance	15	19	44	72	108	148	194	247	297
4	Average	7	17	32	60	94	135	181	234	290
5	Rate of interest	13.68%	13.75%	13.11%	13.38%	14.88%	15.03%	15.01%	15.13%	14.80%
6	Carrying cost	1	2	4	8	14	20	27	35	43
7	Grand Cl. Balance	16	21	48	80	122	168	221	282	340

3.357 The Petitioner has requested the Commission to allow the aforesaid along with carrying cost.

COMMISSION'S ANALYSIS

3.358 The Commission has already clarified this issue in true up of FY 2014-15 and FY 2015-16 that there is no mention of incentive on street light maintenance in the notes of the audited financial statement. Further, the expenses incurred by the Petitioner on account of street light maintenance have also not been indicated separately in the audited financial statement so as to assess that these expenditure are over and above the normative O&M expenses allowed by the Commission in the respective year. Therefore, this issue does not merit consideration.

ISSUE 41: FINANCING COST OF LPSC DURING FY 2013-14 TO FY 2015-16

PETITIONER'S SUBMISSION

3.359 As regards financing cost of LPSC from FY 2013-14 onwards, the Commission in Tariff Order dated August 31, 2017 ruled as under:

"3.346 The Petitioner has submitted that total LPSC collected from the consumer should be allowed to be retained by the Petitioner. However, as per the practice followed by the Commission and Hon'ble APTEL's direction

in Appeal no. 61 & 62 of 2012 dated 28/11/2014, the cost of funding of working capital due to delayed payment by the consumers has been allowed to the Petitioner. Therefore, the Commission has not considered the additional cost over and above the cost of funding of working capital for financing of LPSC during FY 2013-14.”

As evident from the above, the Commission has referred to Hon’ble ATE’s direction in Appeal no. 61 and 62 of 2012 which was in respect of truing-up of FY 2008-09 and FY 2009-10 when the LPSC was being levied for entire month of flat rate of 1.5% per month. However the Commission has not dealt with the submission of the Petitioner that the Commission vide letter dated December 13, 2012 itself changed the methodology of charging LPSC from the consumers and has directed the Petitioner to charge LPSC only corresponding to number of days of delay in the payment by the Consumers.

- 3.360 It is further submitted that the Petitioner levied LPSC @ 1.5% per month on flat basis till FY 2012-13. The Commission was therefore allowing only financing cost of LPSC to the Petitioner by computing the principal amount (LPSC divided by 18% (12 x 1.5%) and allowing carrying cost on the principal amount. The difference between the amount of LPSC and the principal amount was passed on the consumers by way of NTI.
- 3.361 Based on the representation of Foundation of Rubber & Polymer Manufacturers, the Commission vide letter dated December 13, 2012 communicated that LPSC should be charged proportional to the number of days of delay in receiving payment from the consumers by the Petitioner. The Commission in Tariff Order dated July 31, 2013 again directed the Petitioner to charge LPSC proportionate to the number of days of delay in receiving the payment from the consumers of the DISCOMs.
- 3.362 The Petitioner in its Petition for Truing-up of FY 2013-14, Review of FY 2014-15 and ARR and Tariff for FY 2015-16 requested the Commission to allow the entire LPSC instead of financing cost of LPSC as during FY 2013-14, the Petitioner charged LPSC proportionate to the number of days of delay and not on flat basis. The methodology of charging LPSC proportionate to the number of days of delay leads to recovery of only financing cost of LPSC for the delay in payment and not on flat basis. However

the Commission without referring to its' direction for change in charging of LPSC continued with the earlier methodology which was utilised for computation of financing of LPSC till FY 2012-13. Such treatment has actually resulted in allowance of financing cost of LPSC at much lower rate.

- 3.363 It is further submitted that the concept of financing cost of LPSC was introduced by the Commission in Tariff Order dated August 26, 2011 as LPSC was considered as a part of revenue realisation for the purpose of computation of AT&C Loss as per Clause-4.7 (c) of DERC Tariff Regulations, 2007. As per DERC Tariff Regulations, 2011, the methodology of computation of revenue realisation for the purpose of computation of AT&C Loss has been changed and LPSC is no longer being included as a part of revenue realisation for computation of AT&C Loss from FY 2012-13 onwards. Since the methodology for computation of AT&C Loss has been changed, the Petitioner ought to be allowed entire LPSC instead of financing cost of LPSC.
- 3.364 The Petitioner has submitted that the Commission neither allows the amount nor financing cost on account of these penalties. These penalties are entirely borne by the Petitioner. However the penalty paid by the consumers on account of the delayed payment is not being allowed to the Petitioner and only financing cost on such delayed payment is being allowed. Therefore the Petitioner requests the Commission to allow entire LPSC during FY 2013-14 to be retained by the Petitioner as the same merely meets the financing cost of delay in payment.
- 3.365 The Petitioner has tabulated the difference in LPSC and the amount allowed by the Commission from FY 2013-14 to FY 2015-16 along with carrying cost as follows:

Table 89: Impact on account of difference in LPSC during FY 2013-14 to FY 2015-16 along with carrying cost (Rs. Crore)

Sr. No	Particulars	FY 14	FY 15	FY 16
1	Opening Balance	0	10	23
2	Additions	9	11	11
3	Cl. Balance	9	21	34
4	Average	5	15	29
5	Rate of interest	15.01%	15.13%	14.80%
6	Carrying cost	0.70	2.32	4.23
7	Grand Cl. Balance	10	23	38

- 3.366 The Petitioner has requested the Commission to allow the aforesaid along with carrying cost.

COMMISSION'S ANALYSIS

3.367 The Commission has already dealt this issue in respective tariff order therefore this issue does not merit consideration.

ISSUE 42: WRONG ADJUSTMENT OF 8% SURCHARGE AGAINST REVENUE GAP/ SURPLUS DURING FY 2012-13 AND FY 2013-14

PETITIONER'S SUBMISSION

3.368 The Petitioner has submitted that though the Commission has rectified the apparent error with respect to the amount of 8% surcharge during FY 2012-13, it has not rectified the treatment of such surcharge while computing the closing amount of Regulatory Asset.

3.369 As per the advice of the Commission, the Petitioner has re-verified the computation of interest being charged by the financial institutions. All financial institutions are adjusting the repayment amount firstly against the interest accrued on the outstanding balance and then if anything out of repayment is left with the principal amount. Same is true with any loan borrowed to fund the purchase of any commodity.

3.370 In view of the above submissions, the revised computation of Regulatory Assets is tabulated below:

Table 90: Revised computation of Regulatory Assets (Rs. Crore)

Sr. No	Particulars	FY 2012-13	FY 2013-14	Reference
1	Opening Balance	4974	5400	A
2	Additions	184	-304	B
3	8% Surcharge	-299	-507	C
4	Net (Gap)/ Surplus	-115	-812	D=B+C
5	Rate of CC	10.67%	10.80%	E
6	Carrying cost	541	567	F=(A+B/2)XE
7	Closing Balance	5400	5155	G=A+D+F
8	RA during the year	5384	5110	H
9	Difference	16	45	I=G-H

3.371 The aforesaid amount along with carrying cost is tabulated below:

Table 91: Impact on account of revised computation of RA along with carrying cost (Rs. Crore)

Sr. No	Particulars	FY 13	FY 14	FY 15	FY 16
1	Op. balance	0	17	68	78
2	Additions	16	45		

Sr. No	Particulars	FY 13	FY 14	FY 15	FY 16
3	Cl. Balance	16	62	68	78
4	Average	8	40	68	78
5	Rate of interest	15.03%	15.01%	15.13%	14.80%
6	Carrying cost	1	6	10	12
7	Grand Cl. Balance	17	68	78	90

3.372 The present issue is also pending in Appeal No. 235 and 236 of 2014 and Appeal No. 290/297 of 2015.

3.373 The Petitioner requested the Commission to allow the same in the Tariff Order for FY 2018-19.

COMMISSION'S ANALYSIS

3.374 The Commission has already explained the methodology of Carrying Cost Rate in respective tariff order, therefore, this issue does not merit consideration.

ISSUE 43: WRONG ADJUSTMENT OF CARRYING COST ALLOWED IN TARIFF WITH REVENUE GAP/ SURPLUS DURING THE YEAR

PETITIONER'S SUBMISSION

3.375 In Tariff Order dated September 29, 2015, the Commission adopted similar approach and allowed carrying cost of Rs. 451 Crore in ARR of FY 2015-16 and 8% Surcharge separately towards recovery of principal amount of Regulatory Assets recognised till FY 2014-15.

3.376 In Tariff Order dated August 31, 2017 while undertaking truing-up of FY 2014-15 and FY 2015-16, the Commission ignored the fact that Rs. 692 Crore and Rs. 451 Crore were allowed towards carrying cost on opening Regulatory Assets of FY 2014-15 and FY 2015-16 and adjusted the same against revenue gap/ (Surplus) during FY 2014-15 and FY 2015-16 respectively.

3.377 By doing so, the Commission has acted contrary to its' own affidavit submitted before the Hon'ble Supreme Court in Writ Petition 104 of 2014 wherein it proposed the recovery of carrying cost through tariff and recovery of principal amount through 8% surcharge.

3.378 By doing so, the Commission has reduced the amount of Regulatory Assets by Rs. 140 Crore, i.e., approved Rs. 4233 Crore in place of Rs. 4372 Crore. Correct amount of Regulatory Assets till FY 2015-16 by adjusting the amount meant for carrying cost against carrying cost based on Order RA numbers during FY 2014-15 and FY 2015-16 as per the liquidation plan proposed before Hon'ble Supreme Court has been computed as follows:

Table 92: Revised RA sought at the end of FY 2015-16 (Rs. Crore)

Sr. No	Particulars	FY 2014-15	FY 2015-16
1	Opening Balance	5105	5160
2	Additions	746	-632
3	8% Surcharge	-580	-619
4	Net (Gap)/ Surplus	167	-1251
5	Rate of CC	11.18%	11.23%
6	Carrying cost	580	509
7	Less: CC	692	451
8	Closing Balance	5160	3967
9	Amount of carrying cost		334
10	Total Closing balance	5160	4301
11	RA during the year	5122	4233
12	Difference	39	68

3.379 By doing so, the Commission has reduced the amount of Regulatory Assets by Rs. 121 Crore, i.e., approved Rs. 4233 Crore in place of Rs. 4301 Crore. Correct amount of Regulatory Assets till FY 2015-16 by adjusting the amount meant for carrying cost against carrying cost based on Order RA numbers during FY 2014-15 and FY 2015-16 as per the liquidation plan proposed before Hon'ble Supreme Court has been computed below:

Table 93: Total impact on revised RA along with carrying cost (Rs. Crore)

Sr. No	Particulars	FY 15	FY 16
1	Opening Balance	0	41
2	Additions	39	68
3	Cl. Balance	39	110
4	Average	19	76
5	Rate of interest	15.13%	14.80%
6	Carrying cost	2.92	11.19
7	Grand Cl. Balance	41	121

3.380 The Petitioner has requested the Commission to allow the same in the Tariff Order for FY 2018-19.

COMMISSION'S ANALYSIS

3.381 The Petitioner has failed to understand the method adopted for computation of carrying cost in FY 2012-13, FY 2013-14, FY 2014-15 and FY 2015-16. There is no difference in computation of carrying cost method by the Commission in these years. The Commission has allowed the carrying cost on revenue gap recognised by the Commission in the ARR based on similar philosophy in each year and uniform for all the distribution licensee. Only difference is that the carrying cost is allowed in the ARR for projection of ARR as per the roadmap for liquidation of revenue gap from FY 2014-15 onwards. Previously, the Commission was not allowing carrying cost in ARR of the Petitioner. Therefore, this issue does not merit consideration.

ISSUE 44: ERRONEOUS NET-WORTH COMPUTATIONS

PETITIONER'S SUBMISSION

3.382 The Petitioner has submitted that the Commission in Tariff Order dated September 29, 2015 has not provided the details of means of finance and has applied the debt and equity balance by comparing the net-worth with 30% of Regulated Rate Base. In fact in Tariff Order dated August 31, 2017, the Commission unlike previous tariff orders has not provided any schedule for debt and equity allowed for the funding of capitalisation while revising the same based on net-worth formulae. Now the Petitioner has made the debt and equity schedule based upon the computations given by the Commission in Tariff Order dated September 29, 2015 and August 31, 2017:

Table 94: Equity schedule based on average equity numbers (Rs. Crore)

Sr. No	Financial Year	Opening Equity	Additions	Closing Equity	Average Equity Considered
1	FY 2002-03	460	-29	431	446
2	FY 2003-04	431	-38	394	413
3	FY 2004-05	394	158	551	472
4	FY 2005-06	551	113	664	608
5	FY 2006-07	664	-121	543	604
6	FY 2007-08	543	-438	105	324
7	FY 2008-09	105	-100	5	55

Sr. No	Financial Year	Opening Equity	Additions	Closing Equity	Average Equity Considered
8	FY 2009-10	5	184	190	97
9	FY 2010-11	190	381	570	380
10	FY 2011-12	570	173	744	657
11	FY 2012-13	744	-14	730	737
12	FY 2013-14	730	159	889	809

Table 95: Debt schedule based on average debt numbers (Rs.Crore)

Sr. No	Financial Year	Opening Debt	Additions	Repayment	Closing Debt	Average Debt Considered
1	FY 2002-03	690	1	0	691	691
2	FY 2003-04	691	19	0	710	700
3	FY 2004-05	710	221	0	930	820
4	FY 2005-06	930	359	30	1260	1095
5	FY 2006-07	1260	97	6	1351	1305
6	FY 2007-08	1351	-782		569	960
7	FY 2008-09	569	2000		2569	1569
8	FY 2009-10	2569	-1352		1217	1893
9	FY 2010-11	1217	1020		2237	1727
10	FY 2011-12	2237	-1408		829	1533
11	FY 2012-13	829	1779		2608	1719
12	FY 2013-14	2608	-1440		1168	1888

3.383 Based on the above the funding of capitalisation is tabulated as follows:

Table 96: Means of finance for Policy Direction Period (Rs.Crore)

Sr. No	Particulars	FY 03	FY 04	FY 05	FY 06	FY 07
1	Capex	76	115	539	619	306
2	Closing sundry creditors				21	
3	Closing Sundry debtors	6				
4	Total financing reqd.	71	115	539	639	306
5	Means of finance					
a	Consumer contribution	12	57	60	39	48
b	APDRP Grants		19			
c	APDRP Loans		19			
d	Depreciation	57	20	143	88	119
e	Internal accruals	-29	-38	158	113	-121
f	Loan	1	19	221	359	97
g	Sundry creditors			21		
5	Gap left in funding	29	19	-63	41	162

Table 97: Means of finance from FY 2007-08 to FY 2013-14 (Rs.Crore)

Sr. No	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
A	Capitalisation	29	220	97	90	-23	301	288
B	Working Capital	67	9	5	-6	2	110	123
C	Total	96	229	102	83	-21	411	410
D	Means of Finance							

Sr. No	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14
1	Consumer contribution	3	39	40	57	13	69	47
2	Debt	-782	2000	-1352	1020	-1408	1779	-1440
3	Equity	-438	-100	184	381	173	-14	159
4	Total	-1217	1939	-1128	1458	-1221	1834	-1234
E	Gap left in funding	1313	-1709	1230	-1374	1200	-1423	1645

3.384 As evident from the aforesaid tables, means of finance is not matching with capitalisation for even a single year for the period from FY 2002-03 to FY 2013-14.

3.385 Accordingly the Petitioner has considered the impact on account of the same by considering debt-equity ratio of 70:30 as per the methodology adopted by the Commission in past Tariff Orders. The impact on account of the same is already included in Table-3.25 of the Petition.

3.386 Without pre-judice, the Petitioner requests the Commission to allow the same in the Tariff Order for FY 2018-19.

COMMISSION'S ANALYSIS

3.387 The Commission direct the Petitioner to submit the detail of Net worth based on audited financial statement, statement of de-capitalisation, utilisation of depreciation, means of finance for each year Capitalisation & working capital etc since inception in order to assess the actual equity. Further, the Commission has also appointed consultant for physical verification of asset since FY 2004-05 onwards which has an impact on the total financing required for regulated business. Therefore, the Commission will finalise the means of finance based on each year final value of capitalisation including the dispute related to utilisation of consumer contribution during policy direction period.

ISSUE 45: CORRECTION IN OPENING BALANCE OF CONSUMER CONTRIBUTION IN OPENING RRB

PETITIONER'S SUBMISSION

3.388 The Petitioner has mentioned that the Commission vide e-mail dated March 24, 2015 directed the Petitioner to submit the consumer contribution data duly audited in a specified format. The Petitioner vide letter dated May 7, 2015 submitted the

data duly certified by Auditor with respect to consumer contribution. However the Commission did not assigned any reason for not considering the same in Tariff Order dated September 29, 2015. Since the Commission allowed the funding of capital expenditure instead of capitalisation during Policy Direction Period, i.e., FY 2002-03 to FY 2006-07, the Petitioner has considered the actual consumer contribution and grants received till FY 2006-07.

- 3.389 The Petitioner has stated that the Commission has shifted from RoCE approach to ROE approach during MYT Regime, i.e, from March 1, 2008 onwards. The actual consumer contribution and grants capitalised till FY 2006-07 is Rs. 39.53 Crore and Rs. 18.63 Crore respectively. The Petitioner has accordingly considered the same for the purpose of computation of depreciation and RoCE.
- 3.390 The Petitioner has requested the Commission to allow the same in the Tariff Order for FY 2018-19.
- 3.391 Based on the above submissions, the total impact claimed on account of previous claims is tabulated below:

Table 98: Total impact claimed on account of previous claims (Rs. Crore)

Sr. No	Particulars	Principal	Carrying Cost	Total
1	Disallowance of PP Cost due to MOD	143	59	202
2	Over lapping banking transactions	13	3	16
3	Non-Tariff Income-Write back of misc. provisions	46	54	100
4	Interest on funding of carrying cost		85	85
5	De-capitalisation of assets	48	68	115
6	Anta, auraiya and dadri			
A	Arrear bills raised after 31.03.2012	20	12	32
B	Bills raised for consumption post supplementaty PPA	212	77	289
7	Error apparent-PP Cost Computational mistake	2	0	2
8	Cost disallowed on account of excessive trading at UI above contingency limit	4	0	4
9	Normative rebate	371	115	486
10	Disallowance of R&M Expenses	163	111	274
11	Double accounting of employee expenses	169	55	223
12	Fixed charges against regulated power	219	115	334
13	Bank charges/ syndication fees	124	89	213
14	Income from other business-SLMC	185	155	340
15	Financing cost of LPSC-FY 14 to FY 16	31	7	38

Sr. No	Particulars	Principal	Carrying Cost	Total
16	Wrong computation of carrying cost-8% Surcharge	61	29	90
17	Wrong computation of carrying cost-CC amount allowed in tariff	107	14	121
18	Erroneous net-worth computations	Already included in issue of capitalisation		
19	Correction in opening balance of consumer contribution in Opening RRB	Already included in issue of capitalisation		
20	Total	1917	1049	2966

COMMISSION'S ANALYSIS

3.392 The Commission vide its order dated 23/12/2015 has already directed the Petitioner to refund the balance of consumer contribution collected by the Petitioner during FY 2002-03 to FY 2006-07 which has been offered by the Petitioner as means of finance during FY 2002-03 to FY 2006-07 and submit its claim on account of total amount refunded to the respective consumers during each year for recasting of ARR by the Commission. Though, the Petitioner has submitted the total amount to be refunded in each year, however the petitioner is yet to indicate the status of refund to these consumers as well as the continuity of those consumers so as to determine the impact in ARR.

3.393 The Commission observes that for FY 2013-14 true up, the Commission has levied penalty on account of cash collection above Rs. 4000/- rather than over and above Rs. 4000/-. The same has been decided in review order of TPDDL dtd. 12/12/2017 as follows:

“ Commission’s Analysis

4.51 The Commission had conducted Billing and Metering audit of TPDDL and appointed M/s Anil Ashok & Associates (Consultant) for the same. It is observed that the Commission has given direction regarding cash receipt in para 5.97 and not para 5.96 of the Tariff Order dated 31.07.2013.

4.52 The Consultant had also verified the instances where, in violation of direction given in para 5.97 of the Tariff Order dated 31.07.2013, the petitioner has collected cash in excess of Rs. 4000/-. Considering the report of the Consultant the penalty amount for FY 2014-15 is revised to Rs. 2.15 Cr from Rs. 3.70 Cr. “

- 3.394 Accordingly, the Commission has re-verified the same for the petitioner and has revised the penalty from Rs. 21.34 Cr. to Rs. 12.47 Cr.
- 3.395 The Commission has allowed the impact on account of payment to VRS Optees as per the observation in tariff order dated 29/09/2015 and direction of Hon'ble APTEL vide its order dated 31/10/2017 in Clarificatory appeal.
- 3.396 The Commission has analysed the submission of the Petitioner before Hon'ble APTEL in Appeal No. 297/2015 and the principle adopted for merit order dispatch in tariff order dated 31/08/2017 and accordingly, re-considered the treatment of disallowance under Merit Order Despatch principle for FY 2013-14 in line with the replies filed before Hon'ble APTEL and practice followed in Tariff Order dtd. 31/08/2017 as follows:
- “ 3.400 Therefore, the Commission has excluded various power stations from Merit Order Dispatch principle which have must run status like Nuclear & Hydro, State GENCOs which are considered in the Islanding scheme of Delhi and Eastern Region Plants where there is time delay in revision of schedule.”*
- 3.397 Accordingly, the Commission has revised the disallowance from Merit Order Despatch principle for FY 2013-14 from Rs. 139.39 Cr. to Rs. 104.23 Cr. and has allowed Rs. 35.16 Cr. in FY 2013-14.
- 3.398 The Petitioner had filed a Petition for review/revision/clarification of various issues as contained in the Commission's Tariff Order dated 31/08/2017. The Commission disposed of the review Petition vide its Review Order dtd. 19/02/2018.
- 3.399 In view of above, considering the impact of Review Order & APTEL judgements the Commission has computed the impact of Truing up for Past Period indicated in the table as follows:

Table 99: Commission Approved - Impact of Hon'ble APTEL Judgments and Review Order (Rs. Crore)

Sr. No	Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
1	Opening Balance	-	71.07	148.72	158.42	183.58	243.18	278.77	370.97	460.89	558.58
2	Non-submission of arrears by Petitioner billed for Anta, Auraiya and Dadri Gas stations after FY 2011-12										19.89
3	Considering Pension Trust by Petitioner amount while computing Rebatable amount for FY 2014-15										3.78
4	Revenue Adjustment on account of over-achievement of AT&C Loss for FY 2008-09		42.52								
5	Efficiency Factor from FY 12 to FY15 - APTEL Judgment dtd. 31/10/2017					16.51	9.15	14.83	21.34		
6	FRSR & Non-FRSR Employee costs for MYT Period - APTEL Judgment dtd. 31/10/2017	4.58	2.54	10.01	6.32	16.73					
7	Penalty on account of cash collection over & above Rs. 4000 for FY 2013-14							8.87			
8	Merit Order Despatch for FY 2013-14 considering Must Run Plants							35.16			
9	Payment to VRS Optees - APTEL judgment in Appeal NO. 61& 62/2012	63.00	21.00	(17.00)							
10	Interest on inter-company loan								24.55	44.00	
11	Total	67.58	66.06	(6.99)	6.32	33.24	9.15	58.86	45.89	44.00	23.67
12	Rate of carrying cost	10.34%	11.13%	11.49%	11.66%	13.17%	10.67%	10.82%	11.18%	11.12%	11.18%
13	carrying cost	3.49	11.59	16.69	18.84	26.37	26.44	33.35	44.02	53.69	63.78
14	Closing Balance	71.07	148.72	158.42	183.58	243.18	278.77	370.97	460.89	558.58	646.03

ENERGY SALES**PETITIONER'S SUBMISSION**

- 3.1 The Petitioner has submitted that the actual sales during FY 2016-17 was 11,189 MU (including sales on account of Enforcement) and 11.20 MU on account of Own Consumption. The Petitioner has further submitted that the units and billed amount adjusted during FY 2016-17 was (-) 323 MU and Rs. (-) 336 Cr. respectively due to bill revision. Accordingly, the Petitioner has submitted the category-wise bifurcation of Energy Sales during FY 2016-17 as follows:

Table 100: Petitioner Submission - Category wise Sales for FY 2016-17 (MU)

Sr. No.	Category	Sales
A	Domestic	6,516
B	Non Domestic	3,028
C	Industrial	499
D	Agriculture	16
E	Mushroom Cultivation	0
F	Public Lighting	193
G	Delhi Jal Board (DJB)	222
H	Delhi International Airport Limited (DIAL)	219
I	Railway Traction	21
J	Delhi Metro Rail Corporation (DMRC)	308
K	Advertisement and Hoardings	2
L	Temporary Supply	86
M	Self Consumption	12
N	Enforcement	66
	Total	11,189

COMMISSION'S ANALYSIS

- 3.2 The C&AG empanelled auditor has verified the category-wise sales data from the Petitioner's SAP system with that indicated in their books of accounts for each month of FY 2016-17. The validation of billing database was done at the Petitioner's office, wherein the data was provided by the Petitioner. Further, the sales details were also verified from the audited Forms 2.1a.
- 3.3 As per the Electricity Act, 2003 and directions of the Hon'ble APTEL in Appeal Nos. 61&62/2012 and 14/2012 states "all cases of enforcement/theft, energy has to be billed at twice the rate of the normal tariff". In case of calculation of Energy billed on account of Enforcement cases, the Petitioner has not followed the methodology indicated in the Act and has calculated the energy billed on the basis of assessment by the Petitioner only for those payments which were received wholly during the FY

2016-17. Accordingly, the auditor has re-calculated the Energy billed on account of Enforcement cases as per audited Form 2.1a indicated in the following table:

Table 101: Auditor Calculation - Enforcement Sales billed

Total Units Billed (excl. enforcement) (MU)	Total Amount Billed (excl. enforcement) (MU)	Rate of Normal Tariff (Rs./KWh)	2*ABR	Enforcement Collection (Rs. Cr.)	Enforcement MU Billed	Enforcement MU Billed as per F2.1a
(A)	(B)	(C= B/A)	(D)	(E)	(F)	(G)
11,123.45	8,061.10	7.24	14.49	63.81	44.04 (E/D*10)	65.66

3.4 In the 2nd MYT Order, the Commission vide its directive 6.12 had directed all DISCOMs to meter own consumption in their own premises and to raise the bills at appropriate tariff for actual consumption based on meter reading every month and the licensee may avail credit at zero tariff to the extent of the normative self-consumption approved by the Commission at the end of the financial year. The auditor has observed that the Petitioner has actual metered data of 14.17 MU and has made a negative adjustment of 3.42 MU including assessment of 0.09 MU for self consumption. Further, the Petitioner has raised provisional bills to the extent of 0.38 MU to arrive at the units billed on account of own consumption to 11.22 MU.

3.5 Further, the Commission, vide Para 2.79 of the 2nd MYT Order had decided the base own consumption as 0.25% of total sales for FY 2010-11, which shall be escalated at the rate of 2% per annum. The auditor has followed the same principle and calculated the normative own consumption for the Petitioner as 23.66 MU (23.20 MU*1.02) by escalating the own consumption, approved for FY 2015-16, at the rate of 2% per annum.

3.6 The Commission has considered the report submitted by the auditor and accordingly, approves the Sales for FY 2016-17 as follows:

Table 102: Commission Approved - Category wise Sales for FY 2016-17 (MU)

Sr. No.	Category	Petitioner's Submission	Approved
A	Domestic	6,516	6,515.85
B	Non Domestic	3,028	3,028.21
C	Industrial	499	499.42
D	Agriculture	16	15.96
E	Mushroom Cultivation	0	0.21

Sr. No.	Category	Petitioner's Submission	Approved
F	Public Lighting	193	192.70
G	Delhi Jal Board (DJB)	222	222.08
H	Delhi International Airport Limited (DIAL)	219	218.80
I	Railway Traction	21	21.45
J	Delhi Metro Rail Corporation (DMRC)	308	307.78
K	Advertisement and Hoardings	2	2.07
L	Temporary Supply	86	86.49
M	Self Consumption	12	11.22
N	Enforcement	66	44.04
	Total sales	11,189	11,166.28

- 3.7 Further, the Petitioner has deducted Rs.30 Crore from revenue billed in the petition, however, it is observed that Rs. 37.36 Crore has already been adjusted against the sales indicated in note 33 of audited financial statement on account of rebate allowed to the consumers for monthly billing. Accordingly, the revenue billed for FY 2016-17 has been computed by considering the rebate allowed to the consumers for monthly billing for FY 2016-17 and audited Form 2.1a, considered for computation of AT&C Loss is indicated in the table as follows:

Table 103: Commission Approved - Trued up Revenue billed for FY 2016-17 (Rs. Crore)

Sr. No.	Category	Petitioner's Submission	Approved
A	Domestic	4,191.06	4,191.06
B	Non-Domestic	3,452.24	3,452.24
C	Industrial	518.61	518.61
E	Agriculture and Mushroom Cultivation	6.08	6.08
D	Public lighting	143.32	143.32
F	Railway Traction	18.72	18.72
G	DMRC	215.94	215.94
H	Delhi Jal Board	217.96	217.96
I	DIAL	204.42	204.42
J	Others	119.94	119.94
K	Total	9,088.28	9,088.28
M	Less: Electricity Duty	384.64	384.64
N	Less: 8% Surcharge	648.41	648.41
O	Add: Revenue billed on account of enforcement	63.81	57.89
P	Add: Rebate on monthly billing	(29.56)	37.36
Q	Net Amount Billed	8,089.47	8150.49

AT&C LOSSES

PETITIONER'S SUBMISSION

3.8 The Petitioner has computed of AT&C Loss level of 10.66% for FY 2016-17 which is summarised below:

Table 104: Petitioner Submission - AT&C Loss for FY 2016-17

Sr. No	Particulars	Approved in MYT Order July 2012	Submission
1	FY 2016-17	-	10.66%

3.9 The revenue billed for the purpose of computation of AT&C losses during FY 2016-17 is tabulated below:

Table 105: Petitioner Submission - Revenue Billed for AT&C Loss True-up for FY 2016-17 (Rs. Crore)

Sr. No	Particulars	FY 2016-17	Remarks/ Ref
A	Revenue Billed (excluding Electricity Duty)	8767	
B	Less: 8% Surcharge	648	Schedule 61 of Audited Accounts
C	Less: Other Adjustment	30	Monthly billing rebate
D	Revenue Billed for AT&C True-up	8089	A-B-C

3.10 The revenue collected for the purpose of computation of AT&C losses during FY 2016-17 is tabulated below:

Table 106: Petitioner Submission - Revenue Collected for AT&C Loss True-up for FY 2016-17 (Rs. Crore)

Sr. No	Particulars	FY 2016-17	Remarks/ Ref
A	Revenue Collected	9165	Excludes LPSC and monthly billing rebate (Schedule 61 of Audited Accounts)
B	Less: 8% Surcharge	649	Schedule 61 of Audited Accounts
C	Less: Electricity Tax	386	
D	Revenue collected for AT&C Loss true-up	8130	A-B-C

3.11 Accordingly, the Petitioner has computed AT&C Loss level for FY 2016-17 which is tabulated below:

Table 107: Petitioner Submission - Computation of AT&C Loss for FY 2016-17

Sr. No.	Particulars	Unit	Amount
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Sr. No.	Particulars	Unit	Amount
A	Energy Input at Petitioner End	MU	12591
B	Units Billed	MU	11189
C	Amount Billed	Rs. Crore	8089
D	Average Billing Rate	Rs./ kWh	7.23
E	Distribution Loss	%	11.13%
F	Amount Collected	Rs. Crore	8130
G	Collection efficiency	%	100.50%
H	Units realised	MU	11246
I	AT&C Loss level	%	10.69%

3.12 Since there was no target for FY 2016-17, the Petitioner has considered the entire revenue corresponding to actual AT&C Loss achieved during FY 2016-17 without any incentive/ penalty.

COMMISSION'S ANALYSIS

3.13 The Commission observes that as there was no AT&C Loss target for FY 2016-17, therefore, the Commission has considered the target for AT&C Loss of FY 2015-16 as the target for FY 2016-17. The Commission vide its letter dtd. 18/12/2017 had sought Energy Input at Petitioner's periphery from SLDC. Accordingly, SLDC vide its email dtd. 02/02/2018 has submitted the Energy Input at Petitioner's periphery as 12,564.16 MU.

3.14 The auditor has verified Revenue Billed & Revenue Collected for FY 2016-17 of the Petitioner as submitted in its petition & audited Financial Statements. Accordingly, the Commission approves Revenue Collected for FY 2016-17 for the Petitioner as follows:

Table 108: Commission Approved - Revenue Collection during FY 2016-17 (Rs. Crore.)

Sr. No.	Particulars	Petitioner's Submission	Approved
A	Revenue collected as per Audited Accounts	9165	9165
B	Less: Electricity Duty	386	385.72
C	Less : 8% Surcharge	649	649.19
D	Net amount collected	8130	8130.19

- 3.15 The Commission has considered the energy input based on the data provided by SLDC and computed the Distribution Loss as under:

Table 109: Commission Approved - Computation of Distribution Loss (in Rs.)

Sr. No	Particulars	UOM	Petitioner's Submission	Approved
A	Energy Input	MU	12,591.05	12,564.16
B	Energy Billed	MU	11,189.12	11166.28
C	Distribution Loss	%	11.13%	11.13%

- 3.16 Accordingly, the Commission has computed the AT&C loss for FY 2016-17 as follows:

Table 110: Commission Approved - Computation of AT&C losses

S. No.	Particulars	UOM	Petitioner's Submission	Approved
A	Energy Input	MU	12,591.05	12,564.16
B	Energy Billed	MU	11,189.12	11,166.28
C	Amount Billed	Rs. Cr	8,089.00	8,150.49
D	Average Billing Rate	Rs./kWh	7.23	7.30
E	Distribution Loss	%	11.13%	11.13%
F	Amount Collected	Rs. Cr	8,130.00	8,130.09
G	Collection efficiency	%	100.50%	99.75%
H	Units Realized	MU	11,246	11,138
I	AT&C Loss Level	%	10.69%	11.35%

- 3.17 It is observed that the AT&C loss level of 11.35% achieved is lower than the target AT&C loss level of 11.67% for the Petitioner, therefore the petitioner is entitled for additional return on equity on account of AT&C Loss overachievement as per MYT Regulations, 2011. Accordingly, the Commission has computed the AT&C Loss overachievement for FY 2016-17 as follows:

Table 111: Commission Approved – Computation of additional ROE due to Over Achievement in AT&C loss target for FY 2016-17

Sr. No.	Particulars	Approved
A	Target AT&C loss level for i^{th} year (X_i)	11.67%
B	Actual AT&C Loss level for i^{th} year (Y_i)	11.35%
C	Target AT&C loss level for $(i-1)$ year (X_{i-1})	12.50%
D	Additional Return on Equity (%)	0.39%

- 3.18 Accordingly, additional Return on Equity of 0.39% on account of achievement of lower AT&C Loss level than specified in AT&C loss reduction trajectory of the Petitioner for FY 2016-17 is considered for computation of RoCE.

LONG TERM POWER PURCHASE QUANTUM**PETITIONER'S SUBMISSION**

3.19 The Petitioner has purchased almost 90% of the power from generating companies owned and/ or fully controlled by the Central Government and State Government by virtue of long term power purchase agreements which have been inherited from DTL (initially signed by M/s DTL) and assigned by the Commission as per its orders dated 31/03/2007.

3.20 The Petitioner has considered the total cost on account of long term sources for FY 2016-17 which includes the following:

- a) All Power Purchase cost including fixed cost, variable cost, arrears, other charges etc. as scheduling of power is controlled by SLDC.
- b) Cost incurred on account of Anta, Auraiya and Dadri Gas Stations.
- c) Amount received on account of credit against Regulated Power has been considered and the benefit has been passed to the consumers.
- d) Fixed Cost paid to the Generator during FY 2016-17 on account of Regulated Power has been considered.

3.21 The Petitioner has submitted the details of station-wise power purchase cost for FY 2016-17 is tabulated below:

Table 112: Petitioner Submission - Details of Power Purchase Cost Station wise for FY 2016-17

Sr. No	Stations	Petitioner Share	Fixed Charge	Variable Charge	Other Charges	Total Charges	Average Rate
		MU	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs./ kWh
1	2	3	4	5	6	7	8
Central Sector Generating Stations (CSGS)							
A	NTPC[#]						
I	ANTA GAS	16	9	4	1	14	8.64
li	AURAIYA GAS	18	11	6	0	17	9.55
lii	DADRI GAS	43	14	12	0	26	6.10
lv	FARAKKA	53	6	14	0	20	3.68
v	KAHALGAON -I	123	16	29	1	46	3.75
vi	NCPP – DADRI	1252	200	411	1	612	4.89
vii	RIHAND – I	241	25	40	1	66	2.72
viii	RIHAND – II	373	28	61	0	89	2.39
ix	RIHAND – III	390	56	63	1	121	3.11
x	SINGRAULI	201	14	31	0	45	2.23
xi	UNCHAHAAR – I	59	6	17	0	23	3.88

Sr. No	Stations	Petitioner Share	Fixed Charge	Variable Charge	Other Charges	Total Charges	Average Rate
		MU	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs./ kWh
1	2	3	4	5	6	7	8
Xii	UNCHAHAR -II	132	11	39	0	50	3.76
Xiii	UNCHAHAR -III	87	11	25	2	38	4.42
Xiv	KAHALGAON -II	419	49	94	6	149	3.54
Xv	DADRI-2(EXTENSION)	1850	337	574	1	912	4.93
Xvi	Aravali Power Corporation Ltd	766	463	260	6	730	9.53
	Sub Total	6023	1257	1679	21	2957	4.91
B	NHPC						
I	BAIRA SIUL	41	5	4	0	9	2.32
li	CHAMERA – I	96	9	10	1	20	2.11
lii	CHAMERA – II	104	11	9	3	23	2.20
Iv	CHAMERA – III	62	17	13	0	30	4.86
V	DHAULIGANGA	69	13	11	3	27	3.94
Vi	DULHASTI	164	39	38	8	84	5.13
Vii	SALAL	213	14	12	22	48	2.24
Viii	TANAKPUR	22	6	4	0	10	4.55
Ix	URI	172	17	13	9	38	2.23
X	SEWA –II	31	10	7	0	18	5.60
Xi	Parbati– III	49	10	10	0	20	4.08
Xii	Uri – II	112	35	25	13	72	6.48
Xiii	Regulation Credit				0	0	
	Sub Total	1135	187	155	59	401	3.53
C	THDC						
I	Tehri HEP	135	39	38	0	76	5.61
li	Koteshwar	83	16	16	0	32	3.85
	Sub Total	218	55	53	0	108	4.95
D	DVC						
I	DVC Chandrapur 7 & 8 (LT-3)	881	144	172	0	315	3.58
li	Mejia Units -6 (LT-4)	286	41	64	0	105	3.66
	Sub Total	1166	184	235	0	420	3.60
E	NPCIL						
I	NAPS	142	0	34	4	37	2.62
li	RAPP B Units 3&4	0	0	0	0	0	
lii	RAPP C Units 5&6	139	0	47	3	50	3.63
	Sub Total	281	0	81	7	88	3.12
F	SJVNL						
I	Naptha-Jhakri	291	46	41	0	87	2.98
	Sub Total	291	46	41	0	87	2.98
G	Others						
	Tala HEP	43	0	9	0	9	2.03
	Sasan UMPP	428	5	33	8	47	1.10

Sr. No	Stations	Petitioner Share	Fixed Charge	Variable Charge	Other Charges	Total Charges	Average Rate
		MU	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs./ kWh
1	2	3	4	5	6	7	8
	Sub Total	471	5	42	8	56	1.18
H	Total Outside Delhi	9585	1733	2287	96	4115	4.29
Delhi Generating Stations							
I	BTPS	531	58	194	2	254	4.79
li	Rajghat	0	0	0	0	0	
lii	Gas Turbine	412	116	124	0	240	5.83
lv	Pragati – I	521	59	159	0	219	4.20
v	Pragati -III, BAWANA	610	320	154	0	475	7.77
vi	TOWMCL	74	0	20	0	20	2.70
vii	Thyagraj Solar	0	0	0	0	0	
I	Total Delhi Gencos	2148	553	652	2	1208	5.62
J	SECI	45	0	25	0	25	5.50
K	Net Metering	2		1		1	5.26
L	Grand Total	11780	2286	2964	98	5349	4.54

COMMISSION'S ANALYSIS

3.22 The auditor has verified the invoices raised by Generating Stations consists of Capacity Charges (Fixed Charges), Energy Charges (Variable Charges) and other charges for FY 2016-17 as submitted in the Petition and audited power purchase certificate. The auditor has observed that for few stations of NTPC the AFC billed by the Generating Stations are higher than that approved in CERC Order as follows:

Table 113: Auditor's Observation - AFC billed for FY 2016-17 (Rs. Crore)

S. No.	Month	Station	AFC as per Invoice(In Rs.)	AFC as per CERC order (In Rs.)	Difference (In Rs.)
1	Aug-16	Singrauli STPS 1D	5,10,87,479.00	5,07,73,326.18	3,14,152.83
2	Sep-16	Singrauli STPS 1D	6,13,04,975.00	6,09,27,991.41	3,76,983.59
3	Oct-16	Singrauli STPS 1D	7,15,22,471.00	7,10,82,656.65	4,39,814.36
4	Nov-16	Singrauli STPS 1D	8,17,39,967.00	8,12,37,321.88	5,02,645.12
5	Dec-16	Singrauli STPS 1D	9,19,76,078.00	9,13,91,987.12	5,84,090.89
6	Jan-17	Singrauli STPS 1D	10,21,74,959.00	10,15,46,652.35	6,28,306.65
7	Feb-17	Singrauli STPS 1D	11,23,92,455.00	11,17,01,317.59	6,91,137.41
8	Mar-17	Singrauli STPS 1D	12,26,09,950.00	12,18,55,982.82	7,53,967.18
9	Aug-16	Kahalgaoon STPS 1D	6,27,38,800.00	6,24,44,385.00	2,94,415.00
10	Sep-16	Kahalgaoon STPS 1D	7,52,86,560.00	7,49,33,262.00	3,53,298.00
11	Oct-16	Kahalgaoon STPS 1D	8,78,34,320.00	8,74,22,139.00	4,12,181.00
12	Nov-16	Kahalgaoon STPS 1D	10,03,82,080.00	9,99,11,016.00	4,71,064.00
13	Dec-16	Kahalgaoon STPS 1D	11,29,27,468.00	11,23,99,893.00	5,27,575.00

S. No.	Month	Station	AFC as per Invoice(In Rs.)	AFC as per CERC order (In Rs.)	Difference (In Rs.)
14	Jan-17	Kahalgaon STPS 1D	12,54,77,600.00	12,48,88,770.00	5,88,830.00
15	Feb-17	Kahalgaon STPS 1D	13,80,25,361.00	13,73,77,647.00	6,47,714.00
16	Mar-17	Kahalgaon STPS 1D	15,05,73,121.00	14,98,66,524.00	7,06,597.00
17	Feb-17	Rihand Thermal Power stn 3	54,35,31,541.00	54,20,50,937.59	14,80,603.41
18	Mar-17	Rihand Thermal Power stn 3	59,29,43,499.00	59,13,28,295.55	16,15,203.45
19	Mar-17	Farakka STPS 1D	5,60,03,722.00	5,56,10,399.90	3,93,322.10
		Total			1,17,81,900.98

3.23 The Commission observes that the Petitioner has already taken the matter of excess AFC billing vide its letter dated 12/10/2016 with NTPC. However, NTPC has replied vide its letter dated 15/05/2017 wherein it was clarified that the difference is only on account of "Interest on working capital". The Petitioner has submitted to the auditor that for the Tariff period 2014-2019 NTPC was required to file the Tariff petition providing the GCV of coal on "as received basis", however CERC while determination of the AFC for the NTPC plants has considered GCV of coal on "as billed basis" stated in their respective Orders as follows:

"The petitioner has not submitted the required data regarding measurement of GCV of coal in compliance with the directions contained in the said order dated 25.1.2016. The present petition cannot be kept pending till the petitioner submits the required information. Hence, the Commission has decided to compute the energy charges by provisionally taking the GCV of coal on as billed basis"

3.24 The Commission provisionally considers Annual Fixed Charges (AFC) as billed by NTPC, subject to filing of Petition by the Petitioner & its outcome on this matter with CERC within a month of issuance of this Tariff Order.

AVOIDABLE POWER PURCHASE COST-NON-ADHERENCE OF MERIT ORDER DISPATCH PETITIONER'S SUBMISSION

3.25 The petitioner has submitted that scheduling is being done by SLDC and DISCOMs have no control over backing-down of the costly power plants. The Petitioner has submitted that following points with respect to actual power purchase cost.

- a) SLDC has clearly intimated that scheduling of central generating stations and other inter-state generating stations is controlled by RLDC and hence DISCOM wise scheduling is not possible.
- b) The availability of Plants is beyond the control of DISCOMs and the actual availability of Plants differs from the projections. The monthly MOD submitted by the DISCOMs is based on past Month ECR which may not be valid on real time basis.
- c) The Petitioner has further submitted that Operation of Plant is not under the control of DISCOMs, and Delhi DISCOMs allocation is around 10%-30% in significant number of Plants. Since allocation of these Plants are on shared basis and operation of the same is on the basis of aggregation of demand and keeping into account the Grid Security, therefore, the decision of actual operation/availability of plant is not under control of the DISCOMs
- d) There are various instances where forced Scheduling is done to maintain Grid security.

COMMISSION'S ANALYSIS

3.26 The Clause 5.4 of the Terms and Conditions of the License granted by the Commission to the Petitioner deals with optimisation of Power Purchase Cost which is as follows:

“The Licensee shall purchase the energy required by the Licensee for Distribution and Retail Supply in an economical manner and under a transparent power purchase or procurement process.....”

3.27 As per the above mentioned licence condition and Regulation, the Petitioner is required to procure the power in an economical manner following the principle of Merit Order Dispatch which is an integral part of this process. As per Merit Order Dispatch principle, the plants are stacked in least cost approach of their Variable Cost. The demand is then met through stations in ascending order of their Variable Cost subject to various Technical Constraints and the balance power from the left over stations after meeting the required demand, are not scheduled. Such balance

- power from the left over stations could have been backed down considering Technical Constraints and such surplus power could have been avoided.
- 3.28 The Commission further observes that it has directed SLDC vide its letter dtd. 21/11/2013 to implement DISCOM-wise scheduling in Delhi based on the request of the Distribution Licensees. Therefore, the contention of the Petitioner that on account of non implementation of DISCOM-wise scheduling in Delhi, it could not adhere to Merit Order Dispatch principle is wrong and rejected.
- 3.29 The Commission has excluded various power stations from Merit Order Dispatch principle which have must run status like Nuclear & Hydro, State GENCOs which are considered in the Islanding scheme of Delhi and Eastern Region Plants where there is time delay in revision of schedule.
- 3.30 The Commission has observed that in FY 2016-17 the Petitioner has violated Merit Order Dispatch principle for few stations like NCPP Dadri II & Aravali jhajjar which were scheduled over and above the technical limit even after meeting the demand. During such time period when NCPP Dadri II & Aravali jhajjar were scheduled over and above the technical limit, and the Surplus Power from these substations was sold below the variable cost of these stations.
- 3.31 The Commission has computed the impact due to violation of Merit Order by considering the month-wise actual units of power purchase over and above the Technical Minimum limit which had been sold as Surplus Power (except Banking and UI) but could have been backed down.
- 3.32 The avoidable Power Purchase Cost due to scheduling of Power without considering Merit Order Dispatch Principle by the Petitioner is Rs. 1.79 Crore for FY 2016-17 which has been considered in the Trued up Power Purchase Cost.
- 3.33 The Commission directs that the Petitioner to adopt Merit Order Dispatch principle and directions in various Tariff Orders in totality for all plants excluding the plants under must run and plants associated with islanding scheme and submit back down requests for such targeted plants to SLDC in a timely and desired manner.

AVOIDABLE POWER PURCHASE COST FROM ANTA, AURAIYA AND DADRI GAS STATIONS

PETITIONER'S SUBMISSION

- 3.34 The petitioner has incurred cost on account of purchase from Anta, Auraiya and Dadri Gas stations during FY 2016-17. The Commission in Tariff Order dated September 29, 2015 as well as in the PPAC order dated June 12, 2015 decided to disallow cost incurred on account of Anta, Auraiya and Dadri Gas stations stating that the Petitioner has not taken prior approval from the Commission.
- 3.35 The Petitioner in its Petition for Truing-up of FY 2014-15, Review of FY 2016-17, Multi-Year ARR from FY 2016-17 to FY 2020-21 and Tariff for FY 2016-17 submitted various reasons as to why the cost incurred on account of purchase from Anta, Auraiya and Dadri Gas Stations ought to be allowed. The relevant extracts are given as under:
- “The Petitioner has also preferred appeals against the disallowance of the aforesaid power purchase cost from Anta, Auriya and Dadri stations in the Tariff Order dated September 29, 2015.*
- 3.36 However, the Commission relied upon Hon’ble Tribunal’s Judgment dated June 1, 2016 in Appeal No. 186 of 2015 which was in fact the Judgment in PPAC Appeal and not against the Appeal filed before Hon’ble ATE in Tariff Order dated September 29, 2015 in which the aforesaid disallowances were made.
- 3.37 The Petitioner also filed Petition bearing No. 302 MP 2015 before the Hon’ble CERC for seeking inter alia the discharge of its obligations under the PPA with NTPC Limited for procurement of power from Anta, Auriya and Dadri stations, owing to the disallowance of the power procurement by this Commission. The said Petition has been dismissed by the Hon’ble CERC vide order dated April 17, 2017. Further, the Petitioner has preferred an Appeal before the Hon’ble ATE against the said order dated April 17, 2017 of the CERC where under the aforesaid petition of the petitioner stood dismissed.
- 3.38 In the Power Purchase Adjustment Cost Order dated June 12, 2015, the Commission had disallowed the PPAC for first three quarters of FY 2015-16 in respect of Anta, Auraiya and Dadri Gas Stations on a similar basis. That was challenged in Appeal No. 196 of 2015 before this Hon’ble Tribunal. The said Appeal was dismissed vide Judgment dated June 1, 2016 (Appeal 196 Judgment). The Petitioner herein had first preferred a Review Petition, being RP No. 15 of 2016. Thereafter, since the Review

Petition was not disposed off, and the limitation period for the Appeal was expiring, the Petitioner preferred a Civil Appeal before the Hon'ble Supreme Court, being CA No. 11106-07 of 2016. The same stands admitted vide Order dated November 18, 2016. It is pertinent to note that the said Appeal 196 Judgment would today, not hold the field, since it would have to be read in conjunction with the subsequent Judgment of this Hon'ble Tribunal dated November 3, 2016 in Appeal No. 192 of 2016 [Vidharbha Industries Pvt. Ltd. Vs MERC] (Appeal 192 Judgment).

- 3.39 Pending the same, the Petitioner has already represented before NTPC that PPA is not valid as per the observations of the Commission in Tariff Order dated September 29, 2015. Hence no power shall be procured from these power stations. However NTPC holds the ground that it is a composite PPA and DISCOMs have to purchase power from these Stations unless otherwise MOP reallocates the same. Also NRLDC is forcibly scheduling power from Anta, Auraiya and Dadri for which the DISCOMs does not have any control.
- 3.40 It has also acknowledge by the Commission in clause 152 of its Tariff Regulation, 2017 that for instances which are force scheduled by SLDC/RLDC's to the licensee. The relevant extract is as under:

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

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

- 3.41 There is continuous force scheduling from Anta, Auraiya and Dadri Gas stations by SLDC/NRLDC from Dec'15 till date. The Petitioner has also submitted that it would be too unfairly and unreasonably treat two equals unequally in as much as it has allowed the extended PPA with respect to Singrauli to be continued, whereas the PPAs with respect to Anta, Auriya and Dadri have not been continued. Thus, though it has treated the PPA for Singrauli to continue to get the benefit of the pass through

power purchase costs, however, it has denied the same benefit to Anta, Auraiya and Dadri PPAs. Further submitted that all the four PPAs were in fact executed on the very same terms as the Consolidated PPA entered into between the BRPL and NTPC. The only difference between the PPAs was for the term of the power project/ power station which differed depending on the nature of the project. However, this difference does not provide intelligible differential to treat the PPAs any differently from each other, given the fact that this were extended on the same terms as the original PPA. Hence, discriminating between them by allowing Singrauli whereas not allowing procurement from Anta, Auraiya and Dadri and power purchase cost pass through is illegal, discriminatory and unsustainable in law.

- 3.42 The only difference between the Singrauli and the other three stations is on account of the fact that the former is a coal fired station, whereas the latter are gas fired stations. On account of the shortage of gas, these stations have seen an increase in cost under the new CERC Tariff Regulations, applicable from 2015 onwards. Accordingly, the Petitioner had with respect to the Anta, Auraiya and Dadri power plants, given their higher cost, written letters to the Commission to surrender these PPAs. The Commission has misinterpreted these letters for surrender of power and have misinterpreted this request to justify disallowance of the cost without permitting surrender of such power.
- 3.43 The fact that when the Supplementary PPA was entered into on 29.03.2012, the prevailing tariff of these three generating stations in terms of the prevailing CERC Order with respect to Anta, Auraiya and Dadri were Rs. 2.58/kWh, Rs. 2.63/kWh and Rs.2.64/kWh, respectively. Hence, there was no question of any so-called cost benefits analysis at the time when the PPA was extended. It is only in 2015 that the tariff of these three stations has been determined as Rs. 3.40/kWh, Rs. 4.14/kWh and Rs.4.02/kWh, respectively. It is only at this time that they have become far more expensive than BRPL's average cost of power procurement.
- 3.44 Further, the Petitioner has submitted that if the Commission was pleased not to accept the aforesaid prayer, then it may be pleased to allow the cost of procurement from Singrauli on the same normative basis (i.e. IEX rate) that it has for Anta, Auraiya and Dadri.

- 3.45 Petitioner has submitted that it is not scheduling any power from these generating stations, but the power has been forced scheduled from these generating stations.
- 3.46 In compliance to the Commission's directive and non-approval of PPA in FY 15-16 Tariff Order, the Petitioner has stopped scheduling of power and requested NTPC not to schedule the same form Anta, Auraiya and Dadri gas. The Petitioner has also objected to the bills raised by NTPC on Anta, Auraiya and Dadri gas stations. In reply to the above, NTPC stated that these stations are part of one consolidated PPA and they recover the complete cost. Any shortfall in payment will lead to Regulation of power from NTPC.
- 3.47 The Petitioner has filed a review petition before the Commission to review of order dated 29/09/2015 for disallowing power purchase costs from Anta, Auraiya and Dadri gas stations. The reply of NTPC is elaborated below:

"20. It is submitted that the PPA dated 05.06.2008 read alongwith the Supplementary PPA entered into on 29.03.2012 is a Consolidated Agreement providing for the terms and conditions for supply of electricity from several Generating Stations of NTPC (including the Stations which will be declared under commercial operation in future) to the Petitioner. In such circumstances, NTPC respectfully submits that it would not be appropriate to selectively continue the power procurement from other generating Stations of NTPC while disallowing the Power Purchase Costs of Dadri Gas, Anta Gas and Auraiya Gas when they all form part of the same Consolidated PPA.

21. NTPC also craves reference to the contents of its Letters dated 28/09/2015, 21/01/2016, and 16/02/2016 which may be read as a part of the present submissions."

- 3.48 Gas based generating stations are flexible and easy to ramp-up and ramp down quickly. In other words gas based generating stations are peaking power stations.
- 3.49 It has also been acknowledged by NITI Aayog in draft National Electricity policy, 2017 that gas based and storage type stations are possible solution in integration of increasing Renewable Energy in the Grid/system. The relevant extract are as under:

"6.10. Storage and Backup Solutions

In order to counter the intermittency in supply of renewable energy, there needs to be a push towards integrating the same with gas based power plants and the development of storage technologies.....

.....As the cost of wind/solar-based power has come down, blending the same with even LNG based balancing supply could be supported under the existing financial support schemes of SECI/State Governments. This will be in the fitness of things so as to de-risk the DISCOMS from having to arrange back-up/balancing supply. “

- 3.50 The Petitioner has submitted that increase in RPO and/or Renewable Energy also increases variability and uncertainty in the Grid. As these sources (renewable) actually rise or fall suddenly causing inconvenience to the Grid managers. Hence, Pump storage and gas based generation is required for renewable integration into the Grid.
- 3.51 In view of the above, the Petitioner has requested to the Commission to re-consider the disallowance of Rs. 23.34 Cr. towards Anta, Auraiya and Dadri Gas stations and allow the cost from these stations.
- 3.52 Accordingly, the following table show the quantum and cost incurred by the Petitioner due to force scheduling by SLDC/NRLDC for Anta, Auraiya and Dadri Gas:

Table 114: Petitioner Submission - Force scheduling from Anta, Auraiya and Dadri Gas during FY 16-17

Station	FY 2016-17		
	Quantum (MU)	Rate (Rs./kwh)	Amt (Rs. Cr.)
Anta Gas	15.82	8.64	13.66
Auraiya Gas	17.93	9.55	17.12
Dadri Gas	42.93	6.10	26.21
Total	76.67	7.43	56.99

- 3.53 Accordingly, the Petitioner has prayed to allow the actual power purchase cost for the power procured from the aforesaid power plants.

COMMISSION'S ANALYSIS

- 3.54 The Commission in its Tariff Order dtd. 29/09/2015 observed that validity of PPA from Anta, Auraiya and Dadri stations have expired on 31/03/2012. However, the Petitioner renewed PPA of these plants without getting approval from the Commission which is violation of Licence condition. Therefore, the Commission had

disallowed the power purchase cost from these stations in its Tariff Orders dtd. 29/09/2015 & 31/08/2017 for FY 2012-13, FY 2013-14, FY 2015-16 and FY 2016-17 by setting off the cost of procurement of these stations at the monthly average rate of exchange. The relevant extract of the Tariff Order dated 29/09/2015 is as follows:

“As physically the power was received from Anta, Auraiya and Dadri Gas Stations in FY 2013-14, the Commission has considered all power scheduled from these stations as it was procured by the Petitioner through short term sources. Therefore, the cost of procurement of this power shall be allowed limited to the monthly average rate of exchange of Northern Region (N2) as per CERC Monthly Market Monitoring Report for FY 2013-14. Accordingly, the difference between the actual rate of power procured and exchange rate of Northern Region (N2) amounting to Rs. 60.40 Crore from these stations has not been considered into the power purchase cost of FY 2013-14.”

3.55 As such the Commission has adopted the methodology which was upheld by the Hon’ble APTEL and the Commission for computing avoidable Power Purchase Cost from Anta, Auraiya and Dadri Gas based Power Plants and has considered the power from these stations as short term IEX purchase at N2 rates for respective months as follows:

Table 115: Units considered by Petitioner (MU)

Power Stations	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Anta	(0.52)	2.33	1.05	0.36	3.27	4.45	2.12	0.07	-	-	0.66	2.01	15.82
Auraiya	2.23	2.31	1.54	2.83	3.63	1.07	1.43	-	-	-	0.86	2.04	17.93
Dadri Gas	4.07	7.34	5.57	5.33	3.34	2.93	2.70	2.82	2.44	2.47	1.60	2.31	42.93

Table 116: Cost considered by Petitioner (Rs. Crore)

Power Stations	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Anta	1.07	1.01	1.07	0.88	1.62	2.07	1.30	0.82	0.80	0.77	0.95	1.30	13.66
Auraiya	1.71	1.65	1.48	1.79	2.06	1.27	1.48	0.96	0.96	0.96	1.22	1.61	17.12
Dadri Gas	2.28	3.03	2.87	2.55	2.10	2.02	1.91	2.02	1.93	1.81	1.73	1.97	26.21
Total													56.99

Table 117: Monthly Exchange Rates as per IEX (N2) (Rs./unit) for FY 2016-17

Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
2.92	2.72	2.61	2.14	2.13	2.72	2.49	2.31	2.57	2.77	2.99	2.66

Table 118: Amount deducted by Commission for FY 2016-17 by capping at IEX Rate (Rs. Crore)

Power Stations	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Anta	0.00	0.37	0.80	0.80	0.93	0.86	0.77	0.80	0.00	0.00	0.75	0.76	6.85
Auraiya	1.05	1.02	1.07	1.18	1.29	0.98	1.13	0.00	0.00	0.00	0.96	1.07	9.75
Dadri Gas	1.09	1.04	1.41	1.41	1.39	1.23	1.24	1.37	1.30	1.12	1.25	1.35	15.20
Total													31.80

IMPACT DUE TO REGULATION OF POWER

PETITIONER'S SUBMISSION

3.56 The Petitioner has submitted that the Generators selling power to the Petitioner have cut of power supply on account of non-payment of the power bills as per CERC (Regulation of Power Supply) Regulations, 2010. Such non-payment is exclusively on account of the insufficient tariff determination, non-implementation of Hon'ble Tribunal's judgments and creation of large Regulatory Assets by the Commission. As a contractual and statutory requirement, when such generators stop supplying power to the Petitioner, it is still obliged to pay the fixed / capacity charges to such generators. Further the fixed cost paid to the Generators is required to be considered due to the following reasons:

- a) The Petitioner is purchasing power from long term sources at RTC basis. The power available from long term sources is sold at lower rates than the average power purchase cost during off-peak hours. The loss on account of sale of surplus power being uncontrollable in nature is passed on to the consumers. By regulation of power, however, such a loss is mitigated because on the other hand when certain generating stations discontinue supply of power under the scheme of 'Regulation of Power', the Petitioner is only required to pay the fixed charges and not the energy charges. Therefore the Petitioner is actually avoiding the loss on account of sale of surplus power during off-peak hours.

The same is evident in the table below:

Table 119: Petitioner Submission - Cost benefit analysis of regulated power during FY 2016-17

Particulars	Quantum (MU)	Avg. per unit (Rs./kwh)	Amt (Rs.Cr.)	Remarks
Actual Power Purchase	12687	5.45	6914	As per Actuals

Particulars	Quantum (MU)	Avg. per unit (Rs./kwh)	Amt (Rs.Cr.)	Remarks
(FY16-17) (A)				
Regulated Power (FY16-17)*	566	5.83	330	Quantum of purchase is considered as per slot-wise analysis and rate is considered as before regulation of power of respective station
Short term power purchase to make up for Regulated power when demand exceeds schedule(FY16-17)	320	2.85	91	320 MU's as per slot-wise analysis and Rs. 2.85/unit as per wt. IEX rate
Power purchase cost assuming no regulation of power in FY16-17 (B)	12933	5.53	7153	
Avoided cost consumer due to reduction in power purchase cost.			239	B-A

*fig. are provisional subject to confirmation from SLDC

- b) As evident from the aforesaid table, the Petitioner has been able to avoid cost of Rs.239 Cr. to consumers due to reduction in power purchase cost on account of regulation of power.
- c) In terms of the Power Purchase Agreement executed by the Petitioner with various Generating Companies, the Petitioner is contractually mandated to pay fixed charges to the Generating Petitioner even though it is the Generating Petitioner which restricts the power supply under the mechanism of regulation of supply owing to the non-payment of its outstanding dues. Hence, on this basis the Petitioner cannot be denied the fixed charges that it has to incur towards the Generating Companies. Under section 86(1)(b) while approving procurement of power through Power Purchase Agreements, the Commission allows fixed charges and variable charges to be paid by the Petitioner to the Generating Companies.
- d) The precarious financial position of the Petitioner over the past 3 - 4 years was a result of a lack of cost reflective tariff and the various Orders passed and directions issued by the Hon'ble ATE have yet not been implemented by the Commission. As a result, the Petitioner has been facing severe hardship and impediments in the smooth functioning of its business. It is also submitted that

it is a settled principle that an act of Court shall prejudice no one. In this regard, the Commission is akin to a Court whose acts shall prejudice no one.

- e) Petitioner has further submitted that they had made sincere efforts to comply with and honour all its commitments to the Generating and Transmission utilities. In order to do so, it is imperative that adequate revenue is generated through a cost reflective tariff to enable the Petitioner to not only meet current expenses but also to liquidate the past dues.
- f) It is a fact that the impact of past tariff orders has not, till date, resolved the cash flow constraints caused primarily due to build-up of large regulatory assets as created by the Commission.
- g) The funding of these regulatory assets has been done by availing financial assistance from lenders through increased debt. Because of these reasons, payments of suppliers, generators and transmission companies had to be deferred. The reluctance of banks to increase exposure in absence of an adequate and time bound amortization schedule for liquidation of these regulatory assets has further reduced availability of cash, which fact has also been brought to the knowledge of the Commission time and again by the Petitioner in its correspondence.

COMMISSION'S ANALYSIS

3.57 During FY 2016-17, the Petitioner's power was regulated from APCPL due to non-payment of outstanding dues to the generators. As a result petitioner had to procure power on short term basis from Bilateral Contracts, Power Exchanges and Inter DISCOM Transfer at high rates compared to rate of regulated Stations.

3.58 This Petitioner's Submission that part of surplus power has been reduced due to regulation of power and the petitioner could still meet the demand by procuring lower quantum of power through short term market on need basis is not justified. The Commission is of the view that if power would not have been regulated then the Petitioner would have the option for backing down costlier plants in-order to procure power at comparative economical rate in order to optimize their power purchase cost. Further, Regulation of Power cannot be treated as mechanism to

optimise surplus power and meet demand by procuring power from short term market.

- 3.59 CERC vide its Regulations had introduced Central Electricity Regulatory Commission (Regulation of Power Supply) Regulations, 2010 on 28/09/2010 which are applicable to the Generating Station and the Transmission System where there is a specific provision in the Agreement between the Beneficiaries and Generating Company or the Transmission Licensee as the case may be, for Regulation of Power supply in case of non-payment of outstanding dues or non-maintenance of Letter of Credit or any other agreed Payment Security Mechanism. In its Statement of Reasons (SOR), CERC has specifically indicated that responsibility of bearing the capacity charges has to remain with the Regulated Entity. The relevant extract of the said SOR is as follows:

“9.3 We have considered the comments and are of the view that a balance has to be maintained between the benefit and risk of the Regulating Entity as well as Regulated Entity. As a result of regulation of power supply, the generator is already ensured of getting all its expenses, including the capacity charge, energy charge and incidental charges like trading margin, if sold through a trader. So, there would not be loss to the generator due to regulation of power. As per the provisions of these regulations, the Regulated Entity has to pay capacity charge even if the power is not scheduled to him due to regulation.

....

*13.7 We are of view that during the regulation of power, the allocation of generating capacity remains with the Regulated Entity and only the power generated from it is being diverted for the specific reason of non-payment of outstanding dues by the Regulated Entity. **Therefore, the responsibility of bearing the capacity charges has to remain with the Regulated Entity.**”*

- 3.60 The Commission vide its letter dated 28/12/2012 and dated 11/04/2013 communicated its decision to the distribution licensee as follows:

“..in such cases where cheaper power is regulated due to nonpayment of dues and eventually distribution licensee purchases expensive power to meet the demand, at the time of true-up cost of such expensive power will be

restricted to the cost of cheaper power”

- 3.61 In view of the above, the Commission has decided to continue with its existing practice for treatment of Regulated Power and disallow the prorated Fixed Cost as also indicated in para 3.265 of the Tariff Order dtd. 29/09/2015.
- 3.62 The Commission vide its letter dtd. 18/12/2017 directed SLDC to submit the Regulated Quantum of power station wise, power available if there would not had been Regulation and also source-wise short term purchases done during such Regulated period. SLDC has submitted the said information indicating that for FY 2016-17 there was 203.75 MU of regulated power from APCPL.
- 3.63 The auditor has verified the Power Purchase Cost from APCPL and no credit has been received on account of Regulated Power. Accordingly, the auditor has considered the short term purchase during regulated period as provided by SLDC and has computed the pro-rated Fixed Cost & additional power purchase cost on account of regulation of power as follows:

Table 120: Calculation of pro-rated Fixed Cost on account of Regulated Power

Month	Regulated Quantum Mus	Energy purchased in Short Term during Regulated Period	Total Annual Fixed Cost during Regulated Period	MUs for which AFC shall be disallowed Pro Rated	Additional Power Purchase Cost (Rs. In Crores)
	1	2	3	4	5
Feb-17	59.43	55.25	54.84	4.18	3.86
Mar-17	94.05	26.05	27.9	68	20.17
Total					24.03

Table 121: Calculation of additional power purchase cost on account of Regulated Power

Month	Short Term Purchase (In MU)	Mus that could have been purchased by BRPL from regulated Station	MU Purchased from short term sources due to regulation	Average Short Term rate	Rate of Regulated Station	Excess rate	Additional Power Purchase Cost
(A)	(B)	(C)	(D)	(E)	(F)	(G)=E-F	(H)=D*G
05/09/2016 to 30/09/2016	21.66	6.49	6.49	3.34	3.15	0.19	0.12
Oct-16	38.26	17.30	17.30	3.01	3.12	-0.11	-0.20
Nov-16	25.64	11.60	11.60	2.96	3.12	-0.16	-0.18
Dec-16	30.52	11.93	11.93	3.27	3.05	0.22	0.26
Jan-17	122.69	2.94	2.94	3.78	2.90	0.88	0.26

Month	Short Term Purchase (In MU)	Mus that could have been purchased by BRPL from regulated Station	MU Purchased from short term sources due to regulation	Average Short Term rate	Rate of Regulated Station	Excess rate	Additional Power Purchase Cost
Feb-17	55.25	59.43	55.25	4.69	2.86	1.83	10.11
Mar-17	26.05	94.05	26.05	3.46	2.81	0.65	1.69
Total	320.06	203.74	131.55				12.06

SHORT TERM POWER PURCHASE**CONTINGENCY LIMIT OF 3% ON UI****PETITIONER'S SUBMISSION**

3.64 The Petitioner has submitted that the Contingency limit to dispose of surplus power in UI at 3% of Gross Power Purchase for every month has been introduced by the Commission for the first time in Tariff Order dated September 29, 2015. In this regard, it is submitted that the Commission has not provided any basis for determining the Contingency limit to dispose of surplus power in UI at 3% of Gross Power Purchase for every month. It is pertinent to note that the Commission has at no point, either in the Tariff Regulations, or in Availability Based Tariff Regulations or in Guidelines for short term power purchase and sale ever mentioned any such criteria of limiting the UI sale contingency limit to dispose of surplus power in UI, which has now been fixed at 3% on Gross Power Purchase for every month.

3.65 The source-wise details of short term power purchase cost during FY 2015-16 is tabulated below:

Table 122: Petitioner Submission - Details of Short Term Power Purchase

Sr. No	Particulars	FY 2015-16		FY 2016-17	
		Rate per unit	Amount	Rate per unit	Amount
		(Rs. / kWh)	(Rs. Cr.)	(Rs. / kWh)	(Rs. Cr.)
A	Bilateral	4.09	22	0.00	0
B	Banking	4.05	178	3.94	165
C	Exchange	3.45	411	4.40	243
D	Intra-State	3.54	132	4.40	108
E	UI	3.67	26	3.76	50
F	Total	3.62	769	3.86	567

- 3.66 The Petitioner has submitted that the Commission did not consider any cost on account of short term purchase in the ARR of FY 2016-17. Further the existing PPAC formula does not cover the variations on account of short term power purchase cost. The cost incurred on account of short term power purchase transactions to cater the peak demand of Delhi is borne by the Petitioner on its own and is purely revenue gap during FY 2016-17 which will attract at least two years of carrying cost to be recovered now.
- 3.67 Further, the Petitioner has requested to allow the actual power purchase cost of Rs. 567 Cr. for FY 2016-17 from short term sources as submitted in the above, so as to insulate the Petitioners from any loss on this account and to insulate the consumers from the carrying cost.

COMMISSION'S ANALYSIS

- 3.68 The Commission has retained its past practice for additional UI Charges which has also been upheld by the Hon'ble APTEL in Appeal No. 271/2013. SLDC vide its email has submitted in response to the Commission's letter dtd. 18/12/2017 that additional UI Charges borne by the Petitioner in FY 2016-17 is Rs. 8.76 Cr. which has been reduced from Power Purchase Cost as follows:

Table 123: Details of additional UI charges (Rs.Crore)

Month	Purchase (MU)	Sales (MU)	Purchase Amt	Sales Amt	Additional UI charges
Apr-16	(39.57)	9.17	(7.19)	0.52	0.27
May-16	(6.83)	6.84	0.77	0.20	0.44
Jun-16	(8.29)	4.44	2.18	0.22	0.56
Jul-16	0.24	0.00	2.55	0.00	0.51
Aug-16	16.03	0.00	5.40	0.00	0.79
Sep-16	33.05	0.00	7.88	0.00	0.86
Oct-16	34.27	0.00	8.96	0.00	0.74
Nov-16	51.58	0.00	15.62	0.00	2.60
Dec-16	30.41	0.00	9.38	0.00	1.40
Jan-17	12.00	2.00	2.46	0.34	0.42
Feb-17	8.50	50.00	1.68	9.25	0.09
Mar-17	2.00	14.50	0.40	2.80	0.08
Total	133.40	86.94	50.10	13.34	8.76

3.69 The Commission has provided the detailed reasons in its Tariff Order dated September 29, 2015 for fixation of the Contingency limit to dispose off surplus power under UI at 3% of Gross Power Purchase for every month.

3.70 Accordingly, the auditor has verified the UI by the petitioner during the FY 2016-17 and submitted that it was within the said limit of 3% of Gross Power Purchase except in the month of Feb'17 as follows:

Table 124: Auditor Submission - Details of UI Sales vis-à-vis contingency limit @ 3%

Month	Gross Power Purchase (MU)	Contingency limit @3%	UI Sale (MU)	Excess Power sold (MU)
Apr-16	1,031.18	30.94	9.17	0.00
May-16	1,404.82	42.14	6.84	0.00
Jun-16	1,494.65	44.84	4.44	0.00
Jul-16	1,392.46	41.77	0.00	0.00
Aug-16	1,323.95	39.72	0.00	0.00
Sep-16	1,295.29	38.86	0.00	0.00
Oct-16	1,069.13	32.07	0.00	0.00
Nov-16	798.05	23.94	0.00	0.00
Dec-16	853.59	25.61	0.00	0.00
Jan-17	917.10	27.51	2.00	0.00
Feb-17	841.17	25.24	50.00	24.76
Mar-17	827.64	24.83	14.50	0.00
Total	13,249.06	397.47	86.94	24.76

3.71 The auditor has computed the disallowance on account of excess sales under UI in the month Feb 2017, which has been considered by the Commission, as follows:

Table 125: Disallowance on account of excess sales in the month Feb 2017

Particulars	UoM	Amount
Gross Power Purchase	(MU)	841.17
Contingency Limit @3%	(MU)	25.24
Energy sold	(MU)	50
Excess Energy Sold (A)	(MU)	24.76
UI sales Rate	(Rs./kWh)	1.85
Avg. Sale Rate	(Rs./kWh)	2.99
Variance in Rate (B)	(Rs./kWh)	1.14
Penalty (A*B)	(Rs. Cr.)	2.81

REBATE ON POWER PURCHASE AND TRANSMISSION CHARGES

PETITIONER'S SUBMISSION

3.72 The Petitioner has submitted that the Commission vide letter dated June 5, 2014 specified the format for submission of details of rebate on power purchase and transmission charges. As regards the long term generating and transmission companies charges, rebate is not allowed on interest charges and other billing items which are in nature of reimbursement, such as Income Tax, Other Taxes, Cess, Duties etc. Rebate is generally allowed on all other billing items. The details of rebate on power purchase and Transmission Charges is tabulated below:

Table 126: Details of Rebate-able and Non Rebate-able amount-FY 2016-17 (Rs. Crore)

Rebate Details for FY 2016-17					
Sr. No.	Party/Petitioner	Rebatable Amount	Non-Rebatable Amount	Total Bill Amt	Actual Amount claimed against FY 2016-17
1	NTPC	2464.52	16.42	2480.94	1.08
2	NHPC	400.55	0.00	400.55	
3	Nuclear	81.04	6.71	87.75	
4	SJVNL	86.53	0.01	86.54	
5	THDC	107.93	-0.06	107.87	
6	Tala HEP	8.65	0.00	8.65	0.02
7	DVC	419.54	0.32	419.86	
8	Power stations in Delhi				
8.1	Rajghat	0.00	0.00	0.00	
8.2	GAS TURBINE	240.43	0.00	240.43	
8.3	Pragati-I	218.75	0.00	218.75	
8.4	Bawana	474.58	0.00	474.58	
8.5	TOWMCL	19.81	0.00	19.81	0.28
8.6	Thyagraj Solar	0.00	0.00	0.00	
9	ARAVALI	723.96	6.14	730.09	
10	SASAN	38.72	8.42	47.15	0.20
11	SECI	24.71	0.00	24.71	
12	Short term Purchases	0.00	0.00	0.00	
12.1	Short term Power Purchase Thru Power Exchange	0.00	243.33	243.33	
12.2	Banking Arrangement	0.00	165.22	165.22	
12.3	Intra State Power Purchase	0.00	108.23	108.23	
12.4	Other Payments	0.00	2.81	2.81	
13	UI PURCHASE DTL SLDC	0.00	50.10	50.10	
14	Transmission Charges				
14.1	Power Grid Corp.of India Ltd.	550.62		550.62	0.35

Rebate Details for FY 2016-17					
Sr. No.	Party/Petitioner	Rebatable Amount	Non-Rebatable Amount	Total Bill Amt	Actual Amount claimed against FY 2016-17
14.2	Delhi Transco Ltd.	305.09	256.43	561.52	
14.3	Bhakra Beas Managment Board		0.47	0.47	
14.4	Aravali Power Petitioner Private Ltd	0.64		0.64	
14.5	Damodar Valley Corporation	11.24		11.24	
14.6	NTPC Ltd.	7.17		7.17	
14.7	SASAN		0.00	0.00	
14.8	Solar Energy Corporation of India		1.89	1.89	
15	Open Access Charges		27.64	27.64	
16	NRLDC/WRLDC/ERLDC charges billed by Power Vendors		0.18	0.18	
	Total Transmission Charges				
	Total	6184.49	894.29	7078.78	1.93
	LPSC		875.82	875.82	0.00
	Total Power Purchase Cost			7954.60	1.93
17	Short term Sale				
	Bulk Sale of Power	25.82		25.82	0.49
	Short term Power Sale Thru Power Exchange		12.55	12.55	
	Banking Arrangement		94.08	94.08	
	INTRATATE SALE		10.28	10.28	
	UI SALE DTL SLDC		13.34	13.34	
	Total	25.82	130.25	156.06	0.49
	Net Rebate				1.44

3.73 Petitioner has submitted that the normative rebate ought not be applied at the time of truing-up due to the following reasons:

- The normative rebate cannot be considered at the stage of true-up. In any event, the deduction of a normative rebate assuming a maximum of 2% of the power purchase cost is ex-facie in contravention of Hon'ble Tribunal's Judgment

in Appeal No. 153 of 2009 which expressly restricted such a deduction to 1% of the power purchase cost.

- b) A similar issue is pending before Hon'ble Tribunal in Appeal No. 235-236 of 2014. Further, in true-up proceedings for FY 2015-16, BRPL has again raised the issue before the Commission, vide its letter dated 18.08.2017
- c) Furthermore, the Petitioner vide letter dated April 8, 2015 submitted a number of reasons as to why the normative rebate ought not to be considered. The Commission did not deal with any of the same in its Tariff Order dated September 29, 2015. A copy of the said letter dated April 8, 2015 is once again annexed herewith for the consideration of the Commission.
- d) The Commission has completely ignored Regulation-4.21 of DERC MYT Regulations, 2011 which provides that the power purchase cost is uncontrollable in nature and shall be trued-up based on actual. The Regulation does not provide any distinction for treatment of rebate. The rebate on power purchase being an intrinsic and inseparable part of power purchase must also be trued up on actual in terms of Regulation 4.21 of the said Regulations.
- e) The Hon'ble ATE in Judgment dated March 2, 2015 (Appeal 177 of 2012) has again confirmed the Judgment dated July 30, 2010 (Appeal 153 of 2009) and directed that normative rebate of upto 1% can be considered as per the norms specified for working capital in DERC Tariff Regulations, 2011 which means that actual rebate is to be considered and if actual rebate availed exceeds 1% then 1% is to be considered. Relevant extracts are as under:

"6.1 According to the Appellant, the State Commission has acted contrary to the findings of this Tribunal in Appeal no. 142 of 2009 wherein the Tribunal directed to consider rebate upto 1% as non-tariff income from the total rebate of 2% on power purchase.

6.2 According to Shri Pradeep Misra, Learned Counsel for the State Commission this issue is pending consideration in Appeal no. 14 of 2012 wherein the judgment has been reserved. The State Commission has made detailed submissions in Appeal no. 14 of 2012. The Learned Counsel reiterated the detailed submissions made in Appeal no. 14 of 2012. 6.3 The Tribunal in

*Appeal no. 14 of 2012 on 28.11.2013 reiterated the view taken by this Tribunal in Appeal no. 153 of 2009. This Tribunal in Appeal no. 153 of 2009. Decided as under: "The second issue relates to the deduction of rebate due to the early payment of the power purchase cost from the ARR. The Appellant, through its efficient management, has paid all the bills immediately on raising of the bills by the generating Petitioner and, therefore, it has to be allowed a rebate of 2 per cent. Therefore, there is no justifiable reason for the State Commission to reduce the power purchase cost by rebate earned by the Appellant. The normative working capital provides for power purchase cost for one month. Therefore, rebate of 1 per cent available for payment of power purchase bill within one month should be considered as non-Tariff income and to that extent benefit of 1 per cent rebate goes to reducing the ARR of the Appellant. The rebate earned on early payment of power purchase cost cannot be deducted from the power purchase cost and rebate earned only up to 1 per cent alone can be treated as par of the non-Tariff income. Therefore treating the rebate income for deduction from the power purchase cost is contrary to the MYT Regulations. As such this issue is answered in favour of the Appellant." The Tribunal in Appeal no.142 of 2009 reiterated the above decision of the Tribunal." **(Emphasis added)***

- f) The Commission has based on the normative rebate on inappropriate assumptions. The concept of normative rebate is based on assumptions that the system is perfect and business as usual as under:
- (i) There is no creation of Regulatory Asset. However, there is an accumulated figure of Rs. 5105 Crore upto FY 2016-17 as Regulatory Asset;
 - (ii) The Commission has timely implemented all the Judgments of this Hon'ble Tribunal. In fact as indicated at para 3.8.3 of this Petition, directions contained in various Judgments are yet to be implemented; and
 - (iii) There is no major variation in power purchase cost. In fact, to the best of the knowledge of the Petitioner, in no other state any DISCOM has been

able to avail maximum normative rebate when aforesaid conditions are not met. Accordingly, the Commission ought not to base the normative rebate on any inapposite assumptions.

- g) The Commission has omitted to note that the Petitioner has not opened LC in case of any Generator. The 2% rebate is admissible only in the event that payment is made through LC. This is clear from the regulations of the Commission and of the CERC, extracted hereunder:

DERC Generation Tariff Regulations, 2011:

“Rebate

7.26 For payment of bills of the generating Petitioner through a letter of credit on presentation, a rebate of 2% shall be allowed. If the payment is made by any other mode but within a period of one month of presentation of bills by the generating Petitioner, a rebate of 1% shall be allowed.”

DERC Transmission Tariff Regulations, 2011:

“Rebate

*5.28 For payment of bills of the Transmission Licensee **through a letter of credit** on presentation, a rebate of 2% shall be allowed. If the payment is made by any other mode but within a period of one month of presentation of bills by the Transmission Licensee, a rebate of 1% shall be allowed.”*

CERC Tariff Regulations, 2009-14 clearly states as under:

“34. Rebate. (1) For payment of bills of the generating Petitioner and the transmission licensee through letter of credit on presentation, a rebate of 2% shall be allowed. (2) Where payments are made other than through letter of credit within a period of one month of presentation of bills by the generating Petitioner or the transmission licensee, a rebate of 1% shall be allowed.”{Emphasis added}

As set out herein above, the Petitioner cannot and is not making payment of bills to any generating Petitioner and transmission licensee through letter of credit on presentation. Therefore the normative rebate of 2% is contrary to the said DERC Regulations and the CERC Tariff Regulations, 2009-14.

Hence despite acknowledging and noticing that the actual rebate is much less than full normative rebate possible, the Commission cannot true-up the power purchase cost by deducting the normative level of rebate and ignoring the actual rebate received. This would be contrary to the accepted principles of true-up as well as the Regulations. The rebate on power purchase being an intrinsic and inseparable part of power purchase must also be true-up on actual in terms of Regulation 4.21 of the said Regulations.

- h) Regulation 4.21 of DERC MYT Regulations, 2011 unequivocally provides that true-ups should be done on actual for power purchase which cannot be ignored by the Commission.
- (i) Without pre-judice to the above, the Commission in the past Tariff Orders has considered rebate on entire power purchase cost incurred by the Petitioner. However the Commission has made certain disallowances. Therefore, the Commission has considered the rebate even on disallowed power purchase cost thereby doubly penalizing the Petitioner.
 - (ii) In accordance with above submissions, the Petitioner requested to the Commission to consider the actual rebate on power purchase and Transmission Charges for FY 2016-17.

COMMISSION'S ANALYSIS

- 3.74 Regulation 5.24 of DERC (Terms and conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011, specifies that :

“Distribution licensee shall be allowed to recover the net cost of power it procures from sources approved by the Commission, viz. Intra-State and Inter-State Trading Licences, Bilateral Purchases, Bulk Suppliers, State generators, Independent Power Producers, Central generating stations, non-conventional energy generators, generation business of the Distribution Licensee and others, assuming maximum normative rebate available from each source for payment of bills through letter credit on presentation of bills for supply to consumers of Retail Supply Business”.

3.75 Further, it is pertinent to state that TPDDL has already made an Appeal before Hon'ble High Court of Delhi against the *Delhi Electricity Regulatory Commission (Terms and Conditions of Wheeling Tariff & Retail Supply Tariff) Regulations, 2011*. Hon'ble High Court of Delhi in its judgement dtd. 29/07/2016 in W.P.(C) 2203/2012 & C.M. No.4756/2012 has rejected the submissions of TPDDL regarding maximum normative rebate and has upheld the provisions of the regulations as follows:

“ 39. The Commission is an expert body which is constituted to perform the functions as specified under the Act including determination of the tariff and specifying the terms and conditions for such determination. Such functions which by nature require expert knowledge would ordinarily be outside the scope of judicial review and no interference would be warranted unless it is established that the actions of the Commission are contrary to the provisions of the Act and/or ultra vires the Constitution.

.....

40. In view of the above, we are unable to accept that the impugned Regulations are violative of any provision of the Act or are ultra vires the Constitution of India.”

3.76 In view of the above, the Commission has considered the maximum normative rebate on Rebatable amount, without considering the rebate on Anta, Auraiya and Dadri Gas Power Plants whose differential cost has already been disallowed, as follows:

Table 127: Commission Approved - Rebate on Power Purchase Cost & Transmission Charges

Sr. No.	Particulars	Amount (Cr.)
A	Power Purchase Cost	
I	-Rebatable Amount	5309.72
ii	-Non-Rebatable Amount	607.65
	Total	6184.48
B	Transmission Charges	
I	-Rebatable Amount	874.76
ii	-Non-Rebatable Amount	286.61
	Total	1161.37
C	Rebate	
I	Power Purchase Rebate	106.19
ii	Rebate on Transmission Charges	17.50
	Total	123.69

Sr. No.	Particulars	Amount (Cr.)
D	Rebate on Sale of Surplus Power	(0.49)
E	Net Rebate	123.20

TRUED-UP POWER PURCHASE COST FOR FY 2016-17

3.77 Based on the above submission, the actual power purchase cost claimed by the Petitioner and considered by the Commission for FY 2016-17 are tabulated as under:

Table 128: Commission Approved - Trued-Up Power Purchase Cost for FY 2016-17 (Rs. Crore)

Sr. No.	Particulars	Petitioner Submission	Trued Up
A	Power Purchase Cost		
I	Gross Power Purchase Cost	5915	5915
ii	Power sold to other sources	156	156
iii	Net Power Purchase Cost	5,759	5,759
B	Transmission Charges		
I	Inter-state transmission charges	551	551
ii	Intra-state transmission charges	564	564
lii	Other Transmission charges	49	49
iv	Total Transmission Charges	1,164	1,164
C	Rebate		
I	Power Purchase Rebate	1.58	106.19
ii	Rebate on Transmission Charges	0.35	17.5
lii	Rebate on Bulk sale of Power	(0.49)	(0.49)
iv	Total rebate	1.44	123.2
D	Disallowances		
I	MOD Disallowance on account of Marginal Loss of Additional Power Purchase Cost	-	1.79
ii	Anta, Auraiya and Dadri	-	31.80
lii	Pro-rated AFC disallowance in Regulated Power	-	24.03
iv	Marginal Loss on account of Additional Power Purchase cost in Regulated Period	-	12.06
V	UI contingency	-	2.81
Vi	Additional UI Charges	8.76	8.76
Vii	Total Disallowances	8.76	81.26
ix	Net Power Purchase Cost including Transmission charges net of rebate	6,912.80	6,718.54

RENEWABLE PURCHASE OBLIGATION (RPO)

3.78 The Commission had directed the Petitioner to comply with RPO target and penalty for non compliance of the target in tariff order dated 29/09/2015 as follows:

“6.9. The Commission directs the Petitioner that RPO requirements for green power for the year 2015-16, must be met along with requirements carried over from the previous year, and if so required by way of purchase of REC’s from the exchange. Non compliance of Renewable Purchase Obligation (RPO) shall attract penalty of 10% of the cost of REC for quantum of shortfall in RPO.”

3.79 Accordingly, the Petitioner’s RPO targets and penalty on account of non-fulfillment of RPO targets for FY 2016-17 is as under:

Table 129: Calculation of penalty on account of non-fulfillment of RPO targets

Particulars	Total	Solar	Non-Solar
Total MUs Billed	11,166		
Actual RP obligation for 2016-17 (%)	9.00%	0.35%	8.65%
Actual RP obligation for 2016-17 (MUs)	1,005	39	966
Actual RP purchase FY 2016-17	124	50	74
REC Purchased	333		333
Balance Obligation	548	-11	559

3.80 It is observed that the Petitioner has filed Petition No. 30 of 2015 on this issue and the same is still pending adjudication before the Commission. Therefore, the Commission has not levied the penalty on account of shortfall in meeting the obligation of RPO for FY 2016-17 in this Tariff Order. The Commission will consider the issue based on the outcome of pending adjudication of appeals / Petition before the Commission and Hon’ble APTEL.

OPERATION AND MAINTENANCE (O&M) EXPENSES**PETITIONER’S SUBMISSION**

3.81 The Petitioner has submitted that the Commission has not set any O&M Expenses target for FY 2016-17. Accordingly the Petitioner has considered actual O&M Expenses already incurred during FY 2016-17. The Petitioner has accordingly considered the O&M Expenses during FY 2016-17 as follows:

Table 130: Petitioner Submission - O&M Expenses for FY 2016-17 (Rs. Crore)

Sl. No	Particulars	FY 2016-17		Remarks/ Ref.
		Tariff Order	Petition	
A	Employee	Tariff Order not issued for FY 2016-17	391	Note-36 of Audited Accounts plus OCI Expenses
B	A&G Expenses		200	Note-39 of Audited Accounts
C	R&M Expenses		161	Note-39 of Audited Accounts
D	Bank Charges		11	Note-37 of Audited Accounts
E	Total O&M Expenses		763	A+B+C+D

COMMISSION'S ANALYSIS

- 3.82 The Commission has specified in *DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017* that performance review and adjustment of variations in the ARR and Revenue for the Utilities for FY 2016-17 shall be considered in accordance with the *Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011*.
- 3.83 Further the Commission has approved O&M expenses for the Petitioner in Tariff Order dated 31/08/2017 for FY 2015-16 on normative basis, wherein the bank charges was not approved as part of O&M expenses. Therefore, O&M expenses for FY 2016-17 has also been computed based on the norms approved in *Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2011* and MYT order dated 13/07/2012 as follows:

Table 131: Commission Approved - The actual O&M expenses

Sr. No	Particulars	Petitioner Submission	Trued Up
A	Employee	391	367.66
B	A&G Expenses	200	126.58
C	R&M Expenses	161	126.92
D	Bank Charges	11	0.00
E	Total O&M Expenses	763	621.16

NON TARIFF INCOME

CONSUMER SECURITY DEPOSIT (CSD)

PETITIONER'S SUBMISSION

3.84 The Petitioner has submitted the difference between the interest on Consumer Security Deposit (CSD) computed on the basis of carrying cost as per SBI PLR and that already paid to the consumers has been added in NTI as under:

Table 132: Petitioner Submission - Interest on CSD (Rs. Crore)

Sr. No.	Particulars	FY 2016-17
1	Opening Balance of CSD	707
2	Additions	27
3	Closing Balance of CSD	734
4	Average	720
5	Rate of Interest	14.64%
6	Interest on CSD	105
7	Interest already paid	49
8	Interest carried to NTI	57

COMMISSION'S ANALYSIS

3.85 The Commission has considered the rate of interest @10.47% for FY 2016-17 as approved in tariff order dated 31/08/2017 for FY 2015-16, as SBI base rate has not moved more than 1% and accordingly calculated the total normative income from Interest on Consumer Security Deposit. The difference in the normative interest and interest booked as expenses in audited financials has been considered as Non Tariff Income is computed as follows:

Table 133: Interest on CSD

Sr. No.	Particulars	FY 2016-17
1	Opening Balance of CSD	707.00
2	Additions	27.00
3	Closing Balance of CSD	734.00
4	Average	720.00
5	Rate of Interest	10.47%
6	Interest on CSD	75.38
7	Interest already paid	48.62
8	Interest carried to NTI	27.38

SERVICE LINE-CUM-DEVELOPMENT (SLD) CHARGES

PETITIONER'S SUBMISSION

3.86 The Petitioner has also submitted the difference on account of Service Line Development (SLD) Charges and mentioned that the Commission in Tariff Order dated September 29, 2015 ruled as under:

“3.373 The Commission has considered the service line charges as income for a period of three years for true-up up to FY 2011-12. The service line charges up to FY 2012-13 have been considered as part of revenue gap up to FY 2012-13 as discussed in earlier paragraphs. For FY 2013-14, service line charges of Rs. 43.37 Crore as per audited financial statement of FY 2013-14 are being considered as part of the non-tariff income of the Petitioner.”

Table 134: Difference on account of SLD (Rs. Crore)

Sr. No.	Particulars	FY 2016-17
1	Received during FY 2016-17	47
2	SLD appearing in Other Income	36
3	Difference considered	11

3.87 Accordingly the Petitioner has considered Rs. 11 Crore during FY 2016-17 for the purpose of computation of Non-Tariff Income.

COMMISSION'S ANALYSIS

3.88 The Commission has considered SLD received during the year as part of Non-Tariff Income for FY 2016-17 as under:

Table 135: Commission Approved - Calculation of SLD charges (Rs. Crore)

Sr. No.	Particulars	Amount
1	Received during FY 2016-17	47.00
2	SLD appearing in Other Income	36.45
3	Difference considered	10.55

LATE PAYMENT SURCHARGE

PETITIONER'S SUBMISSION

3.89 The Petitioner has submitted that as regard to the financing cost of LPSC from FY 2013-14 onwards, the Commission in Tariff Order dated August 31, 2017 ruled as under:

“3.346 The Petitioner has submitted that total LPSC collected from the consumer should be allowed to be retained by the Petitioner. However, as per the practice followed by the Commission and Hon'ble APTEL's direction in Appeal no. 61 & 62 of 2012 dated 28/11/2014, the cost of funding of working capital due to delayed payment by the consumers has been allowed to the Petitioner. Therefore, the Commission has not considered the additional cost

over and above the cost of funding of working capital for financing of LPSC during FY 2013-14.”

- 3.90 As evident from the above, the Commission has referred to Hon'ble ATE's direction in Appeal no. 61 and 62 of 2012 which was in respect of truing-up of FY 2008-09 and FY 2009-10 when the LPSC was being levied for entire month of flat rate of 1.5% per month. However the Commission has not dealt with the submission of the Petitioner that the Commission vide letter dated December 13, 2012 itself changed the methodology of charging LPSC from the consumers and has directed the Petitioner to charge LPSC only corresponding to number of days of delay in the payment by the Consumers.
- 3.91 It is further submitted that the Petitioner levied LPSC @ 1.5% per month on flat basis till FY 2012-13. The Commission was therefore allowing only financing cost of LPSC to the Petitioner by computing the principal amount (LPSC divided by 18% (12 x 1.5%)) and allowing carrying cost on the principal amount. The difference between the amount of LPSC and the principal amount was passed on the consumers by way of NTI.
- 3.92 Based on the representation of Foundation of Rubber & Polymer Manufacturers, the Commission vide letter dated December 13, 2012 communicated that LPSC should be charged proportional to the number of days of delay in receiving payment from the consumers by the Petitioner. The Commission in Tariff Order dated July 31, 2013 again directed the Petitioner to charge LPSC proportionate to the number of days of delay in receiving the payment from the consumers of the DISCOMs.
- 3.93 The Petitioner in its Petition for Truing-up of FY 2013-14, Review of FY 2014-15 and ARR and Tariff for FY 2015-16 requested the Commission to allow the entire LPSC instead of financing cost of LPSC as during FY 2013-14, the Petitioner charged LPSC proportionate to the number of days of delay and not on flat basis. The methodology of charging LPSC proportionate to the number of days of delay leads to recovery of only financing cost of LPSC for the delay in payment and not on flat basis. However the Commission without referring to its direction for change in charging of LPSC continued with the earlier methodology which was utilised for computation of

financing of LPSC till FY 2012-13. Such treatment has actually resulted in allowance of financing cost of LPSC at much lower rate.

- 3.94 Petitioner has further submitted that the concept of financing cost of LPSC was introduced by the Commission in Tariff Order dated August 26, 2011 as LPSC was considered as a part of revenue realisation for the purpose of computation of AT&C Loss as per Clause-4.7 (c) of DERC Tariff Regulations, 2007. As per DERC Tariff Regulations, 2011, the methodology of computation of revenue realisation for the purpose of computation of AT&C Loss has been changed and LPSC is no longer being included as a part of revenue realisation for computation of AT&C Loss from FY 2012-13 onwards. Since the methodology for computation of AT&C Loss has been changed, the Petitioner ought to be allowed entire LPSC instead of financing cost of LPSC.
- 3.95 The Petitioner has also submitted that concept of financing cost of LPSC is based on the principle that the Petitioner will fund the amount delayed through loans whereas, it is practically not possible to arrange for the funding of such delayed payment as the Petitioner does not know in advance as to which consumer will pay the bill within due date and which consumers will not pay the bill within due date. The process of raising loans for funding any expenditure is time taking process and therefore, in case of any default on part of consumers to pay electricity bills in time, the Petitioner has to face the following penalties as per the MYT Regulations 2011:
- a) **Penalty on account of under-achievement of AT&C Loss:** As per DERC MYT Regulations, 2011, the AT&C Loss Target has been categorized as controllable parameter. In case of any under-achievement of AT&C Loss, the Commission levies penalty on the Petitioner irrespective of the fact that the default in collection efficiency is on account of consumers.
 - b) **Penalty in repayment of Loans:** In present scenario, the Petitioner is not operating in business as usual situation. Apart from normal capex loan and working capital loan, the Petitioner is required to fund huge amount of regulatory assets and the revenue gap during the year on account of variation between the estimated ARR and actual ARR. In such a situation any default in payment of billed amount puts financial constraints on the ability of the

Petitioner to efficiently discharge its debt obligations. As a result the Petitioner has to face penalty on account of delay in repayment of loans which is not being passed in the ARR.

- c) **Penalty by Generators:** Generators levy penalty of 1.5% per month in case of non-payment of dues within time.

3.96 The Petitioner stated that such treatment of the Commission has tantamount to discrimination between Gencos, Transcos and DISCOMs which is depicted in the table as follows:

Table 136: Comparison of LPSC between Delhi Gencos & Transco and Delhi DISCOMs

Sr. No	Particulars	Delhi Gencos and Transcos	Delhi DISCOMs
1	Before FY 2013-14	<ul style="list-style-type: none"> • LPSC @ 1.5% per month; • LPSC collected allowed to Gencos and Transcos irrespective of actual cost of financing delay in payment; • Therefore LPSC not considered as Non-Tariff Income. 	<ul style="list-style-type: none"> • LPSC @ 1.5% per month; • Only financing cost of delayed payment by computing principal amount, i.e., LPSC Collected/ 18% allowed to DISCOMs; • Difference between LPSC collected and financing cost of delayed payment considered as NTI.
2	From FY 2013-14	<ul style="list-style-type: none"> • Same treatment continued. 	<ul style="list-style-type: none"> • LPSC @ 1.5% proportional to number of days of delay; • Same formulae for computing principal amount despite of change in treatment.

3.97 The Petitioner has mentioned that the Commission neither allows the amount nor financing cost on account of these penalties. These penalties are entirely borne by the Petitioner. However the penalty paid by the consumers on account of the delayed payment is not being allowed to the Petitioner and only financing cost on such delayed payment is being allowed. Therefore, the Petitioner requested to allow entire LPSC during FY 2013-14 to be retained by the Petitioner as the same merely meets the financing cost of delay in payment.

3.98 As per the aforesaid submissions, the Petitioner requested to allow entire LPSC during FY 2016-17 to be retained by the Petitioner as the same merely meets the financing cost of delay in payment.

COMMISSION'S ANALYSIS

3.99 In the previous Tariff Order, the Commission has approved the rate of interest of working capital at 10.47% for FY 2015-16. In view of the judgment of Hon'ble APTEL, the Commission considers the financing cost at 10.47% for FY 2015-16. The Commission considered the same rate i.e. 10.47% for financing of LPSC for FY 2016-17 to be allowed to reduce from Non Tariff Income as indicated in the table as follows:

Table 137: Commission Approved - Funding of LPSC (Rs. Crore)

Sr. No.	Particulars	2016-2017
A	LPSC Collected @ 18%	27.86
B	Principal amount on which LPSC was collected (A/18%)	154.78
C	Interest rate for funding of principal of LPSC	10.47%
D	Interest approved on funding of principal amount of LPSC (B*C)	16.21

WRITE-BACK OF MISCELLANEOUS PROVISIONS**PETITIONER'S SUBMISSION**

3.100 The Petitioner has referred the Commission's in Tariff Order dated August 31, 2017 which did not consider the write-back of miscellaneous provisions as follows:

"3.369 The A&G expenses for the base year FY 2010-11 have been benchmarked for the purpose of MYT period FY 2012-13 to FY 2014-15 without adjusting provision for miscellaneous expenses. Thus, the Petitioner has been allowed O&M expenses on a normative basis without considering whether actually spent or provisioned. The Commission is of the view that the provisions written back are to be included in the Non-Tariff Income."

3.101 In this regard, the Petitioner has further submitted that the aforesaid treatment is contrary to the statement of the same Tariff Order where the Commission has clarified as follows:

"4.199 The Commission has removed abnormal expenses such as provision for retirement of fixed assets, Loss on Sale/Discarding of Assets, Provision for Doubtful debts, Inventory of stores and spares written off, bad debts written off, transfer from opening provision of doubtful debts and has added lease rentals transferred from R&M expenses to the total A&G expenses as per submission of the Petitioner"

<i>Particulars</i>	<i>2006-07</i>	<i>2007-08</i>	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>
<i>A&G Expenses as per audited accounts</i>	<i>136.82</i>	<i>157.58</i>	<i>108.28</i>	<i>144.94</i>	<i>109.62</i>
<i>Less: Provision for retirement of fixed assets</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>14.48</i>	<i>12.29</i>
<i>Less: Loss on Sale/ Discarding of Assets</i>	<i>1.18</i>	<i>2.25</i>	<i>2.23</i>	<i>0.22</i>	<i>2.88</i>
<i>Less: Provision of Doubtful Debts</i>	<i>76.05</i>	<i>91.99</i>	<i>41.14</i>	<i>-</i>	<i>20.24</i>
<i>Less: Bad Debts written off</i>	<i>0.00</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>199.59</i>
<i>Less: Inventory of stores & spares written off</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Less: Transfer from opening provision for doubtful debts</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>78.24</i>	<i>(199.59)</i>
<i>Less: Fines and penalties inc under Sundry Expenses</i>				<i>1.68</i>	
<i>Add: Lease rentals transferred from R&M Cost</i>	<i>1.57</i>	<i>1.55</i>	<i>2.42</i>	<i>1.54</i>	<i>1.55</i>
<i>Net A&G cost</i>	<i>61.16</i>	<i>64.89</i>	<i>67.33</i>	<i>51.86</i>	<i>75.76</i>

(emphasis supplied)

3.102 It is clear from the above extract that if the cost of the provisions were not considered by the Commission while projecting the A&G expenses, in any case, the revenue from any recovery under such provision cannot be added to the ARR.

3.103 The Petitioner has submitted that "... collection efficiency of 99.5% with a scope of 0.5% provisions for bad/ doubtful debts..." is factually inaccurate. By virtue of the billing lag which is inherent in an annual tariff re-determination, even if the collection efficiency were assumed to be 100%, even then the actual collection would still be in the range of 99% to 99.25%.

3.104 In view of the aforesaid submissions, the Petitioner has requested that income on account of write-back of provisions for doubtful debts should not be allowed as Non-Tariff Income.

COMMISSION'S ANALYSIS

3.105 The Commission has already dealt this issue in detail in previous tariff orders, therefore, the provisions written back has not been allowed to be reduced from Non Tariff Income of the Petitioner.

SHORT TERM GAIN

PETITIONER'S SUBMISSION

3.106 The Commission in Tariff Order dated August 31, 2017 ruled as under:

"3.593 The Petitioner has submitted that short term gain is on account of interest received on fixed deposits maintained by the Petitioner as margins kept with the funding agency for loans availed. Therefore, the Commission is of the view that interest on these fixed deposits should be allowed to be reduced from the Non-Tariff Income as Rs. 10.12 Cr. and Rs. 3.00 Cr. for FY 2014-15 and FY 2015-16 respectively."

3.107 Accordingly the Petitioner requested the Commission to allow the interest on account of short term gain and deduct the same for computation of Non-Tariff Income.

COMMISSION'S ANALYSIS

3.108 The Commission has followed the same methodology which was adopted in Tariff Order dated 31/08/2017. Accordingly, the interest on account of short term gain has been allowed to be reduced from the Non Tariff Income.

TRANSFER FROM CONSUMER CONTRIBUTION AND CAPITAL WORKS

PETITIONER'S SUBMISSION

3.109 The Commission in Tariff Order dated August 31, 2017 ruled as under:

“3.597 The Commission is of the view that the consumer contribution is not considered for calculation of depreciation and RoCE and the Petitioner is making book adjustments in compliance of accounting standards and has no impact on cash flows. Therefore, amount transferred from consumer contribution and capital works are allowed to be reduced from Non-Tariff Income.”

3.110 In accordance with the above observation, the Petitioner requested the Commission not to consider the amount on account of transfer from consumer contribution and capital works as Non-Tariff Income during FY 2016-17.

COMMISSION’S ANALYSIS

3.111 The Commission has followed the same methodology which was adopted in Tariff Order dated 31/08/2017. Accordingly, the amount on account of transfer from consumer contribution and capital works has been allowed to be reduced from Non Tariff Income.

INCOME ON ACCOUNT OF BAD DEBTS RECOVERED

PETITIONER’S SUBMISSION

3.112 The Commission in Tariff Order dated August 31, 2017 ruled as under:

“3.601. The Petitioner has submitted that any amount recovered as bad debts is an energy income which is required to be included in the amount collected during the year as the same is received against the amount billed in the previous years. The amount billed and collected in previous years has already been considered for the purpose of AT&C Loss calculation during respective years. It is observed that the amount recovered from the bad debts written off by the Petitioner is part of total collection for the relevant year has also been indicated under the head “other income” in the audited financial statement of FY 2014-15 and FY 2015-16. Therefore, the income on account of bad debts recovered in reduced from Non Tariff Income.”

3.113 Accordingly, the Petitioner requested the Commission to not consider income recovered on account of bad debts as NTI as the amounts recovered on account of bad debts is nothing short of normal collection.

COMMISSION'S ANALYSIS

3.114 The Commission has followed the same methodology which was adopted in Tariff Order dated 31/08/2017. Accordingly, the income recovered on account of bad debts is allowed to be reduced from Non Tariff Income.

COMMISSION ON ELECTRICITY DUTY

PETITIONER'S SUBMISSION

3.115 The Petitioner has submitted that as an agent on behalf of Municipal Corporation of Delhi (MCD), collects and pays to the MCD the Electricity Duty. For undertaking this activity, there is incidence of use of assets and facilities of the licensed business towards collection of the Electricity Duty. As such this collection activity is a separate business and optimally utilizes the assets of the Petitioner. Section-51 of the 2003 Act, as well as, Delhi Electricity Regulatory Commission (Treatment of Income from Other Business of Transmission Licensee and Distribution Licensee) Regulations, 2005 permits the Petitioner to engage in any other business for optimal utilization of its assets.

3.116 The Petitioner has added that MCD pays commission to the Petitioner for collecting Electricity Duty on its behalf. This commission paid by MCD is purely Other Business within Section-51 of the 2003 Act, as well as, Delhi Electricity Regulatory Commission (Treatment of Income from Other Business of Transmission Licensee and Distribution Licensee) Regulations, 2005 and accordingly the same would apply to the aforesaid amount earned by the Petitioner as the commission paid by MCD. For undertaking the activity of collection of Electricity Duty, the Petitioner has expended certain expenses towards incentivizing the existing manpower, engaging additional and external collection agencies which are included in the actual employee expenses

3.117 The Petitioner has added that the Commission has notified the Delhi Electricity Regulatory Commission (Treatment of Income from Other Businesses of

Transmission Licensee and Distribution Licensee) Regulations, 2005 (hereinafter referred to as the “2005 Regulations”) under the provisions of said section 51 of the EA, 2003, and as such commission earned by the Petitioner from the activity of collection of electricity duty should be treated in accordance with the said 2005 Regulations. As per the said 2005 Regulations, the Petitioner is entitled to, as a general principle, retain 20% of the revenue arising on account of other business i.e. activity of collecting the electricity duty on behalf of MCD, and pass on the remaining 80% of the revenues to the regulated business.

3.118 Further, the Petitioner has submitted that they have to perform in-house operations also for which the Petitioner is required to incur additional O&M Expenses. Some of these in-house activities involve maintenance of records regarding Electricity Duty (Amount of Electricity Billed, Collected, Outstanding, Paid to GoNCTD etc.), cash-handling activities, interaction with GoNCTD, etc. which involves cost. The Petitioner incurs security and conveyance expenses towards transfer of money. Additionally, the Petitioner has also engaged various collection agencies for which the Petitioner has to pay service charges for such engagement. All these expenses are not being allowed by Commission since O&M Expenses are allowed on a normative basis. It is further submitted that the commission on collection of Electricity Duty is being provided as compensation in lieu of the Petitioner’s efforts in collecting and accounting and other services rendered by the Petitioner to GoNCTD. It is submitted that if GoNCTD were to perform such similar activity, it would have involved costs. The Petitioner has reduced the efforts on behalf of GoNCTD, required for collection of Electricity Duty in terms of manpower and other Expenses. The Petitioner has also submitted that the income earned as commission on collection of Electricity Duty ought to be utilized to defray the additional expenses incurred by the Petitioner while undertaking such activities.

3.119 In the ARR Petition, the Petitioner submitted that it has to incur additional O&M expenses and other in-house activities involving maintenance of records, cash handling activities, etc., which involve costs. Since these expenses incurred are not being separately allowed by the Commission, the entire income earned through this activity ought not to be reduced from the ARR by treating it as non-tariff income. The

Commission in its Tariff Order (refer to Para No. 3.611) has treated the entire income earned on the aforesaid activity as part of non-tariff income and reduced the ARR of the Petitioner in contravention of its very own 2005 Regulations.

- 3.120 The only reason that the Commission has given is that the collection of electricity duty is not a separate function and the same is collected with the electricity bills. The reasons given by the Commission are over-simplified. Petitioner has submitted that simply because the electricity duty is collected along with the electricity bills, that does not mean that the activity of collecting, managing and accounting for the electricity duty, do not attract the incidence of any expenses. For example, if in future, the Petitioner were to engage in another business i.e., to collect water supply bills or telephone bills or gas utility bills, it cannot be said that because the Petitioner collects these amounts along with its electricity bills, these other businesses are distribution functions of the Petitioner or no separate expenses are required for carrying out these other businesses. It is therefore submitted that the reasons given by the Commission in the Order are devoid of merits.
- 3.121 The collection of electricity duty by the Petitioner is not a licensed activity. The responsibility for collection of electricity duty does not fall upon the licensee either under Section 12 of EA, 2003, nor under the license granted to the Petitioner by the Commission. It is an activity carried out by the Petitioner as a part of the legacy inherited by it from the erstwhile DVB. Even the erstwhile DVB carried out such functions, not as a part of its function of distribution of electricity, but under a statutory mandate of Section 3 of the Delhi Municipal Corporation (Assessment and Collection of Tax on the Consumption, sale or supply of electricity) Bye laws 1962 ("Bye Laws"). Hence, the activity of collection of electricity duty has nothing whatsoever to do with the functions of a distribution licensee under EA, 2003. Since such function is carried out using the assets of the distribution business, such function is clearly attributable to an 'other business' under Section 51 of EA, 2003.
- 3.122 The income / commission which is earned by the Petitioner has no connection whatsoever to the ARR of the Petitioner or to the licensed business. As such, this income / commission can never be categorised as non-tariff income. This is particularly so when Regulation 4.7(c) of the MYT Regulations, 2011 clearly provides

that the collection of electricity duty will not be taken into account in computing the Collection Efficiency. If the revenue realisation from the collection of electricity duty does not add to the revenue collection for the purpose of 'Collection Efficiency', the income / commission on such collection earned by the Petitioner cannot form a part of the ARR as non-tariff income. Therefore, the Income from commission received on account of collection of Electricity Duty ought to be deducted from Non-Tariff Income.

COMMISSION'S ANALYSIS

3.123 The Commission is of the view that collection of electricity duty is not a separate function/job and electricity duty is collected with electricity bills as normal collection of electricity dues billed by the Petitioner. Therefore, the Petitioner's Submission that there is extra cost on account of collection of electricity duty is neither indicated in the audited financial statement nor justified. Accordingly, claim on account of commission on Electricity Duty indicated in audited financial statement for FY 2016-17 has not been reduced from Non Tariff Income.

INTEREST ON INTER-COMPANY LOANS

PETITIONER'S SUBMISSION

3.124 The Petitioner offered loan to BYPL which otherwise would have been borrowed by BYPL from some other bank/ financial institution. The Petitioner has not claimed the cost of such a loan in its ARR and the interest earned should not be deducted from its ARR as a non tariff income. Such interest earned is on account of inter-Petitioner transfer and is not incidental to electricity business. Usage of the funds available to the Petitioner in the form of equity is in terms of Regulation 5.35 proviso is specifically excluded from Non-Tariff Income. Under those circumstances, the interest earned on the loan given by the Petitioner from its equity cannot be shared by regulated business of the Petitioner. The aforesaid principle of demarcation is well recognized by this Hon'ble Tribunal in a catena of Judgments specifically in Income Tax starting from Judgment dated April 4, 2007 in Appeal No.251 of2006

which is carried forward all the way upto the Judgment dated November 28, 2013 in Appeal No.138 of 2012.

- 3.125 In all those Judgments it has been categorically stated that the licensed business must be treated as a water tight compartment and only the expenses and revenue of the business form as a business activity and statement of affairs of the licensed business. Hence, no part of an unlicensed and an unrelated activity could form either a cost component or a revenue component in the ARR.
- 3.126 Moreover, such an interest is not non tariff income. As per MYT Regulations, 2011, the interest on loans borrowed by the Petitioner is only allowed as part of ARR. Therefore the interest on loans given to BYPL is not covered in ARR.
- 3.127 In case the Petitioner would not have given the loan to BYPL, the funds available with the Petitioner would have been invested elsewhere and the interest/ income earned on the same would have been retained by the Petitioner. Such an interest is akin to earning moneys on investments from shareholders funds which are specifically exempted from deduction from ARR in terms of the proviso to Clause 5.35 of 2011 Regulations which reads as follows:

“Non-Tariff Income

All incomes being incidental to electricity business and derived by the Licensee from sources, including but not limited to profit derived from disposal of assets, rents, net late payment surcharge (late payment surcharge less financing cost of late payment surcharge), meter rent (if any), income from investments, income on investment of consumer security deposit and miscellaneous receipts from the consumers shall constitute Non-Tariff Income of the Licensee:

Provided that income arising from investment of shareholder’s funds, if any, shall not be included in Non Tariff Income subject to prudence check of requisite detailed information submitted by the Licensee to the Commission.

... ” {Emphasis added}

- 3.128 Therefore, the Petitioner requested the Commission to allow to retain the interest earned on inter-Petitioner loans.

COMMISSION'S ANALYSIS

3.129 The Commission has considered the submission of the petitioner that the fund used for funding the loan to sister concern is not utilized for the regulated business and the petitioner is not entitled for any return or interest on these funds from ARR. Therefore, the interest on intercompany loan is allowed to be reduced from Non Tariff Income.

PENALTIES FROM CONTRACTORS**PETITIONER'S SUBMISSION**

3.130 The Commission in Tariff Order dated August 31, 2017 considered income on account of penalties from contractors as Non-Tariff Income and ruled as under:

"3.624 The Commission believes that imposing penalty on contractor is a part of contracting activity and contracting activity pertains to the business for which petitioner is holding license. Therefore, any income resulting due to such contracting activity should be considered as income aroused from an activity, which is incidental to electricity business. In view of this, the Commission has decided to retain such penalties from contractors as non tariff income."

3.131 The Petitioner has submitted that the Commission has ignored the fact that the penalty from contractors is recovered on account of delay in implementation of various schemes. Penalty received from contractors cannot be treated as an income within the meaning of "income" in the following provisions:

"Non-Tariff Income

5.35 All incomes being incidental to electricity business and derived by the Licensee from sources, including but not limited to profit derived from disposal of assets, rents, net late payment surcharge (late payment surcharge less financing cost of late payment surcharge), meter rent (if any), income from investments, income on investment of consumer security deposit and miscellaneous receipts from the consumers shall constitute Non-Tariff Income of the Licensee:

Provided that income arising from investment of shareholder's funds, if any, shall not be included in Non Tariff Income subject to prudence check of requisite detailed information submitted by the Licensee to the Commission.

5.36 The amount received by the Licensee on account of Non-Tariff Income shall be deducted from the aggregate revenue requirement in calculating the net revenue requirement of such Licensee."

{Emphasis added}

- 3.132 Though, clause 5.35 is inclusive in nature, penalty received from contractors is not ejusdem generis with the words "profit derived from disposal of assets, rents, net late payment surcharge (late payment surcharge less financing cost of late payment surcharge), meter rent (if any), income from investments, income on investment of consumer security deposit and miscellaneous receipts from the consumers"
- 3.133 To treat penalty received from contractors as income is contrary to doctrine of "Noscitur a sociis" which means that the meaning of a word may be known from accompanying words. However, the accompanying words "profit derived from disposal of assets, rents, net late payment surcharge (late payment surcharge less financing cost of late payment surcharge), meter rent (if any), income from investments, income on investment of consumer security deposit and miscellaneous receipts from the consumers" do not have any association with penalty received from contractors so as to bring such an income within the fold of Clause 5.35. Hence, to treat penalty received from contractors as income would be ultra vires Clause 5.35 of the 2011 Regulations.
- 3.134 Further, Delhi Electricity Supply Code and Performance Standards is applicable to assess the performance of the Licensee. If there is any deviation in standards of performance due to the delay in implementation of various schemes, the Petitioner is required to pay compensation to the consumers. This amount of compensation paid to the consumers is not allowed by the Commission in the ARR/ Tariff and has to be entirely borne by the Petitioner. However, the penalty paid by the contractors should be allowed to be retained by the Petitioner to allow it to be revenue neutral to a certain extent atleast.

- 3.135 The Petitioner has further submitted that it is a settled principle that in case the income is being passed on to the consumers, then the cost on account of such income is also required to be borne by the consumers. It would be completely unjustified that the cost due to delay in execution of schemes on account of non-performance of contractors be entirely imposed on the Petitioner by considering normative revenue based on normative AT&C Loss targets and the penalty being recovered from such contractors also be passed to consumers. In case this logic that “the income recovered from contractors is being earned by virtue of license and thus, is required to be passed on to consumers” is considered to be true then, the penalty due to non-performance of such contractors is also required to be borne by the consumers.
- 3.136 The Petitioner has also submitted that in law there cannot be a double jeopardy, i.e., on one hand the LD/ Penalty paid by the contractor is treated as Non-tariff income and deducted from ARR while at the same time compensation paid by the Petitioner to the consumers is not allowed in the ARR, both circumstances occurring on account of the same reason, i.e., delay by the contractor in execution of the schemes.
- 3.137 Further, in case delay in execution of any scheme is resulting in non-achievement of specified AT&C targets, normative revenue is considered by the Commission for the computation of revenue gap. Therefore the consumers are facing any disadvantage due to delay in works executed by the contractors.
- 3.138 Hence, the penalties from contractors ought not to be treated as Non-Tariff Income and allowed to be retained by the Petitioner as a back to back arrangement since due to the default on the part of the contractors it is the Petitioner which is liable to pay compensation to the consumers.

COMMISSION'S ANALYSIS

- 3.139 The Commission is of the view that imposing penalty on contractor is a part of contracting activity. And contracting activity pertains to the business for which petitioner is holding license. Therefore, any income resulting due to such contracting activity should be considered as income aroused from an activity, which is incidental

to electricity business. In view of this, the Commission has decided to retain such penalties from contractors as non tariff income.

CONSULTANCY BUSINESS

PETITIONER'S SUBMISSION

- 3.140 The Petitioner has submitted that activity of providing consultancy services is neither a licensed activity nor an activity related to licensed business strictu senso no part of the cost of such activity nor the revenue accrued there from form part of the ARR of the licensed business.
- 3.141 The aforesaid principle of demarcation is well recognized by the Hon'ble ATE in a catena of Judgments specifically in Income Tax starting from Judgment dated April 4, 2007 in Appeal No.251 of2006 which is carried forward all the way upto the Judgment dated November 28, 2013 in Appeal No.138 of 2012.
- 3.142 In all those Judgments it has been categorically held that the licensed business must be treated as a water tight compartment. Hence, no part of an unlicensed and an unrelated activity could form either a cost component or a revenue component in the ARR.
- 3.143 In point of fact the cost of such activity does not form part of the O&M cost in the ARR since the O&M costs is permitted by the Hon'ble Commission on normative base which has no reference to the actual expenses of the Petitioner. For example, the R&M expenses are given as a percentage of Gross Fixed Assets.
- 3.144 There can be four types of Income earned by a Power Distribution Company. First, Income from Tariff is nothing but revenue on sales from the Electricity. Second, Non-tariff income which is defined under Regulation 2 (l) of the 2011 Regulations to mean the income relating to the licensed business other than from tariff. Third, Income from "other business" is the income derived by the licensee by carrying out other businesses / activities for optimum utilization of the assets of the licensee under Section 51 of the EA, 2003. It is also so defined in Regulation 2 (m) of the 2011 Regulations. The fourth is the income which is earned by the licensee from business activities which has nothing whatsoever to do with the licensee or the business or the assets of the licensed business but the Petitioner is empowered under the

applicable laws to carry out other businesses. For example large conglomerates like Tata group which is involved in power business, Communications, consultancy, steel, transport, entertainment, hotels, aviation, fooding, financial services etc., Adani Power which is involved in agri-business, energy, real estate, logistics, resources etc. and RIL which is involved in textiles, communications, petrochemicals, entertainment, logistics etc. undertake licensed activities under the EA, 2003 and also undertake various other business ventures which have nothing to do with the activity of licensed activity under the EA, 2003. All other business of such big groups are considered mutually exclusive from regulated business and the income from such groups are not considered for the purpose of computing income/ non-tariff income from regulated business.

- 3.145 It is therefore submitted that no part of the income from the provision of consultancy services can form part of the ARR of the distribution business. As explained hereinabove, the income from providing consultancy services has nothing to do with the electricity business, much less being incidental to it. In view of the aforesaid discussion, the Petitioner prays that entire income of Rs. 0.41 Crore on account of consultancy business may be allowed to be retained by the Petitioner.

COMMISSION'S ANALYSIS

- 3.146 As per the Regulation 5.37 of the MYT Regulations, 2011 the income from other business shall be calculated as per "DERC Treatment of Income from other business of Transmission Licensee and Distribution Licensee Regulations, 2005". The Regulation 5 (5) of DERC Treatment of Income from other business of Transmission Licensee and Distribution Licensee Regulations, 2005, specify that the licensee shall retain 20% of the revenues arising on account of other business and pass on the remaining 80% of the revenues to the regulated business.
- 3.147 The Auditor has verified net income from other business and accordingly, 80% of net income for FY 2016-17 received by the Petitioner from the consultancy services is treated as income from other business, and 20% of the net income i.e. is allowed to be reduced from NTI.

STREET LIGHT MAINTENANCE**PETITIONER'S SUBMISSION**

3.148 Petitioner has submitted that the responsibility of maintaining street light is not contained in the Distribution License of the Petitioner. Electricity Act 2003 does not mandate the Distribution Licensee to maintain Street Lights. Further as per Section-42 of Delhi Municipal Corporation Act, 1957, it is the responsibility of MCD to maintain Street lighting system which is reproduced below:

"42. Obligatory functions of the Corporation

....

(o) the lighting, watering and cleansing of public streets and other public places;

...

(w) the maintenance and development of the value of all properties vested in or entrusted to the management of the Corporation;"

3.149 With the unbundling and restructuring of Delhi Vidyut Board (DVB) into corporate entities and privatisation of Distribution Business, the past legacy of maintenance of public lighting was passed on to the Petitioner as matter of course, though as distribution licensee the maintenance of public lighting was not their function. In fact the Petitioner vide letter dated March 24, 2004 intimated the Hon'ble Commission that maintenance of street lighting is the responsibility of MCD under DMC Act and not the Petitioner. Also the Hon'ble Commission in Order dated September 3, 2003 ruled as under:

"10. Having heard the submission of the parties, the Commission observed that it was the prerogative of the MCD, either to get the work done themselves or through the DISCOMs, in the latter alternative, scope of works, as also the commercial terms and conditions, shall need to be proposed by MCD. Thereafter, the Commission shall determine the maintenance charges, etc. after having considered the responses of the DISCOMs." Therefore it is clear that maintenance of street lighting is an activity

assigned to the Petitioner by MCD under DMC Act and does not fall under Regulated Business.

- 3.150 Since the activity of maintenance of Street Lights is neither a licensed activity nor an activity related to licensed business strictu senso no part of the cost of such activity nor the revenue accrued there from should form part of the ARR of the licensed business.
- 3.151 In point of fact the cost of such activity does not form part of the O&M cost in the ARR since the O&M costs is permitted by the Hon'ble Commission on normative base which has no reference to the actual expenses of the Petitioner. For example, the R&M expenses are given as a percentage of Gross Fixed Assets.
- 3.152 In view of the aforesaid discussion, the Petitioner submitted that entire income on account of maintenance of Street Lights may be allowed to be retained by the Petitioner as it is neither a non tariff income nor an income within the scope of Section 51 of the 2003 Act.

COMMISSION'S ANALYSIS

- 3.153 The Commission has considered the submission that the expenses on account of street light maintenance is separate than the normal O&M expenses. However, the contract for maintenance of the street light has been given to the Petitioner due to its distribution business. Further, the income from street light has been indicated in Audited Financial Statement as net income excluding the expenses incurred on street light maintenance. Therefore, the Commission has considered the net amount from Street Light Maintenance as part of non tariff income of the Petitioner.

SUMMARY OF NON TARIFF INCOME

- 3.154 The Non-Tariff Income as per the Petitioner and as approved by the Commission for FY 2016-17 is as under:

Table 138: Commission Approved - True up of Non Tariff Income (Rs. Cr.)

Sr. No.	Particulars	Petitioner's Submission	Trued Up
1	Other Operating Revenue	110	109.74
2	Other Income	97	97.17
3	Total other income	207	206.91

Sr. No.	Particulars	Petitioner's Submission	Trued Up
4	Add: Income from CSD	57	27.38
5	Add: Interest on SLD	11	10.55
6	Total Income for computation of NTI	274	244.84
7	Less: Income from other business		
A	Street Light	24	0.00
B	Consulting	0.41	0.08
8	Net Income for computation of NTI	249.59	244.76
9	Less: Interest on CR	0.04	0.04
10	Less: LPSC	28	16.21
11	Less: write-back of misc. provisions	3	0.00
12	Less: Short term gain	0.98	0.98
13	Less: Transfer from Consumer contribution for capital works	17	17.26
14	Less: Bad debts recovered	3	2.88
15	Less: Penalties from contractors	0.25	0.00
17	Less: Interest on inter-Petitioner loans	52	52.17
18	Less: Commission on ED	12	0.00
20	Net NTI	133	155.22

CAPITAL EXPENDITURE AND CAPITALISATION

PETITIONER'S SUBMISSION

3.155 The Petitioner has submitted the Capital Expenditure and Capitalisation from FY 2007-08 to FY 2016-17. The same is tabulated as under:

Table 139: Petitioner Submission - Capital expenditure and capitalisation (Rs. Crore)

Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17
Capex	247	377	305	302	207	267	309	298	360	484
Capitalisation	261	459	299	357	156	313	306	338	383	405
De-capitalisation	8	10	6	8	95	12	12	29	37	35

3.156 The Petitioner has submitted the GFA from FY 2007-08 to FY 2015-16. The same is tabulated as under:

Table 140: Petitioner Submission - Gross Fixed Assets from FY 2007-08 to FY 2015-16 (Rs. Crore)

Sr. No	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	Remarks/ Ref.
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Sr. No	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	Remarks/ Ref.
A	Opening GFA	3001	3254	3702	3995	4343	4404	4705	4999	5307	5654	
B	Capitalisation during FY	261	459	299	357	156	313	306	338	383	405	
C	De-capitalisation	8	10	6	8	95	12	12	29	37	35	
D	Closing GFA	3254	3702	3995	4343	4404	4705	4999	5307	5654	6024	A+B-C
E	Average GFA	3127	3478	3848	4169	4374	4555	4852	5153	5480	5839	(A+D)/2

COMMISSION'S ANALYSIS

3.157 The Commission has already indicated the status of true up of capitalisation since FY 2004-05 to FY 2015-16. Further, the work for the review of capital expenditure and the capitalization of assets for FY 2016-17 shall be awarded separately. In view of the pending physical verification of the Fixed Assets of the Petitioner, Capitalization for the purpose of true up has been considered provisionally based on audited financial statements for FY 2016-17. The Commission has considered the closing GFA for FY 2015-16 as approved in the Tariff order dated 31st August, 2017 as opening GFA for FY 2016-17.

3.158 The Commission has considered financing of Capitalisation (net of de-capitalisation and consumer contribution) through debt and equity in the ratio of 30:70 as follows:

Table 141: Commission Approved - Financing of Capitalisation for FY 2016-17 (Rs. Crore)

Sr. No	Particulars	Petitioner's Submission	Approved	Remarks/ Ref.
A	Total Capitalisation	405.00	405.44	
B	De-capitalisation	35.00	34.66	
C	Consumer Contribution	67.00	67.08	Note 21 of the Audited Accounts
D	Balance Capitalisation	303.00	303.70	A-B-C
E	Debt	213.00	212.59	70% of D
F	Equity	91.00	91.11	30% of D

3.159 The Commission has considered the Closing Balance of Consumer Contribution and Grants from the Tariff Order 2017-18 dated 31/08/2017 as approved for FY 2015-16 as Opening Balance of Consumer Contribution and Grants for FY 2016-17 as follows:

Table 142: Commission Approved - Consumer Contribution and Grants for FY 2016-17(Rs. Crore)

Sr. No.	Particulars	Petitioner's Submission	Approved	Remarks/ Ref.
A	Opening Balance	543.00	597.53	From p.g. no. 325 TO 2017-18
B	Additions during the year	67.00	67.08	
C	Closing Balance	610.00	664.61	A+B
D	Average Consumer Contribution	576.50	631.07	(A+C)/2

DEPRECIATION

PETITIONER'S SUBMISSION

3.160 During Policy Direction Period, the depreciation was allowed only on opening GFA and not the additions during the year. The implementation of directions of Hon'ble ATE in Judgment dated October 6, 2009 (Appeal 36 of 2008) shall lead to revision in GFA. Accordingly, the Petitioner has computed the revised depreciation based on revision in GFA from FY 2002-03 to FY 2006-07 as under:

Table 143: Petitioner Submission - Computation of depreciation from FY 2002-03 to FY 2006-07 (Rs. Crore)

Sr. No	Particulars	FY 03	FY 04	FY 05	FY 06	FY 07
1	Opening GFA	1533	1552	1658	1923	2689
2	Additions	19	106	266	779	316
a	REL Additions	0	0	3	61	69
b	EI Additions	0	0	169	586	100
c	Already allowed by DERC	19	106	93	132	147
3	Retirement	0	0	0	13	4
4	Closing GFA	1552	1658	1923	2689	3001
5	Rate of depreciation	6.69%	6.69%	6.69%	6.69%	6.69%
6	Depreciation	77	104	111	129	180
7	Depreciation allowed by DERC	77	104	111	117	125
8	Difference	0	0	0	12	55
9	Acc. Depreciation	460	564	675	803	983

3.161 The Petitioner has submitted that as regards to the depreciation from FY 2007-08 to FY 2015-16, the Commission has been deriving the rates from the audited accounts of the Petitioner instead of considering the same as per the rates specified in DERC Tariff Regulations. Further, the average rate of Depreciation for FY 2016-17 based on the Audited Accounts of the Petitioner is tabulated as follows:

Table 144: Petitioner Submission - Comparison between Audited Accounts and Regulatory Books

Sr. No.	Particulars	Audited Accounts	Regulatory books
1	Basis of rates	Schedule XIV (Companies Act, 1956)	DERC MYT Regulations, 2011
2	Asset depreciated upto	95% of original cost of asset	90% of original cost of asset
3	Life of asset	As per CERC Notification no. L-7/25 (5)/ 2003-CERC dated 26 March 2004 or independent valuer's certificate whichever is lower	DERC MYT Regulations, 2011

3.162 Further, the average rate of Depreciation for FY 2016-17 based on the Audited Accounts of the Petitioner is tabulated as follows:

Table 145: Petitioner Submission - Computation of avg. rate of Depreciation for FY 2016-17 (Rs. Crore)

Sr. No	Particulars	FY 16-17	Remarks/ Ref
A	Opening GFA as per audited accounts	5615	Note 16 of Audited Accounts
B	Closing GFA as per audited accounts	6021	
C	Average of GFA	5818	(A+B)/2
D	Depreciation as per Audited Accounts	216	
E	Average depreciation rate	3.71%	(D/C)*100

COMMISSION'S ANALYSIS

3.163 The Commission has considered average rate of Depreciation for FY 2016-17 based on the Audited Accounts and as considered by the Petitioner as follows:

3.164 Accordingly, the Commission has approved the depreciation after excluding consumer contribution and Grants from the Gross Fixed Assets as follows:

Table 146: Commission Approved - Depreciation for FY 2016-17 (Rs. Crore)

Sr. No.	Particulars	Petitioner's Submission	Approved	Remarks/ Ref.
A	Average GFA	5,839.00	5,010.91	
B	Average Consumer Contribution and Grants	595.50	631.07	
C	Average assets net of consumer contribution & Grants	5,243.50	4,379.84	A-B

Sr. No.	Particulars	Petitioner's Submission	Approved	Remarks/ Ref.
D	Average rate of depreciation	3.72%	3.72%	
E	Depreciation	194.67	162.93	C*D
F	Opening balance of cumulative depreciation	2,319	1,961.22	
G	Closing balance of cumulative depreciation	2,514	2,042.68	E+F

WORKING CAPITAL

PETITIONER'S SUBMISSION

3.165 The Petitioner has submitted Working Capital for FY 2016-17 as follows:

Table 147: Petitioner Submission - Working Capital Requirement (Rs. Crore)

Sr. No	Particulars	FY 17
1	Receivables	8356
2	Receivables-2 Months	1393
3	Less: PP Cost	6913
4	PP Cost- 1 Month	576
5	Total WC Requirement	817
6	Working capital allowed	825
7	Difference	-9

COMMISSION'S ANALYSIS

3.166 Hon'ble High Court of Delhi in its judgement dated 29/07/2016 in the matter of W.P.(C) 2203/2012 & C.M. No.4756/2012 has already upheld the provision of MYT Regulations, 2011 regarding funding of working capital through 100% debt. Further, Regulation 5.14 and 5.15 of the MYT Regulations 2011 specifies that working capital shall consist of:

"For Wheeling business

(a) Receivables for two months of wheeling charges

For Retail supply business

(a) Receivables for two months of revenue from sale of electricity

(b) Less: Power purchase costs for one month

(c) Less: Transmission charges for one month, and

(d) Less: Wheeling charges for two months”

3.167 The Commission has computed the Working Capital considering the net power purchase cost including transmission charges and ARR as approved in the truing up for FY 2016-17 as follows:

Table 148: Commission Approved - Computation of working capital (Rs.Crore)

Sr. No.	Particulars	Approved	Remark
A	Receivables for Annual Revenue Requirement	7743.33	
B	Receivables equivalent to 2 months average billing	1,290.55	(A/12*2)
C	Power Purchase expenses (inclusive of Transmission charges)	6718.54	
D	Less: 1/12 th of power purchase expenses	559.88	(C/12*1)
E	Total Working Capital for the year	730.68	(B-D)
F	Less- Opening Working Capital	843.14	
G	Change in working capital for the year	(112.46)	(E-F)

REGULATED RATE BASE (RRB)

PETITIONER'S SUBMISSION

3.168 The Petitioner has submitted RRB for FY 2016-17 as follows:

Table 149: Petitioner Submission – RRB for FY 2016-17

Sr. No	Particulars	FY 17
1	OCFA	
2	Working Capital	
3	Accumulated Dep.	
4	Accumulated dep. on de-cap	
5	Accumulated CC	
6	Opening RRB	3662
7	Change in RRB	109
8	Investments capitalised	371
9	Depreciation	195
10	Acc. Dep. On de-cap assets	0
11	Consumer contribution	67
12	Change in Working Capital	-9
13	Closing RRB	3762
14	RRB for the year	3708

COMMISSION'S ANALYSIS

3.169 The Commission has computed the RRB based on provisional investment capitalised, depreciation, consumer contribution and working capital requirements for FY 2016-17 as follows:

Table 150: Commission Analysis - Computation of Regulated Rate Base for the period FY 16-17 (Rs. Cr.)

Sr. No.	Particulars	Approved	Remarks
A	Opening Balance of OCFA	4825.52	Table 201 of Tariff Order Aug, 2017
B	Opening Balance of Working Capital	843.137	
C	Opening Balance of Accumulated Depreciation	1,851.47	
D	Opening Balance of Accumulated Consumer Contribution	597.53	
E	RRB Opening	3,219.66	A+B-C-D
F	Investment in capital expenditure during the year	370.78	Addition minus (-) decapitalised
G	Depreciation for the year	162.93	
H	Consumer Contribution, Grants, etc. for the year	67.08	
I	Change in working capital	(112.46)	
J	RRB Closing	3,247.97	E+F-G-H+I
K	$\Delta AB/2 + \Delta WC$	(42.08)	(Fixed Assets capitalized during the year-Dep. During the year-consumer cont. during the year)/2+ Change in Working Capital
L	RRB (i)	3,177.58	Opening RRB+AB/2+WC

DETERMINATION OF WACC & RoCE

PETITIONER'S SUBMISSION

3.170 The Petitioner submitted that Commission did not set any target in terms of rate of interest on CAPEX loans raised during FY 2016-17, the actual rate of interest on CAPEX loans raised towards funding of capitalisation achieved during FY 2016-17 ought to be considered for computation of WACC during FY 2016-17 and has submitted RoCE as follows:

Table 151: Petitioner Submission - Computation of WACC (Rs. Crore)

Sr. No	Particulars	FY 17
A	Average Debt	2005
B	Average Equity	1700

C	Total	3705
D	Cost of Debt	13.56%
E	Return on Equity	16%
F	Weighted Average Cost of Capital (WACC)	14.68%

Table 152: Petitioner Submission - Computation of ROCE (Rs. Cr)

Sr. No	Particulars	FY 17
A	Weighted Average Cost of Capital (WACC)	14.68%
B	RRB (i)	3708
C	RoCE	544
D	Additional Return on Equity	
E	AT&C Loss reduction incentive on equity	
F	Total Return (RoCE+ Incentive)	

COMMISSON'S ANALYSIS

3.171 The Commission has already provided the detailed reasons in its Tariff Order dtd. 29/09/2015 regarding treatment of means of finance, Return on Equity, Interest on Loans, Depreciation & De-Capitalisation during 1st and 2nd MYT period.

3.172 Further, the Commission has appointed consultants for physical verification of the assets of the Petitioner. Therefore, the Commission is of the view that once the physical verification of the asset is finalised then the same shall be trued up and Commission will consider the impact of Return on Equity, Interest on Loans, Depreciation and De-Capitalisation at the time of final truing up of capitalisation.

3.173 It is also pertinent to mention that the matter is sub-judice as the Petitioner has already challenged the treatment of De-Capitalisation and means of Financing provided by the Commission in its Tariff Order dtd. 29/09/2015 in Appeal No. 297/2015. Therefore, the Commission has considered the rate of interest at 10.40% as approved during true up of FY 2015-16 in tariff order dated 31/08/2017 for FY 2016-17 as the SBI base rate has not moved more than 1% on either side. Movement of SBI base rate indicated by the Auditor is as follows:

Table 153: Commission Approved - Movement in Base Rate of State Bank of India

Sr. No.	Particulars	Petitioner's Submission		Approved
		FY 2011-12	FY 2016-17	
A	Weighted average Base Rate of SBI	9.65%		
B	Opening Base Rate on 1st April	8.25%	9.30%	9.30%
C	Closing Base Rate on 31st March	10.00%	9.30%	9.30%

3.174 The Commission has considered additional return on equity of 0.39% as discussed in truing up of AT&C Loss incentive and accordingly, total return on equity for the purpose of WACC as 16.39% for FY 2016-17.

3.175 Accordingly, the Commission has computed the WACC & RoCE FY 2016-17 as follows:

Table 154: Commission Approved - Computation of WACC and RoCE

Sr. No.	Particulars	Approved	Remark/Ref
A	RRB (i)	3,177.58	
B	Equity (limiting to 30% net capitalization)	734.07	
	Average Equity balance as per net worth		
	Equity now considered for WACC	734.07	
C	Debt – balancing figure	2,443.51	
D	Rate of return on equity (re)	16.00%	
E`	Additional return on equity due to over achievement in AT&C loss	0.39%	As per Calculation
F	Effective return on equity	16.39%	(D+E)
G	Rate of interest on debt (rd)	10.47%	
H	WACC	11.84%	
I	RoCE	376.13	A*H

INCOME TAX

PETITIONER'S SUBMISSION

3.176 The Petitioner has submitted that the Regulation 5.32 of MYT Regulations, 2011 specifies that Tax on Income, if any liable to be paid on the licensed business of the distribution Licensee shall be limited to tax on return on the equity component of capital employed.

3.177 Based on the above Regulation, the Petitioner has sought Income tax of Rs. 74 Cr as a tax on return on the equity component as follows:

Table 155: Petitioner Submission - Income tax sought for FY 2016-17

Sr. No	Particulars	FY 2016-17
1	Average Equity	1700
2	Average Debt	2005
3	Equity %	46%
4	RRB	3708
5	Equity	1701
6	ROE	272
7	Income-tax rate	21.34%
8	Income-tax	74

COMMISSION'S ANALYSIS

- 3.178 As per Regulation 5.32 of MYT regulation 2011, income tax if any is liable to be paid on the licensed business of the distribution licensee which shall be limited to tax on return on equity component of capital employed. Any additional tax other than this shall not be pass through and it shall be payable by the distribution licensee from their own other Income.
- 3.179 Regulation 5.33 specify the actual assessment of income tax should take into account benefits of tax holiday and the credit for carry forward losses applicable as per the provisions of the income tax act, 1961 shall be passed onto the consumers.
- 3.180 Accordingly, the Commission has approved income tax on return on equity for FY 2016-17 as follows:

Table 156: Commission Approved - Income Tax for FY 2016-17 (Rs. Crore)

Sr. No.	Particulars	Approved
A	Equity	734.07
B	Rate of return	16.00%
C	Return on Equity	120.30
D	Income tax Rate	33.99%
E	Return on equity including income tax	182.24
F	Tax	61.94
G	Actual Tax paid	19.79
H	Tax Allowed	19.79

AGGREGATE REVENUE REQUIREMENT (ARR) for FY 2016-17**PETITIONER'S SUBMISSION**

- 3.181 The Petitioner has submitted a total Aggregate Revenue Requirement of Rs. 6,651.16 Cr for FY 2016-17 as follows:

Table 157: Petitioner Submission - Summary of Aggregate Revenue Requirement (Rs. Crore)

Sr. No	Particulars	Submission
A	Purchase of power including Transmission and SLDC Charges	6913
B	O&M Expenses	763
C	Other Expenses/ Statutory levies	
D	Depreciation	195
E	Return on Capital Employed (RoCE)	544
F	Income Tax	74

Sr. No	Particulars	Submission
G	Sub-total	8489
H	Less: Non-Tariff Income	133
I	Less: Income from other business	
J	Less: Interest on CSD	
K	Aggregate Revenue Requirement	8356
L	Add: Impact of DERC/ APTEL/ High/ Supreme Court Judgments	
M	Add: PPAC (Balance of Q4-FY 14)	
N	Net Aggregate Revenue Requirement	8356
O	Add: Carrying cost	
P	ARR	8356

COMMISSION ANALYSIS

3.182 Aggregate Revenue Requirement (ARR) approved for FY 2016-17 is as follows:

Table 158: Commission Approved - Summary of Aggregate Revenue Requirement (Rs. Crore)

Sr. No.	Particulars	Petitioner's Submission	Approved
A	Power Purchase cost (incl. Transmission charges)	6913	6,718.54
B	O&M Expenses	763	621.16
C	Other expenses/Statutory levies	0	0
D	Depreciation	195	162.93
E	Return on Capital Employed (RoCE)	544	376.13
F	Income Tax	74	19.79
G	Less: Non-tariff income	133	155.22
H	Aggregate Revenue Requirement	8356	7,743.33

REVENUE SURPLUS /(GAP)

PETITIONER'S SUBMISSION

3.183 The Petitioner has submitted the Revenue Gap for FY 2016-17 is as under:

Table 159: Petitioner Submission - Computation of Revenue surplus/ (Gap) for FY 2016-17 (Rs. Crore)

Sr. No	Particulars	Submission	Reference
A	ARR for FY 2016-17	8356	
B	Revenue available towards ARR	7680	
C	Income from Open Access	28	
D	Revenue (Gap)/ Surplus	(648)	A-B-C

COMMISSION'S ANALYSIS

3.184 Revenue surplus/ (gap) after true up of ARR as approved by the Commission is as follows:

Table 160: Commission Approved - Computation of Revenue surplus/ (Gap) for FY 2016-17 (Rs. Crore)

Sr. No.	Particulars	Petitioner's Submission	Now Approved	Remarks
A	ARR for FY 2016-17	8356	7,743.33	
B	Revenue available towards ARR	7708	8,130.09	
C	Revenue (Gap) / Surplus for the period	(648)	386.76	(A-B)

A4: ANALYSIS OF AGGREGATE REVENUE REQUIREMENT (ARR) FOR FY 2018-19**INTRODUCTION**

4.1 As per Regulation 3 of *Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017*, the Commission has notified Business Plan Regulations which contains the following parameters applicable for the Control Period (FY 2017-18 to FY 2019-20):

- (1) Rate of Return on Equity,
- (2) Margin for rate of interest on Loan,
- (3) Operation and Maintenance Expenses,
- (4) Capital Investment Plan,
- (5) Mechanism for sharing of incentive-disincentive mechanism,
- (6) Allocation of overhead expenses incurred on account of Administrative Expenditure out of Operation and Maintenance Expenses for creation of Capital Asset,
- (7) Generating Norms:
 - (a) Gross Station Heat Rate,
 - (b) Plant Availability Factor,
 - (c) Secondary Fuel oil consumption;
 - (d) Auxiliary consumption and
 - (e) Plant Load Factor;
- (8) Transmission Norms:
 - (a) Annual Transmission system availability;
 - (b) Annual Voltage wise Availability;
- (9) Distribution Norms:
 - (a) Distribution Loss Target;
 - (b) Collection Efficiency Target;
 - (c) Targets for Solar and Non Solar RPO;
 - (d) Contingency limit for Sale through Deviation Settlement Mechanism (Unscheduled Interchange) transactions

(e) The ratio of various ARR components for segregation of ARR into Retail Supply and Wheeling Business.

- 4.2 The Petitioner has filed the Petition for determination of Aggregate Revenue Requirement (ARR) for FY 2018-19. The Commission has analysed the Petition submitted by the Petitioner for ARR of FY 2018-19 as required under the *Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017*.
- 4.3 In the process of ARR determination, the Commission held several prudence check sessions to validate the information submitted by the Petitioner and wherever required sought clarification on various issues. The Commission has considered all information submitted by the Petitioner as part of Tariff Petition, Audited Accounts for past years, response to queries raised during discussions and also during the Public Hearing for determination of ARR and Tariff for FY 2018-19.
- 4.4 This chapter contains detailed analysis of the Petition submitted by the Petitioner and the various parameters approved by the Commission for determination of ARR for FY 2018-19.

ENERGY SALES

PETITIONER'S SUBMISSION

- 4.5 The Petitioner has considered the Adjusted Trend Analysis Method for the purpose of accurate projection of sales. This method assumes the underlying factors which drive the demand for electricity and are expected to follow the same trend as in the past. However, this approach also discounts any outliers (relative to the trend) observed in the growth rates over the period of 5 years and excludes them while projecting energy sales for each year of the control period. Adopting such a method has enabled the Petitioner to further fine tune the projection by eliminating any abnormal pattern observed under any category.
- 4.6 The Adjusted Trend Analysis Method makes use of a statistical tool, namely the

Compound Annual Growth Rate (CAGR) and, accordingly, Compound Annual Growth Rates (CAGRs) have been calculated from the past figures for each category, corresponding to different lengths of time in the past five years, along with the year on year growth rates from FY 2010-11 to FY 2016-17. The category-wise actual sales since FY 2008-09 are as follow:

Table 161: Petitioner submission - Actual sales from FY 2010-11 to FY 2016-17 (MU)

Sr. No	Consumer Category	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17
1	DOMESTIC	4545	4725	5076	5297	5737	5924	6464
2	NON-DOMESTIC	2596	2642	2759	2765	2827	2941	3028
3	INDUSTRIAL	603	540	537	526	507	501	499
4	PUBLIC LIGHTING	152	137	158	161	188	175	193
5	AGRICULTURE	18	17	17	15	16	16	16
6	MUSHROOM	0.08	0.12	0.10	0.07	0.09	0.11	0
7	RAILWAY TRACTION	25	22	36	35	24	40	21
8	DMRC	140	271	269	253	271	279	308
9	OTHERS	498	552	525	637	609	629	660
a	DIAL	242	231	230	221	218	222	219
b	11KV (WORSHIP/HOSPITALS)	24	25	27	26	27	29	29
c	DJB 11 KV	91	103	114	134	132	142	152
d	DJB (LT)	0	0	51	77	75	71	70
e	DVB STAFF	24	24	25	25	24	22	23
f	ADVERTISEMENT/ HOARDINGS	0	0	2.18	3.29	0.76	1.95	2
g	TEMPORARY	0	0	0	66	74	81	86
h	THEFT	73	136	51	62	35	42	66
i	OWN CONSUMPTION	43	33	26	23	24	18	11
10	TOTAL	8576	8906	9377	9689	10179	10505	11189

4.7 The Category-wise CAGR are as follows:

Table 162: Various Years CAGR

Sr. No.	Category	2-YR CAGR	3-YR CAGR	4-YR CAGR	5-YR CAGR
1	DOMESTIC	7.7%	6.2%	6.7%	6.2%
2	NON-DOMESTIC	1.8%	2.6%	2.5%	2.0%
3	INDUSTRIAL	-1.3%	-1.3%	-1.8%	-1.9%
4	PUBLIC LIGHTING	17.4%	8.8%	10.8%	8.9%

Sr. No.	Category	2-YR CAGR	3-YR CAGR	4-YR CAGR	5-YR CAGR
5	AGRICULTURE	33.7%	21.8%	18.1%	10.6%
6	MUSHROOM	33.9%	30.9%	28.9%	14.0%
7	RAILWAY TRACTION	-27.9%	-4.2%	-11.8%	-10.1%
8	DMRC	3.8%	3.5%	4.4%	2.2%
9	OTHERS	-4.3%	-1.8%	-2.5%	1.9%
a	DIAL	-7.0%	-4.1%	-3.4%	-3.5%
b	11KV (WORSHIP/HOSPITALS)	6.3%	6.5%	6.3%	3.8%
c	DJB 11 KV	2.9%	4.5%	3.0%	5.7%
d	DJB (LT)	-0.2%	-2.0%	-2.1%	6.9%
e	DVB STAFF	-1.1%	-2.8%	-3.7%	-2.8%
f	ADVERTISEMENT/ HOARDINGS	8.2%	44.3%	-8.7%	1.0%
g	TEMPORARY	7.9%	8.5%	9.5%	224.1%
h	THEFT	-100.0%	-100.0%	-100.0%	-100.0%
i	OWN CONSUMPTION	-18.1%	-20.9%	-15.2%	-14.1%
10	TOTAL	5.0%	4.4%	4.5%	4.3%

4.8 The Petitioner has tabulated the category-wise closing consumers and total connected load from FY 2010-11 to FY 2016-17 as follows:

Table 163: Petitioner submission - Actual Closing Consumers from FY 2010-11 to FY 2016-17

Category	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
DOMESTIC	1393006	1459467	1568469	1687030	1785363	1897574	1995034
NON-DOMESTIC	234646	243861	253430	269441	279817	296761	310672
INDUSTRIAL	13023	12582	12307	12042	11874	11669	11498
PUBLIC LIGHTING	1	619	1	1409	7628	7907	5381
AGRICULTURE	4143	4264	4333	4388	4550	4721	5009
MUSHROOM	21	16	12	11	11	10	10
RAILWAY TRACTION	1	1	1	1	1	1	1
DMRC	5	6	6	6	7	8	8
OTHERS	6395	6211	10396	22400	9455	9476	9445
DIAL	1	1	1	1	1	1	1
11KV (WORSHIP/HOSPITALS)	18	18	20	19	20	19	18
DJB HT	55	61	64	68	71	76	76
DJB (LT)	0	0	3068	3179	3105	3140	3218
DVB STAFF	6320	6131	6146	6110	5258	5219	5039
ADVERTISEMENT/ HOARDINGS	0	0	1096	1059	998	1020	1071
TEMPORARY	0	0	0	11640	1	1	0

Category	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
<i>THEFT</i>	0	0	0	0	0	0	0
<i>OWN CONSUMPTION</i>	1	0	1	324	1	0	22
TOTAL	1651241	1727027	1848955	1996728	2098706	2228127	2337058

Table 164: Actual total connected load from FY 2010-11 to FY 2016-17

Category	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
DOMESTIC	3483	4902	5169	5738	6544	7062	7177
NON-DOMESTIC	1815	1931	1946	2228	2343	2484	2427
INDUSTRIAL	357	336	326	349	316	317	311
PUBLIC LIGHTING	0	10	0	13	58	62	47
AGRICULTURE	16	19	19	20	20	20	19
MUSHROOM	0	0	0	12	0	0	0
RAILWAY TRACTION	22	13	13	13	13	13	13
DMRC	70	46	43	43	43	48	48
OTHERS	162	152	197	256	211	209	210
<i>DIAL</i>	58	51	51	51	51	51	51
<i>11KV (WORSHIP/HOSPITALS)</i>	13	13	14	15	16	14	15
<i>DJB 11 KV</i>	76	65	65	68	75	74	74
<i>DJB (LT)</i>	0	0	42	43	45	45	46
<i>DVB STAFF</i>	15	22	22	22	21	21	20
<i>ADVERTISEMENT/ HOARDINGS</i>	0	0	3	3	2	2	2
<i>TEMPORARY</i>	0	0	0	45	0	0	0
<i>THEFT</i>	0	0	0	0	0	0	0
<i>OWN CONSUMPTION</i>	0	0	0	9	0	0	1
TOTAL	5924	7408	7714	8671	9549	10214	10253

4.9 For forecasting the expected sales for the remaining months of FY 2017-18 and FY 2018-19, actual category-wise sales for FY 2016-17 have been considered as base i.e. the chosen growth rate is applied over the sales for FY 2016-17.

4.10 For the purpose of this projection, actual sales for the first five months of FY-2017-18 i.e. till August 2017 have been considered. On this 5 months, adjusted growth rate has been applied based on past year trend to arrive at projected sales of FY 2017-18.

Further, the same growth rates have been applied on projected sales of FY 2017-18 to arrive at sales of FY 2018-19.

4.11 The category specific methodology adopted for projection of sales for FY 2018-19 has been tabulated as follows:

Table 165: Methodology adopted for projection of sales by the Petitioner for major categories

Sr. No.	Category	FY 18-19	Growth %
1	DOMESTIC	7,470	7.5%
2	NON-DOMESTIC	2,879	-2.5%
3	INDUSTRIAL	481	-1.9%
4	PUBLIC LIGHTING	228	8.8%
5	AGRICULTURE	16	0.0%
6	MUSHROOM	0	0.0%
7	RAILWAY TRACTION	11	-27.9%
8	DMRC	443	20.0%
9	OTHERS	582	0.0%
A	DIAL	189	-7.0%
B	11KV (WORSHIP/HOSPITALS)	29	0.0%
C	DJB 11 KV	152	0.0%
D	DJB (LT)	70	0.0%
E	DVB STAFF	23	0.0%
F	ADVERTISEMENT/ HOARDINGS	2	0.0%
G	TEMPORARY	86	0.0%
H	THEFT	-	
I	OWN CONSUMPTION	30	0.0%
10	NET METERING	1	0.0%
11	TOTAL	12111	

4.12 The projected number of consumers and connected load are as follows:

Table 166: Petitioner submission - Projected connected load for FY 2018-19

Sr. No	Consumer Category	FY 18-19	Growth %
1	DOMESTIC	7913	5.0%
2	NON-DOMESTIC	2d307	-2.5%
3	INDUSTRIAL	311	0.0%
4	PUBLIC LIGHTING	47	0.0%
5	AGRICULTURE	19	0.0%
6	MUSHROOM	0	0.0%
7	RAILWAY TRACTION	13	0.0%
8	DMRC	58	10.0%
9	OTHERS	210	0.0%
A	DIAL	51	0.0%

Sr. No	Consumer Category	FY 18-19	Growth %
B	11KV (WORSHIP/HOSPITALS)	15	0.0%
C	DJB 11 KV	74	0.0%
D	DJB (LT)	46	0.0%
E	DVB STAFF	20	0.0%
F	ADVERTISEMENT/ HOARDINGS	2	0.0%
G	TEMPORARY	-	0.0%
H	THEFT	-	0.0%
I	OWN CONSUMPTION	1	0.0%
10	NET METERING	-	0.0%
11	TOTAL	10879	

Table 167: Petitioner submission - Projected number of consumers for FY 2018-19

Sr. No	Consumer Category	FY 18-19	Growth %
1	DOMESTIC	21,99,526	5.0%
2	NON-DOMESTIC	2,95,334	-2.5%
3	INDUSTRIAL	11,498	0.0%
4	PUBLIC LIGHTING	5,381	0.0%
5	AGRICULTURE	5,009	0.0%
6	MUSHROOM	10	0.0%
7	RAILWAY TRACTION	1	0.0%
8	DMRC	10	10.0%
9	OTHERS	9445	0.0%
A	DIAL	1	0.0%
B	11KV (WORSHIP/HOSPITALS)	18	0.0%
C	DJB 11 KV	76	0.0%
D	DJB (LT)	3,218	0.0%
E	DVB STAFF	5,039	0.0%
F	ADVERTISEMENT/ HOARDINGS	1,071	0.0%
G	TEMPORARY	-	0.0%
H	THEFT	-	0.0%
I	OWN CONSUMPTION	22	0.0%
10	NET METERING	-	0.0%
11	TOTAL	2526214	0.0%

COMMISSION'S ANALYSIS

- 4.13 The Petitioner has submitted audited Form 2.1a for FY 2016-17 and actual Sales from Apr'17 to Dec'17.
- 4.14 The Commission has approved sales for FY 2018-19 considering tried up sales for the period FY 2010-11 to FY 2016-17 and actual Sales from Apr'17 to Dec'17. The base year for projection of sales of FY 2018-19 has been considered as FY 2017-18- actual sales of

Apr'17 to Dec'17 as submitted by the Petitioner & Sales for Jan'18, Feb'18 & Mar'18 has been considered at same level as that of respective month of last year. The category wise sales from FY 2010-11 to FY 2017-18 are indicated in the table as follows:

Table 168: Sales from FY 2010-11 to FY 2017-18 (MU)

Sr. No	Category	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
1	Domestic	4509	4725	5076	5297	5737	5924	6464	6769
2	Non-Domestic	2538	2642	2759	2765	2827	2941	3028	3071
3	Industrial	586	540	537	526	507	501	499	496
4	Agriculture	18	17	17	15	16	16	16	18
5	Mushroom	0	0	0	0.07	0.09	0.11	0.21	0
6	Public Lighting	152	137	158	161	188	175	193	177
7	DJB	91	103	165	210	207	213	222	222
8	DIAL	242	231	230	221	218	222	219	209
9	RAILWAYS	25	22	36	35	24	40	21	20
10	DMRC	140	271	269	253	271	279	308	314
11	Adv. & Hoardings	0	0	2	3	0.76	1.95	2.07	2
12	Others	105	155	100	312	184	192	217	225
13	Total	8406	8843	9349	9800	10179	10505	11189.12	11522.99

4.15 The category-wise CAGR of 1 year to 7 years (FY 2010-11 to FY 2017-18) are shown in the table as follows:

Table 169: Commission projection - Various Years CAGR (FY 2010-11 to FY 2017-18) (%)

Particulars	7 years	6 years	5 years	4 years	3 years	2 years	1 year
Domestic	5.98%	6.17%	5.93%	6.32%	5.67%	6.90%	4.73%
Non-Domestic	2.76%	2.54%	2.16%	2.66%	2.80%	2.18%	1.41%
Industrial	-2.36%	-1.41%	-1.58%	-1.48%	-0.76%	-0.57%	-0.72%
Agriculture	-0.35%	0.55%	0.66%	3.18%	3.70%	4.98%	10.03%
Mushroom	-	-	-	25.30%	25.99%	26.41%	-16.48%
Public Lighting	2.19%	4.35%	2.28%	2.43%	-1.99%	0.46%	-8.24%
DJB	13.59%	13.66%	6.12%	1.35%	2.42%	2.15%	0.00%
DIAL	-2.10%	-1.68%	-1.93%	-1.43%	-1.41%	-3.11%	-4.63%
Railways	-2.93%	-1.33%	-10.83%	-12.52%	-5.21%	-28.98%	-5.35%

Particulars	7 years	6 years	5 years	4 years	3 years	2 years	1 year
DMRC	12.23%	2.48%	3.14%	5.56%	5.04%	6.15%	2.02%
Adv. & Hoardings	-	-	1.06%	-10.52%	40.46%	3.93%	2.01%
Others	11.54%	6.44%	17.70%	-7.82%	7.03%	8.46%	3.98%

ESTIMATED SALES FOR FY 2018-19

- 4.16 The Commission has adopted an Adjusted Trend Analysis method for forecasting for demand in FY 2018-19 which assumes the underlying factors driving the demand for electricity to follow the same trend as in the past. Hence, the forecast is also based on the assumption that the past consumption trend will continue in the future.
- 4.17 The trend based approach has to be adjusted based on judgment of the characteristics of the specific consumer groups/categories.
- 4.18 The strength of the method, when used with balanced judgment, lies in its ability to reflect recent changes and therefore, probably best suited as a basis for short-term projection as used for the revenue projection in the context of ARR determination. The category-wise sales forecast for FY 2018-19 is discussed as follows:

DOMESTIC CONSUMERS

- 4.19 The consumption of energy under Domestic category constitutes about 60% of total sales in FY 2017-18. The Petitioner has projected sales of 7470 MU for FY 2018-19 at a growth rate of (4 years CAGR) 8%. The growth rate for this category ranges from 4.73% to 6.90% from FY 2010-11 to FY 2017-18. Thus, the Commission considers a growth rate of 6.32% (4 Year CAGR of FY 2013-14 to FY 2017-18) for projecting the sales of 7197 MU for FY 2018-19 as it is considered to be realistic for Domestic consumers category.

NON-DOMESTIC CONSUMERS

- 4.20 The consumption of energy by Non-Domestic category constitutes about 27% of total sales in FY 2017-18. The Petitioner has projected sales of 2879 MU for FY 2018-19 at a negative growth rate of 3% (4 Year CAGR). The growth rate for this category ranges

from 1.41% to 2.80% from FY 2010-11 to FY 2017-18. The Commission considers the growth rate of 2.66% based on 4 year CAGR as it is considered reasonable in view of the trend during the past years. Therefore, the Commission approves the sales of 3152 MU for FY 2018-19 for Non-Domestic consumer category by escalating the sales for FY 2017-18.

INDUSTRIAL CONSUMERS

4.21 The consumption of energy by Industrial consumer's category constitutes 4% of total sales in FY 2017-18. The Petitioner has projected the sales as 481 MU for FY 2018-19 at a negative growth rate of 1.9% (5 Year CAGR). The Commission has observed that there was decline during past years due to relocation of some of the industries from Petitioner's area to other areas of Delhi. Thus, the Commission has considered 4 year CAGR of -1.48% for projection of sales in this category and approves the sales of 488 MU for FY 2018-19.

PUBLIC LIGHTING

4.22 The consumption in Public Lighting category constitutes about 2% of the total sales during FY 2017-18. The Petitioner has projected the sales of 228 MU for FY 2018-19 considering 8.8% growth rate based on the decline trend in sales under this category due to replacement of Halogen Street Lights with energy efficient LED lights. Therefore, the Commission has considered reasonable negative growth rate of 0% and approves the sale at 177 MU for FY 2018-19.

AGRICULTURE & MUSHROOM CULTIVATION

4.23 The power consumption for these two categories has been almost 'Nil' during the last 7 years. The Petitioner has projected almost zero consumption for FY 2018-19. The Commission considers the sales for FY 2018-19 as the actual sales for FY 2017-18 of 18 MU.

RAILWAY TRACTION

4.24 The Commission had sought from Railways about its projected quantum of purchase of power for traction load in the Petitioner's area of supply. Northern Railways vide its letter dated 14/03/2018 has intimated that they will procure traction power through open access as deemed distribution licensee from Mar'18. Therefore, the Commission has not considered any sales during FY 2018-19 for traction load of Railways for the Petitioner.

DELHI METRO RAIL CORPORATION (DMRC)

4.25 The consumption of energy by DMRC constitutes about 3% of total sales by the Petitioner during FY 2017-18. The Petitioner has projected energy sales of 443 MU for FY 2018-19 at a growth rate of 20.0% in view of the proposed metro lines in Petitioner's licensed area.

4.26 The Commission had sought from DMRC about its projected quantum of purchase in the Petitioner's area of supply vide its letter dated 18/12/2017. DMRC vide its letter no. DMRC/Elec/DMRC/DERC/01 dated 03/01/2018 has intimated the projected purchase of 351 MU during FY 2018-19. Thus the Commission has considered the quantum of sale at 351 MU as projected by DMRC for FY 2018-19.

DELHI INTERNATIONAL AIRPORT LIMITED (dIAL)

4.27 The consumption of energy by DIAL constitutes about 2% of total sales by the Petitioner during FY 2017-18. The Petitioner has projected energy sales of 169 MU for FY 2018-19.

4.28 The Commission had sought from DIAL about its projected quantum of purchase in the Petitioner's area of supply vide its letter dated 18/12/2017. DIAL vide its letter no. DIAL/Elec/DMRC/DERC/01 dated 03/01/2018 has intimated the projected purchase of 332 MU during FY 2018-19. Thus the Commission has considered the quantum of sale at 332 MU as projected by DIAL for FY 2018-19.

DELHI JAL BOARD (DJB)

- 4.29 The consumption of energy by DJB constitutes 2% of total sales in FY 2017-18. The Petitioner has projected the sales at 222 MU during FY 2018-19.
- 4.30 The Commission vide its letter dated 18/12/2017 sought from DJB about its projected quantum of purchase in the Petitioner's area of supply. DJB has not intimated the projected purchase of electricity during FY 2018-19 from the Petitioner. Thus, the Commission has considered the sales of DJB at same level as projected by the Petitioner at 222 MU for FY 2018-19.

OTHER CATEGORIES

- 4.31 Other categories consist of places of worship, hospitals (domestic category), DVB staff, Enforcement, Own Consumption, Temporary Connections, Charging Stations for E-Richshaw/ E-Vehicle on Single Delivery Point and Advertisement & Hoardings. The Petitioner has projected 171 MU for FY 2018-19. The Petitioner has submitted the sales for other during FY 2017-18 upto December at 177 MU and 48 MU of sales were recorded during Jan'17 to Mar'17. Therefore, the Commission has derived the actual sales for FY 2017-18 under other category at 225 MU. The nature of sales in other categories may not follow the past CAGR trends in the future as the CAGR varies from -7% to 18%. Therefore, the Commission has considered the quantum of sales to such other categories at 246 MU considering reasonable growth rate based on 2yrs CAGR (8.46%).
- 4.32 On the basis of above analysis, the Commission approves the energy sales for the Petitioner for FY 2018-19 as indicated in the Table as follows:

Table 170: Commission Approved - Sales for FY 2018-19 (MU)

Sr. No.	Category	FY 18-19	Approved
1	DOMESTIC	7470	7197
2	NON-DOMESTIC	2879	3152
3	INDUSTRIAL	481	488
4	PUBLIC LIGHTING	228	177
5	AGRICULTURE	16	18
7	RAILWAY TRACTION	11	0

Sr. No.	Category	FY 18-19	Approved
8	DMRC	443	351
9	DIAL	189	332
10	DJB	222	222
11	OTHERS	171	246
12	TOTAL	12110	12184

* Places of Worship, Hospitals (domestic category), DVB Staff, Enforcement, Own Consumption, Temporary Connections, E-Richshaw/E-Vehicle and Advertisement & Hoardings.

REVENUE PROJECTION FOR FY 2018-19 AT EXISTING TARIFF

PETITIONER'S SUBMISSION

- 4.33 The Petitioner has stated that the revenue calculation from fixed charges requires the category/sub-category wise consumers (for domestic category) and connected load for other categories. The Hon'ble Commission has revised fixed charges vide tariff order dated August 31, 2017. The revised fixed charges have been considered for estimation of fixed charges for FY 2018-19.
- 4.34 For projection of revenue for each category, actual sales trends observed in respective category/sub categories have been considered based on the data available for last complete financial year as captured in form 2.1 (a). In each category the actual proportion of each sub-category/ slab has been considered based on the trends observed and accordingly the sub category/slab wise revenue projection of energy charges has been done.
- 4.35 The Petitioner has derived the actual Power factor based on the actual sales, i.e., by dividing kWh by KVAh observed during FY 2016-17. The Power Factor observed during FY 2016-17 is tabulated below:

Table 171: Petitioner Submission - Power factor considered

Sr. No	Category	Power Factor
A	Domestic	
i	Domestic -other than A (ii)	NA
ii	Single Delivery Point on 11 KV CGHS	NA
B	Non Domestic	
i	Non Domestic Low Tension	
i.1	NDLT-Up to 10kW	1

Sr. No	Category	Power Factor
i.2	NDLT-10 to140kW	0.93
i.3	NDLT-Above 140kW	0.94
ii	Non Domestic High Tension (NDHT)	0.96
C Industrial		
i	Small Industrial Power (SIP)	
i.1	SIP-Up to 10kW	1
i.2	SIP-10 to140kW	0.94
i.3	SIP-Above 140kW	0.94
ii	Industrial Power on 11kV SPD for SIP Group	NA
iii	Large Industrial Power (LIP)	0.97
D Agriculture		
E Mushroom Cultivation		
F Public Lighting		
G Delhi Jal Board (DJB)		
i	DJB-Supply at LT	
i.1	DJB-Up to 10kW	1
i.2	DJB-10 to140kW	0.88
i.3	DJB-Above 140kW	0.94
ii	DJB (Supply at 11 KV and above)	0.94
H Delhi International Airport Limited (DIAL)		
I Railway Traction		
J Delhi Metro Rail Corporation (DMRC)		
K Advertisement and Hoardings		
L Temporary Supply		
M Others		
i	Enforcement	NA
ii	Self Consumption	NA

COMMISSION'S ANALYSIS

4.28 As per the two-part tariff principle followed in the NCT of Delhi, the tariff for each category consists of fixed/demand charges as well as energy charges. The fixed/ demand charges are specified for different categories as a fixed amount per kW of sanctioned load per month. The energy charges, on the other hand, are always usage-based and are specified per unit of electricity consumed.

- 4.29 For Domestic consumers, the revenue from fixed charges is calculated by multiplying the corresponding fixed charge with the sanctioned load. For calculation of revenue from energy charges, the actual usage is multiplied by the applicable tariff category slab.
- 4.30 For Non-Domestic, Industrial, Railway Traction, DMRC and DJB categories, billing is done either on kW or kVA basis, as specified in the approved tariff schedule for FY 2017-18. Since projections for FY 2018-19 are done only on kW basis for sanctioned load and on kWh basis for energy sales, wherever the tariff is specified in kVA/kVAh terms, the relevant kW/kWh projection is divided by the Power Factor in order to obtain the corresponding kVA/kVAh projection. Thereafter, revenue from demand charges is calculated by multiplying the demand charge of each tariff slab with the sanctioned load of that slab, while revenue from energy charges is calculated by multiplying the energy charges specified for each tariff slab with the energy consumption projected for that slab.
- 4.31 The Commission had sought actual month-wise category-wise power factor details from the Petitioner for the period from Apr'17 to Dec'17, accordingly, the Petitioner has submitted the same has been considered appropriately in the revenue projection as follows:

Table 172: Summary of Power Factor

Sr. No.	Category	Power Factor
1	NON-DOMESTIC	
a	NDLT (10 kW to 140 kW)	0.94
b	NDLT (Above 140 kW)	0.95
c	Non Domestic High Tension (NDHT)	0.96
2	INDUSTRIAL	
a	SIP (> 10 kW/11kVA & ≤ 140 kW/150kVA)	0.94
b	SIP (Above 140 kW/150kVA (400 volts)) (No Supply on LT for above 200kW/215 kVA)	0.94
c	Industrial Power on 11kV on Single Point Delivery for Group of SIP Consumer	0.97
d	Large Industrial Power (LIP) (Supply at 11 kV and above)	0.97
3	Delhi Jal Board	

a	DJB LT (> 10 kW/11kVA & <= 140 kW/150kVA)	0.88
b	DJB LT (> 140 kW/150kVA (400 volts) (No Supply on LT for load > 200kW/215 kVA)	0.93
c	DJB (Supply at 11 KV and above)	0.93
4	DIAL	1.00
5	RAILWAY TRACTION	0.99
6	DMRC	1.00

4.32 Based on the Petitioner's data of Sanctioned Load, Number of Consumers, Sales provided in Form 2.1 (a) for FY 2016-17 & for the period Apr'17 to Feb'18, the Commission has estimated the total revenue of Rs. 8747.90 Crore to be billed in FY 2017-18. The category-wise break up of revenue estimated by the Commission on sales of 12182.37 MU & sanctioned load of 10,537.54 MW for FY 2018-19 is indicated in the table as follows:

Table 173: Revenue estimated at Existing Tariff for FY 2018-19 (Rs. Crore)

Category	Fixed Charges	Energy Charges	Total Revenue
Domestic	322.85	3827.60	4150.45
Non-Domestic	305.17	2806.09	3111.26
Industrial	45.27	429.98	475.24
Agriculture	0.50	4.98	5.48
Mushroom	0	0.1	0.1
Public Lighting	-	129.09	129.09
DJB	19.57	179.26	198.83
DMRC	7.89	208.66	216.55
DIAL	9.85	255.69	265.54
Others	21.56	483.29	504.86
Total Revenue	722.81	8069.05	8791.86
Revenue at 99.5% Collection Efficiency			8747.90

DISTRIBUTION LOSS AND COLLECTION EFFICIENCY TARGET

PETITIONER'S SUBMISSION

4.36 The Petitioner has considered the distribution loss as 10.19% for FY 2018-19 for projection of energy requirement .

COMMISSION'S ANALYSIS

4.33 The Commission has fixed the targets for Distribution Loss and Collection Efficiency in its Business Plan Regulations, 2017 as 10.19% and 99.50% respectively for FY 2018-19, which has been considered for computation of Energy Requirement & Revenue projected for FY 2018-19 of the Petitioner.

ENERGY REQUIREMENT**PETITIONER'S SUBMISSION**

4.37 Based on the sales projected for FY 2018-19 and Distribution loss as specified for FY 2018-19 in DERC Business Plan Regulations, 2017, the estimated energy requirement based on the sales and distribution loss as per the aforesaid discussion is tabulated below:

Table 174: Petitioner submission - Energy Requirement for FY 2018-19

Sr. No.	Particulars	Unit	FY 2018-19
A	Energy sales	MU	12111
B	Distribution Loss	%	10.19%
C	Energy Requirement	MU	13485
D	Distribution Loss	MU	1374

COMMISSION'S ANALYSIS

4.38 The Commission has computed the energy requirement at the Distribution Periphery of the Petitioner for FY 2018-19, considering the sales approved for FY 2018-19 and Distribution Loss of 11.69%. The approved energy requirement for FY 2018-19 is summarized in the table as follows:

Table 175: Commission Approved - Energy Requirement for FY 2018-19

Sr. No.	Particulars	Unit	Approved Energy requirement	Remarks
1	Energy Sales	MU	12184	
2	Distribution loss	MU	1382.36	3-1
		%	10.19%	
3	Energy Requirement	MU	13565.89	1/(1-2)

POWER PURCHASE**PETITIONER'S SUBMISSION**

4.39 The Petitioner sources its power requirement through mix of long term and short term sources to meet the demand of Delhi. Long term sources include Central Generating Stations which are owned and/or fully controlled by Central Government and State Generating Stations which are owned and/or fully controlled by State Government. The Petitioner has been assigned the share based on the PPAs which have been inherited from Delhi Transco Limited. The allocation of power within Delhi is being done by the Commission.

4.40 The energy estimated to be available during FY 2018-19 is tabulated below:

Table 176: Petitioner submission - Energy available for FY 2018-19

Sr. No	Station	Capacity (MW)	BRPL Share		Quantum MU
			MW	%age	
1	Singrauli STPS	2,000	30	1.5%	198
2	Rihand STPS-I	1,000	44	4.4%	278
3	Rihand STPS-II	1,000	55	5.5%	347
4	Rihand STPS-III	1,000	77	7.7%	508
5	ANTA GPS	419	19	4.5%	0
6	Auriya GPS	663	31	4.7%	0
7	Dadri GPS	830	39	4.7%	0
8	Unchahaar-I TPS	420	11	2.6%	53
9	Unchahaar-II TPS	420	21	5.0%	112
10	Unchahaar-III TPS	210	13	6.2%	84
11	Dadri NCTPS(Th) I-TM	630	544	86.3%	2,677
12	Kahalgaon I	840	23	2.7%	137
13	Kahalgaon II	1,500	69	4.6%	458
14	BTPS	420	213	50.7%	0
15	Farakka	1,600	10	0.6%	50
16	Aravali - Jhajjar	1,500	0	0.0%	0
17	Dadri NCTPS(Th) II-TM	980	534	54.5%	2,814
18	Bairasul	180	9	5.1%	27
19	Salal- I	690	60	8.6%	259
20	Tanakpur	120	6	4.8%	26
21	Chamera -I	540	19	3.5%	65
22	Chamera-II	300	18	6.1%	92
23	Chamera-III	231	13	5.6%	63
24	URI	480	23	4.8%	126

Sr. No	Station	Capacity (MW)	BRPL Share		Quantum
			MW	%age	MU
25	Dhauliganga	280	16	5.7%	67
26	Sewa II	120	11	9.2%	50
27	Dulhasti	390	22	5.6%	118
28	URI 2	240	14	5.8%	76
29	Parbati 3	520	29	5.6%	37
30	Tala HEP	1,010	13	1.3%	55
31	RAPS	440	25	5.7%	140
32	NAPS	440	21	4.8%	142
33	NathpaJhakri HPS	1,500	62	4.1%	293
34	Tehri HPP	1,000	45	4.5%	136
35	Koteshwar	400	27	6.8%	81
36	DVC CTPS 7 & 8	500	132	26.4%	848
37	Mejia 6	250	44	17.6%	290
38	Sasan	3,960	66	1.7%	441
39	SECI Solar Rajasthan	2,000	20	1.0%	41
40	Thyagraj	1	1	100.0%	1
41	Solar Roof-top	50	50	100.0%	65
42	PPCL	330	102	30.8%	514
43	GT	270	165	61.1%	412
44	BAWANA	1,500	427	28.5%	619
45	Wind -SECI	100	100	100.0%	156
46	TOWMCL	16	8	50.0%	61
47	MSW Bawana	24	10	41.7%	51
48	Parbati-2	800	35	4.4%	6
49	Kishanganga (3X110MW=330MW)	330	4	1.2%	24
50	Tanda-II	1,320	26	1.9%	38
51	Meja-I(660MW)	660	45	6.8%	217
52	VishnugadPipalkoti	444	19	4.3%	19
53	Tehri Pump storage	1,000	262	26.2%	57
	Total		3681		13427

4.41 The power purchase cost as proposed for various stations during FY 2018-19 is tabulated below:

Table 177: Petitioner submission – Proposed Power Purchase Cost for FY 2018-19 (Rs. Crore)

Sr. No	Station	Quantum (MU)	Fixed Cost	Variable Cost	Total Cost	TC/Unit (Rs./ U)
1	Singrauli STPS	198	13.68	30.22	43.90	2.22

Sr. No	Station	Quantum (MU)	Fixed Cost	Variable Cost	Total Cost	TC/Unit (Rs./ U)
2	Rihand STPS-I	278	25.92	45.89	71.82	2.59
3	Rihand STPS-II	347	27.47	56.60	84.07	2.42
4	Rihand STPS-III	508	78.69	82.58	161.28	3.18
5	Anta GPS	0	9.90	0.00	9.90	-
6	Auriya GPS	0	14.45	0.00	14.45	-
7	Dadri GPS	0	16.49	0.00	16.49	-
8	Unchahaar-I TPS	53	8.17	15.50	23.67	4.48
9	Unchahaar-II TPS	112	14.40	32.77	47.16	4.20
10	Unchahaar-III TPS	84	12.02	24.40	36.42	4.34
11	Dadri NCTPS(Th) I	2,677	487.69	879.17	1,366.85	5.11
12	Kahalgaon I	137	31.65	32.04	63.68	4.66
13	Kahalgaon II	458	53.17	102.43	155.60	3.40
14	BTPS	0	197.27	0.00	197.27	-
15	Farakka	50	5.77	12.79	18.56	3.71
16	Aravali - Jhajjar	0	0.00	0.00	0.00	-
17	Dadri NCTPS(Th) II	2,814	546.24	872.41	1,418.65	5.04
18	Bairasul	27	3.53	2.61	6.14	2.32
19	Salal- I	259	14.33	14.35	28.69	1.11
20	Tanakpur	26	3.11	4.32	7.43	2.84
21	Chamera -I	65	5.88	6.76	12.64	1.95
22	Chamera-II	92	8.01	7.94	15.95	1.74
23	Chamera-III	63	11.42	13.44	24.86	3.93
24	URI	126	8.86	9.41	18.26	1.45
25	Dhauliganga	67	6.82	10.43	17.25	2.58
26	Sewa II	50	11.55	10.85	22.40	4.47
27	Dulhasti	118	25.85	26.96	52.81	4.47
28	URI 2	76	13.31	16.98	30.29	3.98
29	Parbati 3	37	15.10	7.74	22.84	6.19
30	Tala HEP	55	0.00	11.07	11.07	2.03
31	RAPS	140	0.00	47.60	47.60	3.41
32	NAPS	142	0.00	33.54	33.54	2.37
33	NathpaJhakri HPS	293	56.58	41.23	97.81	3.34
34	Tehri HPP	136	57.99	37.78	95.77	7.02
35	Koteshwar	81	26.53	15.43	41.95	5.16
36	DVC CTPS 7 & 8	848	134.54	165.20	299.74	3.53
37	Mejia 6	290	41.69	64.65	106.35	3.67
38	Sasan	441	7.50	50.72	58.23	1.32
39	SECI Solar Rajasthan	41	0.00	22.72	22.72	5.50
40	Thyagraj	1	0.00	0.46	0.46	3.57
41	Solar Roof-top	65	0.00	0.00	0.00	-

Sr. No	Station	Quantum (MU)	Fixed Cost	Variable Cost	Total Cost	TC/Unit (Rs./ U)
42	PPCL	514	59.33	157.35	216.68	4.21
43	GT	412	116.45	123.86	240.31	5.83
44	BAWANA	619	320.09	156.77	476.86	7.70
45	Wind -SECI	156	0.00	55.07	55.07	3.53
46	TOWMCL	61	0.00	17.18	17.18	2.83
47	MSW Bawana	51	0.00	35.72	35.72	7.03
48	Parbati-2	6	2.01	2.01	4.01	6.50
49	Kishanganga (3X110MW=330MW)	24	6.95	6.95	13.89	5.88
50	Tanda-II- Stage-1	38	22.74	13.68	36.42	9.64
51	Meja-I(660MW)	217	23.37	66.99	90.37	4.17
52	VishnugadPipalkoti	19	3.50	3.50	6.99	3.75
53	Tehri Pump storage	57	67.93	49.52	117.45	20.75
	Total Long Term (A)	13,427	2,618	3,498	6,116	4.55

COMMISSION'S ANALYSIS

- 4.40 Power purchase cost is the single largest component of ARR of a Distribution Company. It is pertinent to estimate the power purchase cost with utmost care based on the optimum method of procuring power from the generating stations.
- 4.41 Delhi has a firm allocated share in Central Sector Generating Stations (CSGS), State Generating Stations (SGS) and other stations. The Commission has considered allocation of firm power as per the input from Delhi SLDC vide its email dtd. 12/03/2018.
- 4.42 The Commission conducted meetings regarding Summer Preparedness & Re-allocation of Power for FY2018-19 on 22/02/2018 & 9/03/2018 with SLDC, GENCOs, DTL, BRPL, BYPL, TPDDL & NDMC, wherein, the Commission observed that Delhi Pollution Control Committee (DPCC) vide its letter dtd. 01/03/2018 has revoked the closure directions of BTPS and indicated that BTPS would be allowed to operate from 1st March, 2018. Accordingly, it was mutually decided during the meeting to consider the operation of BTPS till July '18 which would bridge the gap between demand-supply for peak period of summer months.
- 4.43 Further, as was observed during the said meetings that considering Delhi as a whole,

- there is power surplus everyday from April '18 to Sept. '18, therefore, DISCOMs agreed to manage deficit of power in specific slots among themselves by trading through Inter DISCOM Transfer (IDT), entering into Banking & Bilateral transactions and assured that there would not be shortage of power during summers of FY 2018-19.
- 4.44 The distribution of unallocated quota from the various plants varies from time to time and is based on power requirement and power shortage in different States. Therefore, the Commission has not considered any power from the unallocated quota for FY 2018-19.
- 4.45 The Commission has examined the quantum of power purchase proposed by the Petitioner from various generating stations. The Petitioner has considered power from certain new stations i.e., Tanda-II 1320 MW, MEJA-I 660 MW, Vishnugad Pipakoti 440 MW, Kishanganga 330 MW, Parbati - II 800 MW, Tehri PSP 1000 MW for FY 2018-19. The Commission has sought power projection details from SLDC for FY 2018-19 and the Petitioner has agreed to power projection by SLDC for FY 2018-19 which do not account for the new stations as indicated above and no power from Aravali being regulated. Accordingly, the Commission has considered the power projection details of SLDC for FY 2018-19.
- 4.46 The Commission in its Tariff Order dated 29/09/2015 & 31/08/2017 observed that the validity of PPA from Anta, Auraiya and Dadri Gas based Plants had expired on 31/03/2012. However, the Petitioner renewed PPA of their Plants without getting approval from the Commission which was a violation of the license condition. Accordingly, the Commission disallowed the power from these stations for FY 2012-13, FY 2013-14, FY 2014-15 and FY 2015-16. However, based on new facts and submissions of the NTPC on affidavit, the Commission in its Order dtd. 22/03/2018 has allowed the power from Anta, Auraiya and Dadri Gas based Plants to BRPL & BYPL in Review Petition No. 44&45/2017 based on demand-supply scenario from FY 2017-18 onwards.
- 4.47 In view of the above, the Commission has considered the availability of power from Anta, Auraiya and Dadri Gas based stations considering past years' trend of actual scheduled power for FY 2018-19 as submitted by SLDC in the meeting held in the office

of the Commission on 26/03/2018.

4.48 The Commission vide its Order dtd. 27/03/2018 has re-allocated the power from various stations among DISCOMs for FY 2018-19 and based on the above discussions, the availability of power to the Petitioner from Central, State and Other Generating Stations as approved by the Commission is given in the Table as follows:

Table 178: Energy available to Petitioner from Central and State Generating Stations and other Generating Stations approved for FY 2018-19

Station	Plant Capacity	Delhi's Share (%)	Delhi's Share (MW)	Petitioner's Share (%)	Petitioner's Share (MW)	Delhi Energy (MU)	Petitioner's Share (MU)
NTPC							
BTPS	705	100%	705	33.42%	235.61	808.00	290.00
FARAKKA	1600	1%	22	43.88%	9.76	109.00	41.00
KAHALGAON STAGE-I	840	6%	51	43.82%	22.34	293.00	99.00
NCPP - DADRI	840	90%	756	73.98%	559.27	3462.00	2788.00
RIHAND -I	1000	10%	100	69.32%	69.32	677.00	466.00
RIHAND -II	1000	13%	126	43.92%	55.34	835.00	343.00
Rihand-III	1000	13%	132	59.26%	78.16	678.00	430.00
SINGRAULI	2000	8%	150	19.76%	29.64	1031.00	174.00
UNCHAHAR-I	420	6%	24	43.92%	10.53	128.00	53.00
UNCHAHAR-II	420	11%	47	43.92%	20.64	261.00	113.00
UNCHAHAR-III	210	14%	29	43.92%	12.74	163.00	72.00
KAHALGAON STAGE-II	1500	10%	157	43.92%	69.11	1007.00	386.00
DADRI EXTENSION	980	75%	730	74.60%	544.80	3559.00	2860.00
Aravali Power Corporation Ltd	1500	46%	693	1.69%	11.73	2932.00	0.00
ANTA GAS	419	11%	44	43.92%	19.32	190.50	84.00
AURAIYA GAS	663	11%	72	43.92%	31.64	140.20	61.00
DADRI GAS	830	11%	91	43.92%	39.95	296.38	129.00
NTPC TOTAL	15927		3930		1819.91	16570.08	8389.00
NHPC							
BAIRA SIUL	180	11%	20	43.92%	8.70	76.00	32.00
CHAMERA-I	540	8%	43	43.92%	18.74	166.00	80.00
CHAMERA-II	300	13%	40	43.92%	17.56	205.00	91.00
CHAMERA-III	231	13%	29	43.92%	12.92	136.00	60.00
DHAULIGANGA	280	13%	37	43.92%	16.25	149.00	65.00
DULHASTI	390	13%	50	43.92%	21.98	275.00	127.00
SALAL	690	12%	80	74.60%	59.82	284.00	180.00
TANAKPUR	94	13%	12	47.80%	5.77	50.00	20.00
URI	480	11%	53	43.92%	23.28	277.00	120.00
SEWA-II	120	13%	16	43.92%	7.02	65.00	27.00
Uri-II	240	13%	32	43.92%	14.18	166.00	76.00
Parbati III	520	13%	66	43.92%	29.07	100.00	40.00
NHPC Total	4065		479		235.27	1949.00	918.00
OTHERS CSGS							

Station	Plant Capacity	Delhi's Share (%)	Delhi's Share (MW)	Petitioner's Share (%)	Petitioner's Share (MW)	Delhi Energy (MU)	Petitioner's Share (MU)
TEHRI HEP	1000	6%	63	69.32%	43.67	191.00	140.00
NJPC (SJVNL)	1500	9%	135	43.92%	59.29	588.92	292.00
KOTESHWAR	400	10%	39	69.32%	27.34	121.00	86.00
Mejia Unit-6	750	23%	170	43.92%	74.66	702.00	295.00
Mejia Unit-7	500	24%	119	0.00%	0.00	789.00	0.00
Chandrapur (Ext.-7 and 8)		23%	230	43.92%	101.02	2049.00	848.00
Haryana CLP Jhajjar	1320	9%	124	0.00%	0.00	570.00	0.00
MPL DVC	1050	27%	281	0.00%	0.00	2089.00	
TALA	1020	3%	30	43.92%	13.17	112.00	63.00
Sasan	3960	11%	446	14.83%	66.08	3196.00	451.00
OTHERS CSGS TOTAL	11500		1636.93		385.23	10407.92	2175.00
NUCLEAR							
RAPS - 5 & 6	440	13%	56	43.92%	24.52	361.00	188.00
NPCIL - NAPS	440	11%	47	69.32%	32.57	322.00	225.00
NUCLEAR TOTAL	880		103		57.10	683.00	413.00
POWER STATIONS IN DELHI (SGS)							
GAS TURBINE	270	100%	270	61.03%	164.78	508.00	412.00
Pragati -I	330	100%	330	28.29%	93.36	1486.00	695.00
PRAGATI-III, BAWANA	1371	80%	1097	38.91%	426.85	1681.00	825.00
TOWMCL	16		14.00		8.00	110.00	60.00
SECI SOLAR RAJASTHAN			60.00		20.00	125.00	45.00
Tyagraj			0.00		0.00	0.00	
MSW Bawana			24.00		10.00	115.00	52.00
East Delhi MCW			3.00		0.00	10.25	0.00
Own Solar			2.00		0.00	4.00	0.00
SMALL HYDRO POWER			41.00		0.00		
SGS TOTAL	1987.2		1841		722.99	4199.25	2089.00
TOTAL PURCHASE FROM LONG TERM	34359.54		7989.04		3220.49	33809.25	13984.00

POWER PURCHASE COST

4.42 The following methodology has been adopted by the Commission for estimation of Power Purchase Cost for FY 2018-19:

- The Commission has considered Fixed Charges for generating stations as approved by Central Electricity Regulatory Commission (CERC) for various generating stations of NTPC, NHPC, THDC and DVC for FY 2018-19 as per *Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014*.
- The generating stations whose fixed charges are not available for FY 2018-19, the

Commission has considered the fixed charge per unit for those generating stations as per Jan'18 bill.

- (c) The Energy Charge Rate (ECR) of Generating Stations other than State Generating Stations has been considered based on the actual ECR of recent available Jan'18 so as to have accurate projections.
- (d) CERC in its Order dtd. 03/06/2016 has approved the Renovation and Modernization (R&M) proposal of Bairasiul Power Station. Accordingly, Bairasiul is under R&M for the period from FY 2017-18 to FY 2020-21. As per Regulation 30 (2) of the CERC 2014 Tariff Regulations, when a project is under R&M, only part of AFC which includes O&M expenses and interest on loan only is allowed to recover from beneficiaries. The relevant Regulation is as follows:

“Provided that in case of generating station or unit thereof or transmission system or an element thereof, as the case may be, under shutdown due to Renovation and Modernisation, the generating company or the transmission licensee shall be allowed to recover part of AFC which shall include O&M expenses and interest on loan only.”

Accordingly, the Commission has allowed only O&M expenses and interest on loan as a part of AFC for FY 2018-19.

- (e) The cost of power purchase from Solar Energy Corporation of India (SECI) & other sources has been considered at Rs. 5.50 per unit based on the allocation letter of SECI.
- (f) The Energy Charge Rate and Fixed Charges of State Generating Stations including East Delhi MSW has been considered as approved by the Commission in the respective Tariff Orders for FY 2018-19.

4.43 The total Power Purchase Cost approved by the Commission is summarized in the table as follows:

Table 179: Commission approved - Power Purchase Cost for various generating stations for FY 2018-19

Particulars	Energy	Fixed Cost	V.C/unit	Variable Cost	Total Charges	Avg. Rate
	(MU)	(Rs. Cr.)	(Rs./kWh)	(Rs. Cr.)	(Rs. Cr.)	(Rs./kWh)
NTPC						

Particulars	Energy	Fixed Cost	V.C/unit	Variable Cost	Total Charges	Avg. Rate
	(MU)	(Rs. Cr.)	(Rs./kWh)	(Rs. Cr.)	(Rs. Cr.)	(Rs./kWh)
BTPS	290.00	32.35	3.65	105.88	138.23	4.77
FARAKKA	41.00	5.63	2.50	10.27	15.90	3.88
KAHALGAON STAGE-I	99.00	16.06	2.36	23.41	39.47	3.99
NCPP - DADRI	2788.00	330.27	3.17	883.90	1214.17	4.35
RIHAND -I	466.00	40.46	1.29	60.02	100.47	2.16
RIHAND -II	343.00	27.48	1.29	44.11	71.59	2.09
Rihand-III	430.00	79.66	1.35	58.13	137.79	3.20
SINGRAULI	174.00	13.43	1.35	23.52	36.96	2.12
UNCHAHAR-I	53.00	7.07	2.76	14.61	21.67	4.09
UNCHAHAR-II	113.00	12.63	2.76	31.14	43.77	3.87
UNCHAHAR-III	72.00	10.84	2.75	19.78	30.62	4.25
KAHALGAON STAGE-II	386.00	52.96	2.28	87.86	140.81	3.65
DADRI EXTENSION	2860.00	514.01	2.98	852.22	1366.24	4.78
Aravali Power Corporation Ltd	0.00	13.36	2.98	0.00	13.36	-
ANTA GAS	84.00	10.07	2.56	21.52	31.59	3.76
AURAIYA GAS	61.00	14.74	3.15	19.21	33.96	5.57
DADRI GAS	129.00	16.89	3.03	39.10	55.99	4.34
NTPC TOTAL	8389.00	1197.92		2294.67	3492.59	4.16
NHPC						
BAIRA SIUL	32.00	5.43	0.96	3.08	8.52	2.66
CHAMERA-I	80.00	11.46	1.06	8.48	19.94	2.49
CHAMERA-II	91.00	15.34	0.99	9.02	24.36	2.68
CHAMERA-III	60.00	13.48	2.12	12.74	26.22	4.37
DHAULIGANGA	65.00	13.91	1.51	9.82	23.73	3.65
DULHASTI	127.00	51.37	2.57	32.66	84.03	6.62
SALAL	180.00	28.66	0.58	10.49	39.16	2.18
TANAKPUR	20.00	7.94	1.57	3.14	11.07	5.54
URI	120.00	17.94	0.81	9.70	27.63	2.30
SEWA-II	27.00	8.05	2.16	5.84	13.89	5.14
Uri-II	76.00	27.08	2.42	18.35	45.44	5.98
Parbati III	40.00	8.55	2.74	10.95	19.50	4.87
NHPC Total	918.00	209.20		134.27	343.47	3.74
OTHERS CSGS						
TEHRI HEP	140.00	56.27	2.70	37.85	94.12	6.72
NJPC (SJVNL)	292.00	31.78	1.19	34.64	66.42	2.27
KOTESHWAR	86.00	15.67	1.95	16.81	32.49	3.78
Mejia Unit-6	295.00	23.58	2.38	70.18	93.76	3.18
Mejia Unit-7	0.00	0.00	2.19	0.00	0.00	-
Chandrapur (Ext.-7 and 8)	848.00	52.82	1.87	158.47	211.29	2.49
Haryana CLP Jhajjar	0.00	0.00	3.20	0.00	0.00	
MPL DVC		0.00	1.94	0.00	0.00	
TALA	63.00	0.00	2.16	13.61	13.61	2.16
Sasan	451.00	0.00	1.29	58.19	58.19	1.29
OTHERS CSGS TOTAL	2175.00	180.13		389.75	569.88	2.62
NUCLEAR						
RAPS - 5 & 6	188.00		3.41	64.08	64.08	3.41

Particulars	Energy	Fixed Cost	V.C/unit	Variable Cost	Total Charges	Avg. Rate
	(MU)	(Rs. Cr.)	(Rs./kWh)	(Rs. Cr.)	(Rs. Cr.)	(Rs./kWh)
NPCIL - NAPS	225.00		2.37	53.30	53.30	2.37
NUCLEAR TOTAL	413.00	0.00		117.38	117.38	2.84
POWER STATIONS IN DELHI (SGS)						
GAS TURBINE	412.00	82.73	3.20	131.63	214.37	5.20
Pragati -I	695.00	47.78	4.31	299.75	347.54	5.00
PRAGATI-III, BAWANA	825.00	221.58	3.77	311.39	532.97	6.46
TOWMCL	60.00		2.75	16.49	16.49	2.75
SECI SOLAR RAJASTHAN	45.00		5.50	24.75	24.75	5.50
Tyagraj			5.50	0.00	0.00	-
MSW Bawana	52.00		7.03	36.56	36.56	7.03
East Delhi MCW	0.00		3.20	0.00	0.00	-
Own Solar	0.00		5.90	0.00	0.00	-
SMALL HYDRO POWER			4.20	0.00	0.00	
SGS Total	2089.00	352.09		820.58	1172.67	5.61
TOTAL PURCHASE FROM LONG TERM	13984.00	1939.34		3756.66	5696.00	4.07

COST OF POWER FROM OTHER SOURCES (SHORT TERM POWER PURCHASE/SALE OF SURPLUS POWER)

PETITIONER'S SUBMISSION

4.44 The Petitioner requires short term power to meet the peak demand so as to ensure uninterrupted and quality supply of power to the consumers and has projected the energy requirement and energy availability on monthly basis by applying MOD principles. The deficit thus observed has been considered to be met through short term purchases as per tabulated below:

Table 180: Petitioner submission - Month-wise projection from short term power purchase (MU)

Station	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19
Total Long Term (A)	1,237	1,235	1,067	1,190	1,234	1,210	1,111	946	1,134	1,172	881	1,010
Energy requirement (B)	960	1317	1514	1557	1427	1411	1330	1012	858	947	855	834
Surplus/Deficit (A-B)	277	-81	-447	-367	-193	-201	-220	-66	277	224	26	176
SHORT TERM												
Short Term Purchase	0	81	447	367	193	201	220	66	0	0	0	0
Short Term Sale	277	0	0	0	0	0	0	0	277	224	26	176

- 4.45 The Petitioner has considered the aforesaid energy to be met through short term procurement from FY 2018-19 and power purchase cost through Short term sources for FY 2018-19 is tabulated below:

Table 181: Petitioner submission - Short term power purchase for FY 2018-19

Sr. No.	Source	Energy Purchased	Cost per Unit	Total Cost
		(MU)	(Rs./unit)	(Rs.Cr.)
1	2	3	4	5=3*4
A	Short Term Purchase	1575	3.86	607

COMMISSION'S ANALYSIS

- 4.46 It is observed that the Petitioner is in surplus of 92.36 MU for FY 2018-19 as indicated in Energy Balance table approved by the Commission. The impact of banking transactions has not been considered for the preparation of Energy Balance for FY 2018-19 as the energy through Return Banking will be off-set through Forward Banking met through Long term sources approved by the Commission.
- 4.47 CERC in its Report on Short-term Power Market in India for FY 2016-17 has indicated that the weighted average price of electricity transacted through power exchanges was Rs.2.48/kWh and that Term Ahead Market sub-segment was Rs.3.09/kWh. The relevant extract of the report is as follows:

“6.

In the year 2016-17, the weighted average price of electricity transacted through Day Ahead Market sub-segment of the power exchanges was Rs.2.48/kWh and that through Term Ahead Market sub-segment was Rs.3.09/kWh.”

- 4.48 In view of above, the Commission has appropriately considered the rate of Sale of Surplus Power as Rs. 3.00/kWh as follows:

Table 182: Commission approved – Sale of Surplus Power for FY 2018-19

Sr. No.	Source	Surplus Power	Cost per Unit	Total Cost
		(MU)	(Rs./unit)	(Rs.Cr.)
A	Sale of Surplus Power	92.36	3.00	27.71

RENEWABLE PURCHASE OBLIGATION (RPO)**PETITIONER'S SUBMISSION**

4.49 The Petitioner has made consistent efforts for the last few years to procure renewable energy to meet RPO as specified by the Commission. The Petitioner from FY 2015-16 overachieving Solar Targets and under the directive of DERC (Delhi Regulatory Electricity Commission) Net Metering Regulation, 2014, Petitioner has been consistently supporting the evolution of renewable energy development in its territory. Petitioner as on Oct 2017, has successfully issued 411 net metering connections for a cumulative capacity of 12.5 MW solar rooftop projects developed by individual developers. Currently 17 MW Rooftop Solar PV Projects (i.e. 207 net metering applications are under process at various stages). The status of Solar RPO of FY 2016-17 is tabulated below:

Table 183: Status of Solar RPO from FY 2015-16 and FY 2016-17

Year	Minimum Solar	Total RPO	Sales	RPO Target	RPO Achieved*	Overachieved
				Solar (MU)	Solar(MU)	Solar(MU)
2015-16	0.30%	7.60%	10506	32	36	-4
2016-17	0.35%	9.00%	11189	39	50	-11

**Include Solar-roof top through DERC Net metering Regulations*

4.50 The Petitioner has procured 333 MUs of Non-Solar RECs for meeting the shortfall of FY 2016-17 RPO Targets. The status of Non-Solar RPO of FY 2016-17 is tabulated below:

Table 184: Status of Non-solar RPO during FY 2016-17

Year	Minimum Solar	Total RPO	Sales	RPO Target	RPO Achieved*	Balance
				Non-solar(MU)	Non-solar(MU)	Non-solar(MU)
2016-17	0.35%	9.00%	11189	968	407	561

**Include Non-Solar REC purchase*

4.51 The Petitioner also vide its letter no. RA/2016-17/01/A/695 dated 22.03.2017 requested Commission to carry forward the Balance of Non-Solar shortfall to future years in anticipation of reduction in REC prices by CERC from Rs. 1.5/kwh to Rs. 1/kwh. **The Petitioner also submitted that by carry forwarding the same there will be a potential saving of approx. Rs. 30 Cr. of the consumers.** Pending the approval of the Commission

Petitioner is proposing to meet the shortfall in FY 2018-19.

4.52 The Petitioner referred the Regulation-27 of DERC Business Plan Regulations, 2017 specifies the target for Renewable Purchase Obligation from FY 2017-18 to FY 2019-20 as under:

“27. TARGET FOR RENEWABLE PURCHASE OBLIGATION

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

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

“

4.53 The cost of REC purchase for meeting Solar and Total RPO for FY 2018-19 as tabulated by Petitioner is as under:

Table 185: Cost on account of RPO

Particulars	Sales	Hydro	Target (%)	Target (MU)	Arrangement (MU)	Shortfall (MU)	REC Rate (Rs./kwh)	Total cost (Rs. Cr.)
Solar (Min.)	12111	1,676	4.75%	496	107	388	2.40	93
Non-Solar			9.50%	991	268	724	1.50	109
Total			14.25%	1487	375	1112	1.81	202
Post Back-up FY 2016-17								
Non-Solar				968	407	561	1.50	84
Total Cost towards REC								286

COMMISSION'S ANALYSIS

4.54 The Commission has notified the Business Plan Regulations, 2017 for three years i.e., FY 2017-18, FY 2018-19 and FY 2019-20. In the said regulations, the Commission has specified RPO targets for the petitioner indicated in the table as follows:

Table 186: Targets for Renewable Purchase Obligation

Sr. No.	Particulars	FY 2018-19
1	Solar Target (Minimum)	4.75%
2	Total	14.25%

4.55 As per the above said Business Plan Regulations, 2017 of the Commission, the Distribution companies have to purchase 14.25% of total Energy Sales approved by the Commission during FY 2018-19 from renewable energy sources including 4.75% from the solar sources.

4.56 The Commission has approved the total energy sales of 6717 MU for FY 2018-19 for the Petitioner. Based on the sales approved, the Petitioner has to purchase a minimum of 957 MU from renewable energy sources for FY 2018-19 indicated in the table as follows:

Table 187: Renewable Energy to be procured

Power Source	Approved Energy Sales (MU)	% of Total approved energy sales in Regulations	Renewable Energy to be Procured
Solar	12183.53	4.75%	578.72
Non-solar		9.50%	1157.44
Total		14.25%	1736.15

4.57 The Commission has noted that the Petitioner has reconciled its purchase from various renewable energy sources with SLDC which has been submitted by SLDC to the Commission. The total requirement for RPO compliance is more than the quantum of power available to the Petitioner from various Renewable Energy sources.

4.58 The Commission, therefore, considers the balance of Renewable Energy procurement for RPO compliance through purchase of Renewable Energy Certificates during FY 2018-19.

4.59 CERC has fixed Floor Price and Forbearance Price for Solar and Non Solar RECs vide its Order dated 30/03/2017 indicated in the Table as follows:

Table 188: Fixed Floor Price and Forbearance Price for Solar and Non-solar

Sr. No.	Particulars	Floor Price	Forbearance Price
1	Non-Solar	Rs. 1000/MWh	Rs. 3000/MWh
2	Solar	Rs. 1000/MWh	Rs. 2400/MWh

4.60 Further, Hon'ble Supreme Court of India has stayed the above mentioned Order of CERC vide its Order dated 08/05/2017 in Civil Appeal No. 6083/2017 and 6334/2017. Subsequently, Hon'ble Supreme Court of India in its Order dated 14/07/2017 has vacated the stay on trading of Non-Solar RECs at the Floor price prevalent earlier subject to pending Appeal No. 105/2017 before the Hon'ble APTEL. However, the obligated entities/Power Exchanges shall deposit the difference between Floor price prevalent earlier and Floor price as determined by CERC in its Order dtd. 30/03/2017 with the CERC. There is no vacation of stay on trading of Solar REC.

4.61 In view of above, the Commission has considered the Floor Price of Non-Solar REC as approved earlier by CERC i.e., Rs. 1500/MWh on provisional basis subject to the outcome of Appeal No. 105/2017 filed before the Hon'ble APTEL. Further, due to stay on Solar REC trading, the Commission has considered the rate of Solar Energy for the purpose of RPO compliance based on the rate of SECI (Rs. 5.50/kWh).

4.62 It may be mentioned that the Forbearance price approved by CERC for Solar REC is Rs. 2400/MWh in its Order dtd. 30/03/2017 which is presently stayed by Hon'ble Supreme Court of India. Since, the Petitioner when procures power from Solar Energy sources to meet its RPO then it will have to back down the Generating stations which has highest variable cost i.e., APCPL. Accordingly, the Commission has allowed the rate of Solar Energy to the Petitioner at Rs. 5.50/kWh i.e., around Rs. 2.52/kWh over and above the variable cost of APCPL which is Rs. 2.98/kWh.

4.63 Accordingly, the Power Purchase Cost allowed by the Commission towards RPO compliance is indicated in the table as follows:

Table 189: Commission Approved - Power Purchase Cost towards RPO compliance

Sr. No.	Sources of Renewable Energy	Quantity to be Purchased (MU)	Rate (Rs/kWh)	Total Cost (Rs. Crore)
SOLAR				
1	Solar (SECI)	45.00	5.50	24.75
2	Balance Solar Energy to be purchased	533.72	2.40	128.09
	Sub Total	578.72		152.84
NON SOLAR				
3	TOWMCL	60.00	2.75	16.49
4	MSW Bawana	52.00	7.03	36.56
5	Balance Non Solar RECs to be purchased	1045.44	1.50	156.82
6	Sub Total	1157.44		209.87
7	TOTAL RPO	1736.15		362.71

TRANSMISSION LOSS AND CHARGES

PETITIONER'S SUBMISSION

- 4.64 The Petitioner has considered the Intra-State Transmission Loss and Inter-State Transmission Loss during FY 2016-17 @ 0.98% and @ 3.09%, respectively.
- 4.65 The Intra-State and Inter-State Transmission losses and charges projected for the period FY 2018-19 is tabulated as follow:

Table 190: Petitioner submission – Projected Transmission Loss and Transmission Charges for FY 2018-19

Sr. No	Particulars	FY 2018-19
A	Transmission losses (MU)	
i	Inter-State Transmission	134
ii	Intra-State Transmission	404
iii	Total Transmission losses (MU)	537
B	Transmission Charges (Rs. Crore)	993

COMMISSION'S ANALYSIS

- 4.66 The Commission has considered the Intra-state Transmission losses as 0.98% for FY 2016-17 as per the data available at SLDC website of Input Energy (30659.71 MU) and Output Energy (30359.58 MU) .
- 4.67 The Commission has considered the Inter-State Transmission loss of 1.65% based on the Power System Operation Corporation Limited (POSOCO) Order wherein Point of

Connection (PoC) Loss Slab for Jan-Mar '18 for each demand and generation zone has been approved.

TRANSMISSION CHARGES

- 4.68 The Petitioner has submitted actual Transmission Charges for the period from Apr'17 to Jan'18. Accordingly, the Commission has pro-rated the same for balance 3 months of FY 2017-18 and considered the same for FY 2018-19 amounting to Rs. 564.22 Crore.
- 4.69 The Intra-State Transmission charges has been considered based on DTL Order for FY 2018-19 in which the approved ARR for FY 2018-19 is Rs. 1118.57 Crore.
- 4.70 The Commission has considered the ratio of Power available to the petitioner based on the Power projected by Delhi SLDC for FY 2018-19 for computation of share of intra-state Transmission Charges for FY 2018-19.
- 4.71 The Commission has considered SLDC charges of Rs. 3.71 Crore for the Petitioner for FY 2018-19 as that approved by the Commission in its Tariff Order dated 29/09/2015 because SLDC has not filed any ARR for FY 2018-19.
- 4.72 In view of the above, the Inter-State and Intra-State Transmission Losses and Transmission Charges as approved by the Commission for FY 2018-19 are indicated in the table as follows:

Table 191: Commission approved: Inter-State and Intra-State Transmission Losses and Transmission Charges for FY 2018-19

Sr. No.	Particulars	Approved
A	Transmission losses (MU)	
1	Inter-State Transmission (PGCIL)	191.48
2	Intra-State Transmission (DTL)	134.26
	Total Transmission Losses (MU)	325.74
B	Transmission Charges (Rs Crore)	
1	Inter-State Transmission (PGCIL)	564.22
2	Intra-State Transmission (DTL)	473.55
3	SLDC Charges	3.71
C	Total Transmission Charges (Rs. Crore)	1041.47

ENERGY BALANCE

PETITIONER'S SUBMISSION

4.73 The energy balance submitted by the Petitioner is summarised in the table as follows:

Table 192: Petitioner submission - Energy balance projected for FY 2018-19 (MU)

Sr. No	Particulars	UoM	FY 2018-19
1	Total energy available (excluding BTPS, SGS & RE)	MU	13,081
2	Inter-State Transmission Losses	%	3.09%
		MU	404
3	Energy available from BTPS, SGS & RE	MU	1,921
4	Energy available at State Transmission Periphery	MU	14,598
5	Energy Requirement		
6	Energy sales	MU	12111
7	Distribution loss	%	10.19%
8	Energy requirement at distribution periphery	MU	13485
9	Intra-State Transmission Loss	%	0.98%
		MU	134
10	Energy Requirement at State Transmission Periphery	MU	13619
11	Energy Surplus	MU	979

COMMISSION'S ANALYSIS

4.74 Based on the energy sales, distribution loss, Intra-state and Inter-state transmission losses approved by the Commission indicated in the above paragraphs, the energy requirement as approved by the Commission is summarized in the table as follows:

Table 193: Commission Approved - Energy Balance for FY 2018-19

Sr. No.	Particulars	Unit	Approved
Energy Availability			
1	Total energy available (Excluding BTPS, SGS & RE Plants)	MU	11605.00
2	Inter-State Transmission Losses	%	1.65%
		MU	191.48
3	Energy available from BTPS, SGS & RE Plants	MU	2379.00
4	Energy available at State Transmission Periphery (1-2+3)	MU	13792.52
Energy Requirement			
5	Energy sales	MU	12183.53
6	Distribution loss	%	10.19%

Sr. No.	Particulars	Unit	Approved
		MU	1382.36
7	Energy requirement at distribution periphery	MU	13565.89
8	Intra-State transmission loss	%	0.98%
		MU	134.26
9	Energy Requirement at State Transmission Periphery (7+8)	MU	13700.15
10	Surplus/(Deficit) Energy (4-9)	MU	92.36

NORMATIVE REBATE (REBATE ON POWER PURCHASE AND TRANSMISSION CHARGES)

PETITIONER'S SUBMISSION

4.75 The Petitioner does not propose any rebate on power purchase cost from generating stations and Transmission Charges from FY 2018-19.

COMMISSION'S ANALYSIS

4.76 With reference to the Rebate on Power Purchase and Transmission charges, DERC Tariff Regulations, 2017 states as follows:

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

4.77 Accordingly, the Commission has considered Power Purchase Rebate @ 2% of Gross Power Purchase Cost and Transmission Rebate @ 2% of the total Transmission except SLDC charges for projection of normative rebate on the power purchase cost for FY 2018-19.

TOTAL POWER PURCHASE COST

PETITIONER'S SUBMISSION

4.78 The Petitioner has projected the total power purchase cost during FY 2018-19 is tabulated below:

Table 194: Petitioner submission - Total Power Purchase Cost during FY 2018-19 (Rs. Crore)

Sr. No	Station	Quantum (MU)	Fixed Cost	Variable Cost	Total Cost	TC/Unit
1	Total Long Term (A)	13,427	2,618	3,498	6,116	4.55
2	Short Term Purchase (B)	1,575		607	607	3.86
3	Short Term Sale (C)	979		284	284	2.90
4	Transmission Charges (D)				993	
5	REC Cost (E)				286	
6	Net PP Cost (A+B-C+D+E)				7,718	
7	Net PP Cost @ Discom periphery	13485			7,718	5.72

COMMISSION'S ANALYSIS

4.79 Based on the analysis above, the Total Power Purchase Cost for FY 2018-19, approved by the Commission is summarized as follows:

Table 195: Commission Approved – Total Power Purchase Cost for FY 2018-19 (Rs. Crore)

Sr. No.	Particulars	Approved		
		Quantity (MU)	Amount	Average cost (Rs./kWh)
1	Power Purchase from CSGS except BTPS, SGS and RE Plants	11605.00	4385.10	3.78
2	PGCIL Losses & Charges	191.48	564.22	
3	Power Purchase from SGS including BTPS excluding RE Plants	2222.00	1233.10	5.55
4	Renewable Energy Plants	157.00	77.80	4.96
5	Cost towards Renewable Energy Certificates (RECs)		284.91	
6	Power Available at Delhi Periphery (cost excluding RECs)	13792.52	6260.21	4.54
7	DTL Loss & Charges including SLDC charges	134.26	477.26	
8	Power Purchase Rebate @ 2%		113.92	
9	Rebate on Transmission Charges @ 2%		20.76	
10	Power Available to DISCOM	13658.26	6602.80	4.83
11	Sales	12183.53		
12	Distribution Loss	1382.36		

Sr. No.	Particulars	Approved		
		Quantity (MU)	Amount	Average cost (Rs./kWh)
13	Net Power Purchase cost including Transmission charges and RECs	13565.89	6860.00	5.06
14	Net Surplus Power	92.36	27.71	3.00

OPERATION AND MAINTENANCE EXPENSES (O&M)

PETITIONER'S SUBMISSION

4.80 As per the detailed methodology for computation of O&M Expenses elaborated in the Business Plan, the Petitioner has requested the Commission to allow the O&M Expenses in the ARR for FY 2018-19 as follows:

Table 196: Petitioner submission - O&M Expenses estimated during FY 2018-19 (Rs. Crore)

Sr. No	Assets/ lines	Quantity	Units	Norms	Amount
1	66 kV lines	1,144	Rs. Lakh/ Ckt. Km	3.648	42
2	33 kV lines				
3	11 kV lines	6,703	Rs. Lakh/ Ckt. Km	1.058	71
4	LT lines system	11178	Rs. Lakh/ Ckt. Km	5.46	610
5	66/11 kV grid sub-station	6,467	Rs. Lakh/ Ckt. Km	0.986	64
6	33/11 kV grid sub-station				
7	11/0.4 kV DT	4,932	Rs. Lakh/ Ckt. Km	2.333	115
8	Total				902

COMMISSION'S ANALYSIS

4.81 The Commission has notified Business Plan Regulations, 2017 wherein norms for Operation and Maintenance Expenses in terms of Regulation 4(3) has been determined for FY 2018-19.

4.82 On the basis of network and financial details submitted by the Petitioner, the Commission has determined O&M Expenses for FY 2018-19 indicated as follows:

Table 197: Commission Approved - O&M Expenses for FY 2018-19

Particulars	Capacity as on 31.03.2019	O&M Expenses Per Unit (Rs.)	O&M Expenses FY 2018-19 (Rs. Cr.)

Particulars	Capacity as on 31.03.2019	O&M Expenses Per Unit (Rs.)		O&M Expenses FY 2018-19 (Rs. Cr.)
		Rs. Lakh/Ckt. Km		
66 kV Line (kms)	1144	Rs. Lakh/Ckt. Km	3.648	41.73
33 kV Line (kms)		Rs. Lakh/Ckt. Km		
11 kV Line (kms)	6703	Rs. Lakh/Ckt. Km	1.058	70.89
LT Lines system (kms.)	11178	Rs. Lakh/Ckt. Km	5.459	610.31
66/11 kV Grid sub-station (MVA)	6467	Rs. Lakh/MVA	0.986	63.74
33/11 kV Grid sub-station (MVA)		Rs. Lakh/MVA		
11/0.4 kV DT (MVA)	4932	Rs. Lakh/MVA	2.333	115.08
Total				901.75

ADDITIONAL EXPENSES

PETITIONER'S SUBMISSION

- 4.83 The Petitioner has estimated the impact of GST during FY 2018-19 as Rs. 21.38 Crore. The impact of GST during FY 2017-18 is likely to be Rs. 13.86 Crore. The Petitioner requested the Commission to consider the impact of Rs. 21.38 Crore on account of GST in the ARR of FY 2018-19 for the purpose of computation of tariffs.
- 4.84 The Petitioner tabulated the additional expenses on account of increase in salary of Non-FRSR Employees corresponding to 6th pay commission as under:

Table 198: Estimated increase in salary of Non-FRSR Employees (Rs. Crore)

Sr. No	Particulars	FY 2016-17	FY 2017-18	FY 2018-19
1	Salary of FRSR Employees	245.88		
	Escalation factor	5.61%		
			259.67	274.24
2	Impact of 7th pay commission for FRSR Employees		55.20	
	Escalation factor	5.61%		
				58.30
3	Percentage of 7th pay commission to salary of FRSR Employees			21.26%
4	Salary of Non-FRSR Employees	145.42		
	Escalation factor	5.61%		

Sr. No	Particulars	FY 2016-17	FY 2017-18	FY 2018-19
			153.58	162.19
5	Impact of 7th pay commission for Non-FRSR Employees			34.48

4.85 The additional O&M Expenses likely to be incurred during FY 2018-19 is tabulated by Petitioner as under:

Table 199: Additional O&M Expenses estimated for FY 2018-19 (Rs. Crore)

Sr. No	Particulars	Stand-alone for FY 2017-18	Esc. Factor	Estimated for FY 2018-19
1	7th pay commission-FRSR Employees	55	5.61%	58
2	7 th pay commission-Non-FRSR Employees			34
3	Minimum wages	51	5.61%	54
4	GST			21
5	Legal expenses	0.46	5.61%	0.49
6	Total			168

COMMISSION'S ANALYSIS

- 4.86 The Commission has considered impact of Statutory Pay revision on employee's cost i.e., Rs. 58 Cr. for Increase in salary on account of 7th Pay Commission as specified in the Business Plan Regulations, 2017.
- 4.87 The Petitioner has also claimed the impact of GST on O&M expenses of FY 2018-19 without substantiating the claim and due diligence. Therefore, the Commission has not considered any claim on account of GST under O&M expenses.
- 4.88 It is observed that recommendations of 7th pay Commission are not applicable on Non-FRSR employees. Therefore the Commission has not considered the claim of the Petitioner on account of 7th pay commission-Non-FRSR Employees. Further, impact of minimum wages and Legal expenses shall be considered based on the actual payment made by the Petitioner at the time of true up of ARR for FY 2018-19. Accordingly, the Commission

approves Rs.959.75 Cr. as O&M Expenses including impact of 7th pay Commission for FY 2018-19.

CAPITALISATION

PETITIONER'S SUBMISSION

4.89 The Petitioner has considered the gross capitalisation of Rs. 526 Crore including consumer contribution (Deposit work) during FY 2018-19.

COMMISSION'S ANALYSIS

4.90 The Commission has considered the gross capitalisation of Rs. 526 Cr. during FY 2018-19 as approved in the Business Plan Regulations, 2017.

CONSUMER CONTRIBUTION

PETITIONER'S SUBMISSION

4.91 The Petitioner has estimated Rs. 41 Crore on account of capitalization of deposit works, i.e., consumer contribution during FY 2018-19 and considered the same for the purpose of computation of Regulated Rate Base for FY 2018-19.

4.92 The average balance of consumer contribution during FY 2017-18 and FY 2018-19 is tabulated as under:

Table 200: Petitioner submission - Consumer Contribution for FY 2017-18 and FY 2018-19 (Rs. Crore)

Sr. No.	Particulars	FY 2018-19
A	Opening balance	649
B	Additions during the year	41
C	Closing balance	690
D	Average Consumer Contribution	670

COMMISSION'S ANALYSIS

4.93 The Commission has projected the capitalization of consumer contribution during FY 2018-19 as per the projection of the Petitioner. The Petitioner also submitted the double deduction of consumer contribution from capitalisation of FY 2017-18 in tariff order dated 31/08/2017. The Commission shall consider the impact of double deduction

on account of consumer contribution for FY 2017-18 in the true up of ARR for FY 2017-18. Accordingly, the consumer contribution used for means of finance for FY 2018-19 based on true up of ARR upto FY 2016-17 is as follows:

Table 201: Commission Approved - Consumer Contribution Capitalized (Rs Crore)

Particulars	FY 2018-19
Opening balance of Consumer Contribution already capitalized	776.41
Consumer Contribution Capitalized During the Year	41.00
Closing Consumer Contribution and Grants	817.41
Average Consumer Contribution and Grants	796.91

DEPRECIATION

PETITIONER'S SUBMISSION

4.94 The Petitioner has projected the depreciation during FY 2017-18 and FY 2018-19 tabulated in the table as under:

Table 202: Petitioner submission - Depreciation for FY 2017-18 and FY 2018-19 (Rs. Crore)

Sr. No	Particulars	FY 2018-19
1	2	3
A	Gross Fixed Assets (GFA)	
i	Opening Balance	6536
ii	Additions during the year	526
iii	Closing Balance	7062
B	Consumer Contribution	
iv	Opening Balance	649
v	Additions during the year	41
vi	Closing Balance	690
C	Grants	
vii	Opening Balance	19
viii	Additions during the year	0
ix	Closing Balance	19
D	GFA net of consumer contribution	
x	Opening Balance	5868
xi	Additions during the year	485
xii	Closing Balance	6353
E	Average rate of depreciation	4.88%
F	Depreciation	298

COMMISSION'S ANALYSIS

4.95 The Commission has provisionally considered the rate of depreciation for FY 2018-19 as approved for FY 2017-18 in tariff order dated 31/08/2017 on provisional basis and approves depreciation as follows:

Table 203: Commission approved - Depreciation for FY 2018-19 (Rs. Crore)

Particulars	Amount
Opening GFA	5,668.30
Net Additions to Asset during the year	526.00
Closing GFA	6,194.30
Average GFA	5,931.30
Less: Average Consumer Contribution	796.91
Average GFA net of CC	5,134.39
Average rate of depreciation	3.70%
Depreciation	189.97

WORKING CAPITAL**PETITIONER'S SUBMISSION**

4.96 The Petitioner has submitted the working capital requirement for FY 2018-19 as follows:

Table 204: Petitioner submission - Working Capital for FY 2017-18 and FY 2018-19 (Rs. Crore)

Sr. No	Particulars	FY 2018-19
1	2	3
A	Receivables from sales of electricity	9186
B	Receivables equivalent to 2 months of revenue from wheeling charges and sale of electricity	1531
C	Less: Net purchase expenses (incl. Transmission Charges)	7718
D	Less: One month power purchase expenses (incl. Transmission Charges)	643
E	Total Working Capital	888
F	Less: Opening Working Capital	865
G	Change in Working Capital	23

COMMISSION'S ANALYSIS

4.97 The working capital for FY 2017-18 has been considered as determined in Tariff Order dtd. 31/08/2017. Thus, change in working capital for FY 2018-19 has been considered as change in working capital requirement with respect to working capital approved for FY 2017-18. The Commission has computed the working capital requirement for the Petitioner as per Regulation 84 (4) *Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017*. The relevant extract of the Regulation is as follows:

“84. The Commission shall calculate the Working Capital requirement for:

(4) Distribution Licensee as follows:

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

(ii) Working Capital for Retail Supply business of electricity shall consist of:

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

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

(c) Less: Transmission charges for one month: “

4.98 Accordingly working capital requirement computed for FY 2018-19 is as follows:

Table 205: Commission Approved - Working Capital for FY 2018-19 (Rs. Crore)

Sr. No.	Particulars	Commission Approved
A	Annual Revenue	8446.24
B	Receivables equivalent to 2 months average billing	1407.71
C	Power Purchase expenses	6860.00
D	power purchase expenses for 1 Month	571.67
E	Total Working Capital	836.04
F	Opening Working Capital	779.41
G	Change in WC (E-F)	56.63

MEANS OF FINANCE & REGULATED RATE BASE (RRB)

PETITIONER'S SUBMISSION

4.99 The Petitioner has considered the funding of capitalisation through consumer contribution, debt and equity. The consumer contribution has been considered first for financing of capitalisation and then the rest capitalisation has been considered to be funded in debt-equity ratio of 70:30. The means of finance for capitalization during FY 2017-18 and FY 2018-19 is tabulated below:

Table 206: Means of Finance for FY 2017-18 and FY 2018-19(Rs. Crore)

Sr. No	Particulars	FY 2017-18	FY 2018-19
1	2	3	4
A	Capitalisation during the year	512	526
B	Means of finance		
i	Consumer contribution	40	41
ii	Grants	0	0
iii	Internal Accruals	142	146
iv	Debt	330	340

4.100 The Petitioner has computed the Regulated Rate Base (RRB) during FY 2017-18 and FY 2018-19 as tabulated below:

Table 207: Petitioner Submission - WACC & RoCE for FY 2018-19

Sr. No	Particulars	FY 2018-19
1	2	4
A	RRB-Base	
i.	Opening Balance of OCFA	6536
ii.	Opening Balance of Working Capital	865
lii	Opening balance of depreciation	2724
iv.	Opening balance of AAD	
v.	Opening balance of de-capitalisation	63
vi.	Opening balance of consumer contributions	649
vii.	Grant	19
A'	Opening RRB	4072
B	RRB-for the year	
vii.	Investments capital expenditure during the year	526
Viii	Depreciation for the year (incl. AAD)	298
ix.	Advance against depreciation	
x.	Consumer contribution etc. during the year	41
xi.	Grant	0

Sr. No	Particulars	FY 2018-19
xii.	Change in working capital	23
C	Closing RRB	4282
D	Change in Regulated Rate Base	93
E	Regulated Rate Base (i)	4189

COMMISSION'S ANALYSIS

4.101 The Commission has considered normative debt-equity ratio of 70:30 on the asset capitalised after utilizing the consumer contribution as specified in tariff regulations 2017. The relevant extract is as follows:

“25. *The Capital Cost of a new project or scheme shall include the following:*

- (1) *The expenditure incurred or projected to be incurred up to the date of commercial operation of the project or scheme as approved by the Commission;*
- (2) *Interest during construction and financing charges, on the loans being equal to debt as per financing excluding however the equity deployment, provided however the equity deployment shall not exceed 30% of the capital cost and in case equity is deployed in excess of 30% the excess shall be deemed to be a debt or notional loan;*
- (3) *Capitalized initial spares subject to the ceiling rates specified by the Commission;*
- (4) *Expenditure on account of additional capitalization determined in accordance with these Regulations;*
- (5) *Adjustment of revenue on account of sale of infirm power by Generating Entity in excess of fuel cost prior to the COD as specified under these Regulations;*
and
- (6) *Adjustment of any revenue earned by the Utility, including by using the assets, before COD.*

26. *The Capital cost of an existing project or scheme shall include the following:*

- (1) *The trued-up capital cost excluding liability admitted by the Commission;*

(2) *Additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with these Regulation; and*

(3) *Expenditure on account of renovation and modernisation as admitted by the Commission in accordance with these Regulations.*

27. *The capital cost incurred or projected to be incurred on account of any applicable PAT (Perform, Achieve and Trade) scheme of Government of India will be considered by the Commission on case to case basis and shall include:*

(1) *Cost of plan proposed by developer in conformity with norms of PAT Scheme; and*

(2) *Sharing of the benefits accrued on account of PAT Scheme.*

28. *The cost for the following shall be excluded or removed from the capital cost of the existing and new project or scheme as detailed out in Regulations 44 to 48 in these Regulations:*

(1) *The assets forming part of the project or scheme, but not in use;*

(2) *De-capitalized or retired asset.*

29. *Any grant or contribution or facility or financial support received by the Utility from the Central and/or State Government, any statutory body, authority, consumer or any other person, whether in cash or kind, for execution of the project or scheme, which does not involve any servicing of debt or equity or otherwise carry any liability of payment or repayment or charges shall be excluded from the Capital Cost for the purpose of computation of interest on loan, return on equity and depreciation.”*

4.102 As per the above Regulations, equity shall not exceed 30% of the total funding requirement for capitalization. The Petitioner has deployed equity at more than 30% for their capitalization funding requirement. Therefore the equity for the purpose of computation of Weighted Average Cost of Capital (WACC) has been considered at maximum 30% of net capital employed (GFA-Accumulated Depreciation-Consumer Contribution) subject to the actual equity available as per audited financial statement and debt has been considered at minimum 70% of net capital employed. Further,

Regulation 70 of Tariff Regulations, 2017 specifies that the Working capital shall be considered 100% debt financed for the calculation of WACC. Accordingly, the requirement of debt and equity has been computed as follows:

Table 208: Commission Approved - RRB (Rs. Crore)

Sr. No.	Particulars	Approved	Remarks
A	Opening Balance of OCFA	5668.30	
B	Opening Balance of Working Capital	2209.48	
C	Opening Balance of Accumulated Depreciation	779.41	
D	Opening Balance of Accumulated Consumer Contribution	776.41	
E	RRB Opening	3,486.26	A+B-C-D
F	Investment in capital expenditure during the year	526.00	
G	Depreciation for the year	189.97	
H	Consumer Contribution, Grants, etc. for the year	41.00	
I	Change in working capital	56.63	
J	RRB Closing	3,837.92	E+F-G-H+I
K	$\Delta AB/2 + \Delta WC$	204.14	
L	RRB (i)	3,690.41	Opening RRB+AB/2+WC

WEIGHTED AVERAGE COST OF CAPITAL (WACC) AND RETURN ON CAPITAL EMPLOYED (ROCE)

PETITIONER'S SUBMISSION

4.103 The average equity and average debt for FY 2017-18 and FY 2018-19 as tabulated by the Petitioner is as under:

Table 209: Equity and Debt for FY 2017-18 and FY 2018-19 (Rs. Crore)

Sr. No	Particulars	FY 2018-19
1	2	3
A	Equity	
i.	Opening Equity	1887
ii.	Additions during the year	146

Sr. No	Particulars	FY 2018-19
iii	Repayment/ Routing	
iv.	Closing Equity	2033
v.	Average Equity	1960
B	Debt	
vi.	Opening Debt	2185
vii.	Additions during the year	362
viii.	Repayment during the year	218
ix.	Closing Debt	2329
x.	Average Debt	2257

WEIGHTED AVERAGE COST OF CAPITAL

- 4.104 The Petitioner has submitted that the Commission in its Tariff Order dated August 31, 2017 while computing WACC for FY 2017-18 has considered the value of rd as 13.34%. However 13.34% is the rate of interest as on December 31, 2016 whereas as per Regulation-22 of DERC Business Plan Regulations, 2017, the rd is required to be based on the rate of interest of actual loan as on 1st April 2017. The Commission has also acknowledged at Point-13 of Explanatory Memorandum to the Draft Business Plan Regulations that the rate of interest for BRPL as on December 31, 2016 is 13.34%.
- 4.105 The weighted average rate of interest for FY 2016-17 is 13.56%. Accordingly the Petitioner has considered the rate of interest on debt during FY 2018-19 equivalent to the actual rate of interest during FY 2016-17.
- 4.106 As per Regulation-20 of DERC Business Plan Regulations, rate of 16% (Wheeling-14% plus Retail-2%) has been allowed for computation of return on Equity (re). Accordingly the Petitioner has applied the same at arrive at Weighted Average Cost of Capital (WACC) during FY 2018-19.
- 4.107 The Petitioner has computed the WACC during FY 2018-19 as under:

Table 210: Weighted Average Cost of Capital (WACC) for FY 2018-19

Sr. No	Particulars	Amount
		(Rs. Cr.)
A	Equity	1960
B	Debt	2257
C	Total	4217
D	Equity	46%

Sr. No	Particulars	Amount
		(Rs. Cr.)
E	Debt	54%
F	Return on Equity	16%
G	Cost of debt	13.56%
H	Weighted Average Cost of Capital	14.69%

RETURN ON CAPITAL EMPLOYED (ROCE)

4.108 The Petitioner has computed RoCE during FY 2018-19 as under:

Table 211: RoCE for FY 2018-19 (Rs. Crore)

Sr. No	Particulars	FY 2018-19
1	2	3
A	Equity	1960
B	Debt	2257
C	Total	4217
D	Rate of Return on Equity	16%
E	Rate of Return on Debt	13.56%
F	RRB (i)	4189
G	WACC	14.69%
H	RoCE	615

COMMISSION'S ANALYSIS

4.109 The Commission has approved Rate of Return on Equity computed at base rate of 14% on post tax basis for Wheeling Business and base rate of 2% on post tax basis for the retail business of the Petitioner in its Business Plan Regulations, 2017. The rate of interest has been considered at 13.56% based on the Regulation 77 of DERC Tariff Regulations 2017 and actual rate of interest submitted by the Petitioner. Further, for the purpose of WACC computation the Commission has computed the equity funding required for net fixed asset as per the provisionally approved GFA, accumulated depreciation, accumulated consumer contribution and impact of de-capitalisation. Balance funding requirement of RRBi has been considered as debt funded. Accordingly, Weighted Average Cost of Capital (WACC) has been computed by considering the equity and debt requirement for FY 2018-19 by the Commission as follows:

Table 212: Commission Approved - Weighted Average Cost of Capital (WACC) for FY 2018-19

Sr.No.	Particulars	Commission Approved
A	Equity	855.20
B	Debt	2,835.21
C	Return on equity	16%
D	Income Tax Rate	33.99%
E	Grossed up Return on Equity	24.24%
F	Rate of Interest	13.56%
G	Weighted average cost of Capital	16.03%

4.110 The Commission has approved RoCE based on RRB (i) and WACC computed as follows:

Table 213: Commission Approved - Return on Capital Employed

Sr. No.	Particulars	Now Approved	Remarks
A	WACC	16.03%	
B	RRB (i)	3690.41	
C	RoCE	591.74	A*B

NON-TARIFF INCOME

PETITIONER'S SUBMISSION

4.111 The Petitioner has considered Non-Tariff Income as Rs. 133 Crore each year during the period FY 2018-19.

COMMISSION'S ANALYSIS

4.112 The Commission has considered the Non-Tariff Income approved for FY 2016-17 for projecting Non Tariff Income of the Petitioner for FY 2018-19 of Rs.155.22 Crore.

COMPUTATION OF CARRYING COST

PETITIONER'S SUBMISSION

4.113 The Petitioner has calculated the carrying cost during FY 2018-19 by applying rate of 14% as tabulated below:

Table 214: Petitioner Submission - Carrying Cost on revenue gap

Sr. No	Particulars	Submission
1	2	3
A	Opening Gap for FY 2016-17	(16502)
B	Revenue Requirement for FY 2016-17	8356
C	Revenue during FY 2016-17	7707
D	(Gap)/ Surplus for FY 2016-17	(648)
E	Rate of carrying cost for FY 2016-17	14.64%
F	Carrying cost on RA for FY 2016-17	(2462)
G	Less: 8% Surcharge recovered for FY 2016-17	649
H	Less: Carrying cost recovered through tariffs during FY 2016-17	451
I	Closing RA for FY 2016-17	(18513)
J	Rate of carrying cost for FY 2017-18	14%
L	Carrying cost on RA for FY 2017-18	(2592)
M	Less: 8% Surcharge recovered for FY 2017-18	680
N	Less: Carrying cost recovered through tariffs during FY 2017-18	428
O	Closing RA for FY 2017-18	(19997)
P	Rate of carrying cost for FY 2018-19	14%
Q	Carrying cost for FY 2018-19	(2800)

COMMISSION'S ANALYSIS

4.114 The Commission has approved Return on Equity in terms of Regulation 2(16) of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 for computation of weighted average rate of interest for funding of Regulatory Asset/accumulated Revenue Gap through debt and equity shall be considered at 14.00% on pre-tax basis in its Business Plan Regulations, 2017. Further, the rate of interest has

been considered at 13.56% based on weighted average rate of interest submitted by the Petitioner.

4.115 Accordingly, the Commission has computed Carrying Cost based on weighted average cost of rate of return on equity for equity (13% of total revenue gap) and interest on loan (87% of total revenue gap) available to fund the revenue gap as follows:

Table 215: Commission Approved - Carrying Cost for FY 2018-19

Sr. No.	Particulars	FY 2018-19
A	Rate of Return on Equity	14.00%
B	Rate of Interest on Loan	13.56%
C	Rate of Carrying Cost	13.62%
D	Opening Revenue Gap	3586.10
E	Surplus at existing tariff and Surcharge @ 8%	1001.50
F	Carrying Cost	420.42

AGGREGATE REVENUE REQUIREMENT (ARR)

PETITIONER'S SUBMISSION

4.116 The Petitioner has submitted the Aggregate Revenue Requirement during FY 2018-19 as under:

Table 216: Petitioner Submission - Aggregate Revenue Requirement for FY 2018-19 (Rs. Crore)

Sr. No	Particulars	FY 2018-19
A	Net Power Purchase Cost including Transmission and SLDC Charges	7718
B	O&M Expenses	902
C	Additional O&M Expenses	168
D	Depreciation	298
E	Advance against depreciation (AAD)	
F	Return on Capital Employed (RoCE)	615
G	Income Tax	160
H	Sub-total	9862
I	Less: NTI	133
J	Add: Carrying cost	428
K	Aggregate Revenue Requirement	10157

COMMISSION'S ANALYSIS

4.117 The ARR based on various component as approved by the Commission for FY 2018-19 is summarised as follows:

Table 217: Commission Approved - ARR for Wheeling and Retail Business for FY 2018-19 (Rs. Crore)

Particulars	Commission Approved
Power Purchase Cost including Transmission Charges	6,860.00
O&M Expenses	959.75
Depreciation	189.97
Return on Capital Employed (RoCE)	591.74
Less: Non-Tariff income	155.22
Aggregate Revenue Requirement	8,446.24
Carrying cost for FY 2018-19	420.42
Carrying Cost upto FY 2016-17 of past period true up subsumed in ARR of FY 2018-19	234.47
Revised Aggregate Revenue Requirement	9101.13

REVENUE (GAP)/ SURPLUS FOR FY 2018-19

4.118 The Commission has calculated the Revenue Gap at Existing Tariff of Rs. 353.23 Crore for FY 2018-19 as follows:

Table 218: Revenue (Gap) for FY 2018-19 (Rs. Crore)

Sr. No.	Particulars	Petitioner's Submission	Approved
A	Aggregate Revenue requirement for the year	10157	9101.13
B	Revenue available for the year at Existing Tariff	9140	8,747.90
C	Revenue (Gap)/ Surplus for the year	(1017)	(353.23)

ALLOCATION FOR WHEELING AND RETAIL BUSINESS

PETITIONER'S SUBMISSION

4.119 The Petitioner has submitted that the ARR estimated during FY 2018-19 has been allocated into wheeling and retail business in the ratios approved by the Commission in Business Plan Regulations, 2017 as tabulated below:

Table 219: Allocation for wheeling and retail business- FY 2018-19 (Rs. Crore)

Sr. No	Particulars	Retail	Wheeling	Total
1	Cost of Power Purchase	7718	0	7718
2	Operation & Maintenance Costs	361	541	902

Sr. No	Particulars	Retail	Wheeling	Total
3	Additional O&M Expenses	67	101	168
4	Depreciation (including AAD)	63	236	298
5	Return on Capital Employed	160	455	615
6	Income Tax	42	119	160
7	Non Tariff Income	113	20	133
8	Sub-total	8297	1432	9729
9	Add: Carrying Cost	365	63	428
10	Total	8662	1495	10157

COMMISSION'S ANALYSIS

4.120 Based on the allocation of different expenses in accordance with the methodology followed in the *DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017* and *DERC, Business Plan Regulations, 2017*, the approved ARR for Wheeling and Retail Supply business of the Petitioner is indicated in the table as follows:

Table 220: Commission Approved - ARR for Wheeling Business for FY 2018-19 (Rs. Crore)

Particulars	Amount
O&M Expenses	575.85
Depreciation	150.08
Return on Capital Employed (RoCE)	437.89
Less: Non-tariff Income	23.28
Carrying Cost on Revenue Gap/Regulatory asset	88.43
Aggregate Revenue Requirement	1228.97

Table 221: Commission Approved - ARR for Retail Business for FY 2018-19 (Rs. Crore)

Particulars	Amount
Cost of Power Procurement	6,860.00
O&M Expenses	383.90
Depreciation	39.89
Return on Capital Employed (RoCE)	153.85
Carrying Cost on Revenue Gap/Regulatory asset	566.46
Less: Non-Tariff Income	131.94
Aggregate Revenue Requirement	7872.16

A5: TARIFF DESIGN**COMPONENTS OF TARIFF DESIGN**

- 5.1 The Commission has considered the following components for designing tariff of the Distribution Licensees.
- Consolidated Sector Revenue (Gap)/Surplus.
 - Cost of service
 - Cross-subsidization in tariff structure

CONSOLIDATED REVENUE (GAP)/SURPLUS FOR THE SECTOR**REVENUE (GAP)/SURPLUS TILL FY 2016-17**

- 5.2 The Revenue (Gap)/Surplus upto FY 2016-17 is summarised in the table as follows:

Table 222: Revenue (Gap)/Surplus of BYPL till FY 2016-17 (Rs Crore)

Sr. No.	Particulars	Approved in TO dated Aug 31, 2017 upto FY 2015-16	FY 2016-17	Remarks
A	Opening level of (Gap) / Surplus	(3,090.56)	(2,661.95)	
B	Revenue Requirement for the year	3,674.77	3,924.26	
C	Revenue realised	4,478.95	4,435.69	
D	(Gap) / Surplus for the year	804.18	511.43	C-B
E	8% Surcharge for the year	332.68	352.94	
F	Net (Gap)/Surplus	1,136.86	864.37	D+E
G	Rate of Carrying Cost	10.96%	11.17%	
H	Amount of carrying cost	(276.32)	(306.19)	
I	Additional Impact of past period True up	(431.92)	(859.79)	
J	Closing Balance of (Gap)/Surplus	(2,661.95)	(2,963.56)	A+F+H+I

Table 223: Revenue (Gap)/Surplus of BRPL till FY 2016-17 (Rs Crore)

Sr. No.	Particulars	Approved in TO dated Aug 31, 2017 upto FY 2015-16	FY 2016-17	Remarks
A	Opening level of (Gap) / Surplus	(5,121.56)	(4,232.68)	
B	Revenue Requirement for the year	7,064.30	7,743.33	
C	Revenue realised	8,147.22	8,130.09	
D	(Gap) / Surplus for the year	1,082.92	386.76	C-B
E	8% Surcharge for the year	619.16	649.19	
F	Net (Gap)/Surplus	1,702.08	1,035.95	D+E

Sr. No.	Particulars	Approved in TO dated Aug 31, 2017 upto FY 2015-16	FY 2016-17	Remarks
G	Rate of Carrying Cost	11.23%	11.18%	
H	Amount of carrying cost	(479.50)	(415.32)	
I	Additional Impact of past period True up	(333.70)	(646.03)	
J	Closing Balance of (Gap)/Surplus	(4,232.68)	(4,258.08)	A+F+H+I

Table 224: Revenue (Gap)/Surplus of TPDDL till FY 2016-17 (Rs Cr)

Sr. No.	Particulars	Approved in TO dated Aug 31, 2017 upto FY 2015-16	FY 2016-17	Remarks
A	Opening level of (Gap) / Surplus	(3,194.01)	(2,454.10)	
B	Revenue Requirement for the year	5,377.54	6,029.72	
C	Revenue realised	6,063.70	6,129.82	
D	(Gap) / Surplus for the year	686.16	100.10	C-B
E	8% Surcharge for the year	472.89	498.53	
F	Net (Gap)/Surplus	1,159.05	598.63	D+E
G	Rate of Carrying Cost	12.08%	12.08%	
H	Amount of carrying cost	(315.83)	(260.30)	
I	Additional Impact of past period True up	(103.31)	(278.84)	
J	Closing Balance of (Gap)/Surplus	(2,454.10)	(2,394.61)	A+F+H+I

5.3 The Revenue Gap upto FY 2016-17 as determined by the Commission is indicated as follows:

Table 225: Revenue (Gap)/Surplus of the three DISCOMS till FY 2016-17 (Rs. Crore)

Particulars	Up to FY 2016-17
BYPL	(2,963.56)
BRPL	(4,258.08)
TPDDL	(2,394.61)
Total	(9,616.25)

REVENUE (GAP)/SURPLUS FOR FY 2018-19 AT REVISED TARIFF

- 5.4 The Commission has rationalized fixed charges based on under recovery of revenue through fixed charges in the ARR of the Distribution Licensees as per the earlier tariff schedule.
- 5.5 The summary of revenue billed at revised tariffs excluding 8% surcharge, for FY 2018-19 is shown as follows:

Table 226: Revenue at Revised Tariffs of BYPL for FY 2018-19 (Rs. Crore)

Sr. No.	Category	Fixed Charges	Energy Charges	Total Revenue
1	Domestic	646.46	1,610.18	2,256.64
2	Non-Domestic	525.48	1,562.78	2,088.25
3	Industrial	57.13	222.33	279.46
4	Agriculture & Mushroom	0.04	0.04	0.08
5	Public Lighting	9.78	78.48	88.26
6	DJB	27.40	87.82	115.22
7	Railway Traction	0.00	0.00	0.00
9	DMRC	8.45	98.86	107.31
10	Others	10.81	91.82	102.62
11	Total	1,285.54	3,752.30	5,037.84
12	Revenue @ 99.50% Collection Efficiency			5012.66

Table 227: Revenue at Revised Tariffs of BRPL for FY 2018-19 (Rs. Crore)

Sr. No.	Category	Fixed Charges	Energy Charges	Total Revenue
1	Domestic	1,329.85	3,029.93	4,359.78
2	Non-Domestic	796.33	2,597.13	3,393.46
3	Industrial	85.90	370.35	456.25
4	Agriculture & Mushroom	3.11	2.75	5.86
5	Public Lighting	14.29	101.68	115.96
6	DJB	39.42	136.27	175.69
7	Railway Traction	0.00	0.00	0.00
9	DMRC	15.18	193.66	208.84
10	DIAL	15.39	231.04	246.43
11	Others	24.90	220.01	244.91
12	Total	2,324.35	6,882.81	9,207.17
13	Revenue @ 99.50% Collection Efficiency			9161.13

Table 228: Revenue at Revised Tariffs of TPDDL for FY 2018-19 (Rs. Crore)

Sr. No.	Category	Fixed Charges	Energy Charges	Total Revenue
1	Domestic	548.25	1,721.99	2,270.25
2	Non-Domestic	444.35	1,279.15	1,723.50
3	Industrial	512.83	1,811.62	2,324.45

Sr. No.	Category	Fixed Charges	Energy Charges	Total Revenue
4	Agriculture & Mushroom	4.52	1.87	6.39
5	Public Lighting	34.27	89.85	124.12
6	DJB	24.24	148.78	173.02
7	Railway Traction	0.00	0.00	0.00
9	DMRC	11.37	90.11	101.48
10	Others	16.22	97.21	113.43
11	Total	1,596.04	5,240.60	6,836.64
12	Revenue @ 99.50% Collection Efficiency			6802.46

5.6 The Commission has also decided to continue with the existing surcharge at 8% over the revised tariff for liquidating the regulatory assets in line with proposed road map and this 8% Surcharge is estimated to result in an additional inflow as follows:

Table 229: Revenue from 8% Surcharge for FY 2018-19 (Rs. Crore)

Particulars	Amount
BYPL	403.03
BRPL	736.57
TPDDL	546.93
Total	1686.53

5.7 Summary of ARR, Revenue at revised tariff, net Revenue Gap / Surplus for FY 2018-19 is as follows:

Table 230: Summary of ARR, Revenue at revised tariff, net Revenue Gap / Surplus for FY 2018-19

Particulars	BYPL	BRPL	TPDDL
ARR	4626.13	8866.65	6387.29
Carrying Cost upto FY 2016-17 of past period true up subsumed in ARR of FY 2018-19	343.23	234.47	119.27
Revised ARR	4969.36	9101.12	6506.56
Revenue at revised tariff	5012.66	9161.13	6802.46
Revenue (Gap) / Surplus	43.30	60.01	295.90

5.8 The revised Revenue Gap upto FY 2016-17 after subsuming Carrying Cost of past period true up subsumed in ARR of FY 2018-19 is indicated as follows:

Table 231: Revised Revenue (Gap)/Surplus of the three DISCOMS till FY 2016-17 (Rs. Crore)

Particulars	Up to FY 2016-17
BYPL	(2,620.19)

Particulars	Up to FY 2016-17
BRPL	(4,023.60)
TPDDL	(2,275.34)
Total	(8,919.05)

COST OF SERVICE MODEL

5.9 While determining the revenue requirement, various sectors of services, viz. generation, transmission and the distribution costs contribute to the total cost of service. The relative burden of constituent consumer categories is assessed and on the basis of the cost imposed on the system, it is decided as to how much share is due to which category of consumers. Although, it shall be equitable to have the embedded cost in designing the tariff for different consumer categories, it calls for a detailed database of allocated costs. Such allocations in the determination of embedded cost are done on the basis of following factors:

- (a) Voltage of supply;
- (b) Power factor;
- (c) Load factor;
- (d) Time of use of electricity;
- (e) Quantity of electricity consumed,
- (f) Distribution Loss
- (g) Collection Efficiency etc.

- 5.10 The approach adopted by the Commission for determining the cost of supply for different voltage levels has been described in the following paragraphs.
- 5.11 The approved ARR of the Wheeling and Retail Supply business is allocated to different voltage levels and the same has been considered along with the energy sales to the respective voltage level to arrive at the per unit Wheeling charge and Retail Supply Charge for that voltage level (detailed methodology discussed ahead).

ALLOCATION OF WHEELING ARR

- 5.12 The Commission has considered the gross energy sales (MU) approved for the DISCOM for the year and has allocated the same to different voltage levels in the proportion of energy sales (MU) to these voltages to total sales in that year as submitted by the respective DISCOMs. Both BYPL and BRPL have not indicated any energy sales above 66 kV level in their distribution areas and therefore, no energy sales has been considered above 66 kV level while computing the cost of supply. The voltage wise energy sales approved for FY 2018-19 is as shown in the following table:

Table 232: Approved Energy Sales for FY 2018-19 (MU)

Particulars	BRPL	BYPL	TPDDL
Sales above 66 kV level	0.00	0.00	130.49
Sales at 33/66 kV level	647.80	291.37	51.27
Sales at 11 kV level	1643.65	564.97	1086.97
Sales at LT level	9892.08	5851.73	7600.87
Total	12183.53	6708.07	8869.59

- 5.13 The Commission has, thereafter, grossed up the energy sales (MU) at the specific voltage level with the respective distribution losses (%) at that level to arrive at the Energy Input (MU) for that level. The Commission has considered the distribution losses at various voltage levels as projected by the Distribution Licensees in their Business Plan. Keeping the overall distribution losses same as approved by the Commission and considering the losses at 33/66 kV and at 11 kV as projected, the LT voltage level losses are derived. The summary of the voltage wise distribution losses considered by the Commission are as follows:

Table 233: Distribution Loss for FY 2018-19 (%)

Particulars	BRPL	BYPL	TPDDL
Loss above 66 kV level	0.00%	0.00%	0.00%
Loss at 33/66 kV level	1.20%	1.12%	0.79%
Loss at 11 kV level	2.63%	2.13%	2.66%
Loss at LT level	12.03%	13.14%	9.10%

5.14 The Commission would like to reiterate that the voltage wise distribution losses considered above are estimates and may not reflect the actual picture. The Commission, in this regard directed the three DISCOMs (BYPL, BRPL and TPDDL) earlier to carry out energy audit so that the actual data of distribution losses at different voltage levels could be used to calculate the cost of supply. The Commission has appointed energy Auditors for third party independent assessment of technical and commercial loss at various voltage levels. The summary of Energy Input (MU) for the respective voltage levels are shown as follows:

Table 234: Approved Energy Input for FY 2018-19 (MU)

Particulars	BRPL	BYPL	TPDDL
Input for 66 kV level	0.00	0.00	130.49
Input for 33/66 kV level	655.67	294.67	51.68
Input for 11 kV level	1688.05	577.26	1116.67
Input for LT level	11222.18	6724.12	8361.98
Total	13565.89	7596.05	9660.81

5.15 The Wheeling ARR for the year has been apportioned in proportion of the energy input at different voltage levels. The wheeling cost allocated to different voltage levels is tabulated as follows:

Table 235: Wheeling cost for different voltages for FY 2018-19 (Rs. Crore)

Particulars	BRPL	BYPL	TPDDL
Above 66 kV level	0	0	11.99
At 33/66 kV level	59.40	37.57	4.75
At 11 kV level	152.92	73.60	102.57
At LT level	1016.64	857.37	768.04
Total	1228.97	968.54	887.34

5.16 Based on the energy sales at the respective voltage levels the Commission has determined Wheeling Charge per unit for different voltages for FY 2018-19 as follows:

Table 236: Wheeling Charges for FY 2018-19 (Rs/Unit)

Particulars	BRPL	BYPL	TPDDL
Above 66 kV level	0	0	0.92
At 33/66 kV level	0.92	1.29	0.93
At 11 kV level	0.93	1.30	0.94
At LT level	1.03	1.47	1.01
Average	1.01	1.44	1.00

ALLOCATION OF RETAIL SUPPLY ARR

5.17 The Commission has allocated the Retail Supply ARR in the ratio of energy input determined above for different voltage levels. The Commission has thereafter, determined the Retail Supply charge for a particular voltage level by considering energy sales at that voltage level. The summary of Retail supply ARR Allocation to different voltage levels for FY 2018-19 is given as follows:

Table 237: Retail Supply cost for different voltages for FY 2018-19 (Rs. Crore)

Particulars	BRPL	BYPL	TPDDL
Above 66 kV level	0.00	0.00	75.90
At 33/66 kV level	380.48	155.21	30.06
At 11 kV level	979.56	304.06	649.51
At LT level	6512.12	3541.78	4863.75
Total	7872.16	4001.05	5619.22

5.18 Based on the energy sales at the respective voltage levels, the Commission has determined retail supply charges per unit for different voltages for FY 2018-19 as follows:

Table 238: Retail Supply Charges at different voltages for FY 2018-19 (Rs/Unit)

Particulars	BRPL	BYPL	TPDDL
Above 66 kV level	0.00	0.00	5.82
At 33/66 kV level	5.87	5.33	5.86
At 11 kV level	5.96	5.38	5.98
At LT level	6.58	6.05	6.40
Average	6.46	5.96	6.34

5.19 The cost of supply determined by the Commission for the different voltage levels is shown as follows:

Table 239: Cost of Supply for BYPL (Rs. /Unit)

Particulars	Wheeling	Retail Supply	Total
Above 66 kV level	0.00	0.00	0.00
At 33/66 kV level	1.29	5.33	6.62
At 11 kV level	1.30	5.38	6.68
At LT level	1.47	6.05	7.52
Average	1.44	5.96	7.41

Table 240: Cost of Supply for BRPL (Rs./Unit)

Particulars	Wheeling	Retail Supply	Total
Above 66 kV level	0.00	0.00	0.00
At 33/66 kV level	0.92	5.87	6.79
At 11 kV level	0.93	5.96	6.89
At LT level	1.03	6.58	7.61
Average	1.01	6.46	7.47

Table 241: Cost of Supply for TPDDL (Rs. /Unit)

Particulars	Wheeling	Retail Supply	Total
Above 66 kV level	0.92	5.82	6.74
At 33/66 kV level	0.93	5.86	6.79
At 11 kV level	0.94	5.98	6.92
At LT level	1.01	6.40	7.41
Average	1.00	6.34	7.34

CROSS-SUBSIDISATION IN TARIFF STRUCTURE

5.20 The Electricity Act, 2003 provides for reduction of cross subsidies by moving the category wise tariffs towards cost of supply. The Commission also recognizes the need for reduction of cross subsidy. However, it is equally incumbent on the Commission to keep in mind the historical perspective for the need to continue with cross-subsidy for some more time.

5.21 Regarding Cross subsidy, Clause 8.3 of the National Tariff Policy 2016 states as follows:

“8.3 Tariff design: Linkage of tariffs to cost of service

It has been widely recognised that rational and economic pricing of electricity can be one of the major tools for energy conservation and sustainable use of ground water resources.

In terms of the Section 61(g) of the Act, the Appropriate Commission shall be guided by the objective that the tariff progressively reflects the efficient and prudent cost of supply of electricity. The State Governments can give subsidy to the extent they consider appropriate as per the provisions of section 65 of the Act. Direct subsidy is a better way to support the poorer categories of consumers than the mechanism of cross subsidizing the tariff across the board. Subsidies should be targeted effectively and in transparent manner. As a substitute of cross subsidies, the State Government has the option of raising resources through mechanism of electricity duty and giving direct subsidies to only needy consumers. This is a better way of targeting subsidies effectively.

Accordingly, the following principles would be adopted:

- 1. Consumers below poverty line who consume below a specified level, as prescribed in the National Electricity Policy may receive a special support through cross subsidy. Tariffs for such designated group of consumers will be at least 50% of the average cost of supply.*
- 2. For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the Appropriate Commission would notify a roadmap such that tariffs are brought within $\pm 20\%$ of the average cost of supply. The road map would also have intermediate milestones, based on the approach of a gradual reduction in cross subsidy.*
- 3. While fixing tariff for agricultural use, the imperatives of the need of using ground water resources in a sustainable manner would also need to be kept in mind in addition to the average cost of supply. Tariff for agricultural use may be set at different levels for different parts of a state depending on the condition of the ground water table to prevent excessive depletion of ground water. Section 62 (3) of the Act provides that geographical position of any area could be one of the criteria for tariff differentiation. A higher level of subsidy could be considered to support poorer farmers of the region where adverse ground water table condition requires larger quantity of electricity for irrigation purposes subject to suitable restrictions to*

ensure maintenance of ground water levels and sustainable ground water usage.

4. Extent of subsidy for different categories of consumers can be decided by the State Government keeping in view various relevant aspects. But provision of free electricity is not desirable as it encourages wasteful consumption of electricity. Besides in most cases, lowering of water table in turn creating avoidable problem of water shortage for irrigation and drinking water for later generations. It is also likely to lead to rapid rise in demand of electricity putting severe strain on the distribution network thus adversely affecting the quality of supply of power. Therefore, it is necessary that reasonable level of user charges is levied. The subsidized rates of electricity should be permitted only up to a pre-identified level of consumption beyond which tariffs reflecting efficient cost of service should be charged from consumers. If the State Government wants to reimburse even part of this cost of electricity to poor category of consumers the amount can be paid in cash or any other suitable way. Use of prepaid meters can also facilitate this transfer of subsidy to such consumers.

5. Metering of supply to agricultural/rural consumers can be achieved in a consumer friendly way and in effective manner by management of local distribution in rural areas through commercial arrangement with franchisees with involvement of panchayat institutions, user associations, cooperative societies etc. Use of smart meters may be encouraged as a cost effective option for metering in cases of "limited use consumers" who are eligible for subsidized electricity.

- 5.22 In line with the above provision of the National Tariff Policy states that any consumer desirous of getting subsidized tariff shall approach the State Government and if the request for subsidy is found justified, the State Government may give subsidy to that class of consumers so that these consumers get electricity at concessional tariff.
- 5.23 At present, there are number of consumer classes e.g. some slabs of domestic consumers, Agriculture and Mushroom Cultivation, Government Schools/Colleges, Hospitals, etc. which are being cross subsidized by other consumers.
- 5.24 The Commission is of the view that ideally the electricity tariff for all categories of consumers should be fixed on cost to serve basis. However, in view of the high level of prevailing regulatory assets and the liquidation plan submitted before the Hon'ble Supreme Court, the Commission has continued with a policy of subsidizing some of the consumers below the cost of supply.
- 5.25 The Commission has computed category wise revenue based on latest available data of Sales Mix, Consumers and Sanctioned Load provided by the Petitioner. The Ratio of ABR to Average Cost of Supply and category-wise tariff approved for FY 2018-19 is indicated in the table as follows:

Table 242: Ratio of ABR to ACoS of BYPL approved for FY 2018-19

Sr. No.	Category	ACoS	ABR at Revised Tariff	ABR at Revised Tariff to ACoS (%)
1	Domestic	7.41	5.69	77
2	Non-Domestic	7.41	10.97	148
3	Industrial	7.41	9.43	127
4	Agriculture	7.41	3.10	42
5	Public Lighting	7.41	6.47	87
6	DMRC	7.41	5.99	81
7	DJB	7.41	7.90	107

Table 243: Ratio of ABR to ACoS of BRPL approved for FY 2018-19

Sr. No.	Category	ACoS	ABR at Revised Tariff	ABR at Revised Tariff to ACoS (%)
1	Domestic	7.47	6.01	80
2	Non-Domestic	7.47	10.76	144
3	Industrial	7.47	9.34	125
4	Agriculture	7.47	3.21	43
5	Public Lighting	7.47	6.56	88
6	DMRC	7.47	5.95	80

Sr. No.	Category	ACoS	ABR at Revised Tariff	ABR at Revised Tariff to AcoS (%)
7	DJB	7.47	7.91	106

Table 244: Ratio of ABR to ACOS of TPDDL approved for FY 2018-19

Sr. No.	Category	ACoS	ABR at Revised Tariff	ABR at Revised Tariff to AcoS (%)
1	Domestic	7.34	5.42	74
2	Non-Domestic	7.34	11.11	151
3	Industrial	7.34	9.54	130
4	Agriculture	7.34	5.12	70
5	Public Lighting	7.34	7.94	108
6	DMRC	7.34	6.22	85
7	DJB	7.34	6.77	92

TARIFF STRUCTURE**DOMESTIC TARIFF**

- 5.26 Domestic Tariff is applicable for power consumption of residential consumers, hostels of recognized/aided educational institutions and staircase lighting in residential flats, compound lighting, lifts and water pumps or drinking water supply and fire-fighting equipment, etc. bonafide domestic use in farm houses, etc. as per the revised tariff schedule.
- 5.27 All the Cattle/ Dairy Farms and Dhobi Ghat across Delhi with a total consumption of 400 units has been revised to 1000 units in a month. However, in case the consumption in a month exceeds 1000 units, the total consumption including the first 1000 units shall be charged non- domestic rates as applicable to the consumers falling under the Non Domestic category.
- 5.28 All the consumers under domestic categories having sanctioned load upto 5kW and providing paying guest facility from their own premises shall be charged as per domestic tariff.
- 5.29 The Commission in its Tariff Order dated June 26, 2003 introduced two part tariff for domestic consumers, i.e., fixed charges and energy charges and abolished minimum charges and meter rent. The fixed charge in two-part tariff represents the fixed component of charges, which is independent of consumption level and depends on the fixed cost incurred by the Utility in supplying electricity.

NON-DOMESTIC TARIFF

- 5.30 The Commission has rationalized the tariff for Non-Domestic category and various slabs have been eliminated and all the consumers under this category shall be charged on kVAh basis. Wherever, sanctioned load/contract demand is in kW, the kVA shall be calculated on basis of actual power factor of the consumer, for the relevant billing cycle and in case on non-availability of actual Power Factor, the Power Factor shall be considered as unity for sanctioned load/contract demand upto 10kW/11kVA.

- 5.31 The Commission has promoted voltage linked tariff, irrespective of load of the consumer, the tariff for consumption at higher voltages will be entitled to voltage discount, which will encourage consumers to opt for HT connections particularly for higher loads.
- 5.32 Non domestic consumers availing supply on 11 kV, 33 kV/66 kV and 220 kV will be entitled for rebate of 3%, 4% and 5% respectively on the applicable energy charges.

INDUSTRIAL TARIFF

- 5.33 The Commission has rationalized the tariff for Industrial category and various slabs have been eliminated and all the consumers under this category shall be charged on kVAh basis. Wherever, sanctioned load/contract demand is in kW, the kVA shall be calculated on basis of actual power factor of the consumer, for the relevant billing cycle and in case on non-availability of actual Power Factor, the Power Factor shall be considered as unity for sanctioned load/contract demand upto 10kW/11kVA.
- 5.34 The Commission has extended the scope of Industrial tariff to Hospitals (other than that covered in Domestic Category) including lighting, heating and cooling load.
- 5.35 The Commission has promoted voltage linked tariff, irrespective of load of the consumer, the tariff for consumption at higher voltages will be entitled to voltage discount, which will encourage consumers to opt for HT connections particularly for higher loads.
- 5.36 Industrial consumers availing supply on 11 kV, 33 kV/66 kV and 220 kV will be entitled for rebate of 3%, 4% and 5% respectively on the applicable energy charges.

AGRICULTURE & MUSHROOM CULTIVATION

- 5.37 *Agriculture & Mushroom cultivation consumers having sanctioned load up to 20 kW for tube wells for irrigation, threshing, mushroom growing/cultivation and kutti-cutting in conjunction with pumping load for irrigation purposes and lighting load for bonafide use in Kothra.*

PUBLIC UTILITIES

5.38 The Commission has merged following Categories and has created new Category namely public Utilities which provide public services:

- a. **DELHI JAL BOARD:** Available to DJB for pumping load & Water Treatment Plants.
- b. **RAILWAY TRACTION:** Available for Indian Railways for Traction load.
- c. **DELHI METRO RAIL CORPORATION :** Available to Delhi Metro Rail Corporation (DMRC) for traction load
- d. **PUBLIC LIGHTING:** Street lighting, Signals & Blinkers
 - All street lighting consumers including MCD, DDA, PWD/CPWD, Slums depts./DSIIDC /MES / GHS etc.
 - Traffic signals and blinkers of Traffic Police
 - Unmetered Public Lighting shall be charged Energy Charge Rate at 1.10 times of applicable Tariff.

DELHI INTERNATIONAL AIRPORT LIMITED (DIAL)

5.39 The Commission has decided to give DIAL a tariff which shall be higher than that of Public Utilities as it is providing essential services to all consumers including the lowest strata of the society but lesser than that of Non Domestic consumers. The commercial load at DIAL premises shall be metered and billed separately as per the relevant tariff category.

ADVERTISEMENT AND HOARDINGS

5.40 The Commission, in its Tariff Order dated July 31, 2013 had created a separate category to cover the consumption for the advertisements and Hoardings. This category will be applicable for supply of electricity for lighting external advertisements, external hoardings and displays at departments stores, malls, multiplexes, theatres, clubs, hotels, bus shelters, Railway/Metro Stations, Airport and shall be separately metered and charged at the tariff applicable for "Advertisements and Hoardings" category, except such displays which are for the purpose of indicating/displaying the name and other details of the shop, commercial premises itself. Such use of electricity shall be covered under the prevailing tariff for such shops or commercial premises.

5.41 The Commission has revised the fixed charge methodology from Rs. 500/hoarding to 250 Rs./kVA/month.

TEMPORARY SUPPLY

5.42 The Commission does not propose any major change in the existing tariff methodology for temporary supply as mentioned in the Tariff Schedule.

CHARGING OF E-RICKSHAW/ E-VEHICLE

5.43 The Commission does not propose any major change in the existing tariff methodology for Charging of E-Rickshaw/ E-Vehicle as mentioned in the Tariff Schedule.

TIME OF DAY (TOD) TARIFF

5.44 It is observed that the cost of power purchase during peak hours is quite high. Time of Day (ToD) tariff is an important Demand Side management (DSM) measure to flatten the load curve and avoid such high cost peaking power purchases. Accordingly, the Commission had introduced Time of Day (ToD) tariff wherein peak hour consumption is charged at higher rates which reflect the higher cost of power purchase during peak hours. At the same time, a rebate is being offered on consumption during off-peak hours. This is also meant to incentivise consumers to shift a portion of their loads from peak time to off-peak time, thereby improving the system load factor and flatten the load curve. The ToD tariff is aimed at optimizing the cost of power purchase, which constitutes over 80% of the tariff charged from the consumers. It also assumes importance in the context of propagating and implementing DSM and achieving energy efficiency. This is important in Delhi situation where wide variations in load especially in summer causes problem of shortages during Peak hours and surplus during Off peak hours.

5.45 Introduction of higher peak hour tariff would initially generate additional revenue which would compensate for the reduction in revenue on account of lower tariff during off-peak hours.

5.46 In the long run, this would provide signals to the consumers to reduce load during peak hours and, wherever possible, shift this consumption to off-peak hours. Any loss of revenue to the utility on account of shifting of load from peak to off-peak hours in the long run would by and large get compensated by way of reduction of off-peak surplus to the extent of increase in off-peak demand.

- 5.47 The ToD Tariff would thus have immediate as well as long term benefits for both, consumers as well as the utility and contribute towards controlling the rise in power purchase costs.
- 5.48 The Commission in its MYT Order for second Control Period dated July 13, 2012 had decided to introduce ToD Tariff on a pilot basis for large industrial and non domestic consumers (300 kW and above). This was targeted to the consumer segment which has capacity to bear a higher burden for peak hour consumption and also at least partly (if not fully) offset the impact of this increase through higher off-peak consumption at lower rates. The Commission as a progressive step in this direction and to further encourage demand shift from peak hours to off-peak hours has decided to lower the applicability limit for ToD Tariff.
- 5.49 In the Tariff order dated July 31, 2013, the Time of Day (ToD) Tariff# - ToD Tariff was made applicable on all consumers (other than domestic) whose sanctioned load/MDI (whichever is higher) is 100kW / 108 kVA and above.
- 5.50 In the Tariff order dated July 23, 2014, the Time of Day (ToD) Tariff# - ToD Tariff was made applicable on all consumers (other than domestic) whose sanctioned load/MDI (whichever is higher) is 50kW / 54 kVA and above. Also Optional TOD tariff was made available for all consumers (other than domestic) whose sanctioned load/MDI (whichever is higher) was between 25kW/27kVA to 50kW/54kVA.
- 5.51 In this Tariff Order, the Commission has revised existing Time of Day (ToD) Tariff as follows:
- ToD tariff shall be applicable on all consumers (other than Domestic) whose sanctioned load/MDI (whichever is higher) is 10kW/11kVA and above.
 - Optional for all three phase (3 ϕ) connections including Domestic connections. If the consumer who has opted for ToD, the charges for up-gradation of meters, if any, shall be borne by respective consumers.
 - The Commission has decided to retain the Rebate during the Off Peak hours and Peak hours Surcharge at 20%. Optional ToD Consumers will have the option to move back to non-ToD regime only once within one Financial Year.

- d. For other than Peak and Off-Peak hours normal Energy Charges shall be applicable.

TARIFF SCHEDULE FY 2018-19

Sr. No.	CATEGORY	FIXED CHARGES	ENERGY CHARGES				
1	DOMESTIC						
1.1	INDIVIDUAL CONNECTIONS		0-200	201-400	401-800	801-1200	>1200
			Units	Units	Units	Units	Units
A	Upto 2 kW	125 Rs./kW/month	3.00 Rs./kWh	4.50 Rs./kWh	6.50 Rs./kWh	7.00 Rs./kWh	7.75 Rs./kWh
B	> 2kW and ≤ 5 kW	140 Rs./kW/month					
C	> 5kW and ≤ 15 kW	175 Rs./kW/month					
D	>15kW and ≤ 25 kW	200 Rs./kW/month					
E	> 25kW	250 Rs./kW/month					
1.2	Single Point Delivery Supply at 11kV for GHS	150 Rs./kW/month	4.50 Rs./kWh				
2	NON-DOMESTIC	250 Rs./kVA/month	8.00 Rs./kVAh				
3	INDUSTRIAL	250 Rs./kVA/month	7.25 Rs./kVAh				
4	AGRICULTURE & MUSHROOM CULTIVATION	125 Rs./kW/month	1.50 Rs./kWh				
5	PUBLIC UTILITIES	250 Rs./kVA/month	5.75 Rs./kVAh				
6	DELHI INTERNATIONAL AIRPORT LTD. (DIAL)	250 Rs./kVA/month	7.25 Rs./kVAh				
7	ADVERTISEMENTS AND HOARDINGS	250 Rs./kVA/month	8.00 Rs./kVAh				
8	TEMPORARY SUPPLY						
8.1	Domestic Connections including Group Housing Societies	Same rate as that of relevant category	Same as that of relevant category without any temporary surcharge				
8.2	For threshers during the threshing season	Electricity Tax of MCD : Rs. 270 per connection per month	Flat rate of Rs. 5,400 per month				
8.3	All other connections including construction projects	Same rate as that of the relevant	1.30 times of the relevant category of tariff				

Sr. No.	CATEGORY	FIXED CHARGES	ENERGY CHARGES
		category	
9	CHARGING STATIONS FOR E-RICKSHAW/ E-VEHICLE ON SINGLE POINT DELIVERY		
9.1	Supply at LT	-	5.50 Rs./kWh
9.2	Supply at HT	-	5.00 Rs./kVAh
9.2	Supply at HT	-	5.00 Rs./kVAh

Notes:

1. For all categories other than Domestic, Fixed Charges are to be levied based on billing demand per kW/kVA or part thereof. Where the Maximum Demand (MD), as defined in *DERC (Supply Code and Performance Standards) Regulations, 2017*, reading exceeds sanctioned load/contract demand, a surcharge of 30% shall be levied on the fixed charges corresponding to excess load in kW/kVA for such billing cycle only. Wherever, sanctioned load/contract demand is in kW/HP, the kVA shall be calculated on basis of actual power factor of the consumer, for the relevant billing cycle and in case on non-availability of actual Power Factor, the Power Factor shall be considered as unity for sanctioned load/contract demand upto 10kW/11kVA.
2. **Time of Day (ToD) Tariff**
 - e. ToD tariff shall be applicable on all consumers (other than Domestic) whose sanctioned load/MDI (whichever is higher) is 10kW/11kVA and above.
 - f. Optional for all three phase (3 ϕ) connections including Domestic connections. If the consumer who has opted for ToD, the charges for up-gradation of meters, if any, shall be borne by respective consumers.
 - g. The Commission has decided to retain the Rebate during the Off Peak hours and Peak hours Surcharge at 20%. Optional ToD Consumers will have the option to move back to non-ToD regime only once within one Financial Year.
 - h. For other than Peak and Off-Peak hours normal Energy Charges shall be applicable.
 - i. Further, the Commission has reviewed the latest available Demand and Supply of Delhi and has revised the time slots for Peak and Off-Peak hours as follows:

MONTHS	PEAK HOURS	SURCHARGE ON ENERGY CHARGES	OFF-PEAK HOURS	REBATE ON ENERGY CHARGES
May-September	1400 Hrs – 1700 Hrs & 2200 Hrs – 0100 Hrs	20%	0400 Hrs – 1000 Hrs	20%

3. Rebate of 3%, 4% & 5% on the Energy Charges for supply at 11kV, 33/66 kV and 220 kV shall be applicable.
4. Maintenance Charges on street lights, wherever maintained by DISCOMs, shall be payable @ Rs. 84/light point/month and material cost at the rate of Rs. 19/light point/month as per the Commission's Order dated 22nd September 2009 in addition to the specified tariff. These charges are exclusive of applicable taxes and duties.
5. The valid Factory Licence shall be mandatory for applicability of Tariff under Industrial category:

Provided that in case where the Factory Licence has expired and its renewal application is pending with the concerned authority, the DISCOMs shall bill such consumers as per Tariff applicable under Non Domestic category;

Provided further that on renewal of the Factory Licence, the DISCOMs shall adjust the bills of such consumers as per applicable Tariff under Industrial category from the effective date of renewal of such Licence.
6. The above tariff rates shall be subject to following additional surcharges to be applied only on the basic Fixed Charges and Energy Charges excluding all other charges e.g., LPSC, Arrears., Electricity Tax/Duty, PPAC, load violation surcharge, etc.:
 - (a) 8% towards recovery of past accumulated deficit to the consumers, and,
 - (b) 3.80% towards recovery of Pension Trust Charges of erstwhile DVB Employees/Pensioners as recommended by GoNCTD.
7. The Distribution Licensee shall levy PPAC after considering relevant ToD Rebate/Surcharge on energy charges applicable to the consumers.

8. For prepaid consumers, the additional rebate of 1% shall be applicable on the basic Energy Charges, Fixed Charges and all other charges on the tariff applicable.
9. The Single Point Delivery Supplier (Group Housing Societies) shall charge the Domestic tariff as per slab rate of 1.1 to its Individual Members availing supply for Domestic purpose and Non Domestic Tariff for other than domestic purpose. Any Deficit/Surplus due to sum total of the billing to the Individual Members as per slab rate of tariff schedule 1.1 and the billing as per the tariff schedule 1.2 including the operational expenses of the Single Point Delivery Supplier shall be passed on to the members of the Group Housing Societies on pro rata basis of consumption.
10. Individual Domestic Consumers availing the supply at single point delivery through Group Housing Society, shall claim the benefit of subsidy, applicable if any, as per the Order of GoNCTD. Group Housing Society shall submit the details of eligible consumers with consumption details and lodge claim of subsidy on behalf of individual members from DISCOMs.
11. The Single Point Delivery Supplier availing supply at HT & above shall charge the tariff to its LT consumers and in addition shall be entitled to charge an extra upto 5% of the bill amount to cover losses and all its expenses.
12. The Commercial Consumers of DMRC and DIAL who have sanctioned load above 215 kVA but served at LT (415 Volts) shall be charged the tariff applicable to Non-domestic LT (NDLT) category greater than 140kW/150kVA (415 Volts).
13. The rates stipulated in the Schedule are exclusive of electricity duty and other taxes and charges, as levied from time to time by the Government or any other competent authority, which are payable extra.
14. In the event of the electricity bill rendered by the Distribution licensee, not being paid in full within the due date specified on the bill, a Late Payment Surcharge (LPSC) @ 1.5% per month shall be levied. The LPSC shall be charged for the number of days of delay in receiving payment from the consumer by the Distribution Licensee, until the payment is made in full without prejudice to the right of the licensee to disconnect the supply after

due date, in the event of non-payment in accordance with Section 56 of Electricity Act, 2003. This will also apply to temporary connections and enforcement cases, where payment of final bill amount after adjustment of amount as per directions of the Court and deposit, is not made by due date.

15. No payment shall be accepted by the Distribution Licensees from its consumers at its own collection centres/mobile vans in cash towards electricity bill exceeding Rs. 4,000/- except from blind consumers, for court settlement cases & payment deposited by the consumers at designated scheduled commercial bank branches upto Rs. 50,000/-. Violation of this provision shall attract penalty to the level of 10% of total Cash collection exceeding the limit.
16. Wherever the Fixed or Energy Charges are specified in Rs. per kVAh, for the purpose of billing, the kVAh as read from the meter in the relevant billing cycle shall be used.

OTHER TERMS AND CONDITIONS**2. DOMESTIC CATEGORY****1.1 Domestic Lighting, Fan and Power (Single Point Delivery and Separate Delivery Points/Meters)****Available to following:**

- a. Residential Consumers
- b. Hostels of recognized/ aided institutions which are being funded more than 90% by Municipal Corporation of Delhi or Government of the NCT of Delhi or any other Government/local bodies [local bodies include NDMC and MCDs (North, South & East)].
- c. Staircase lighting in residential flats separately metered.
- d. Compound lighting, lifts and water pumps etc., for drinking water supply and fire-fighting equipment in residential complexes, if separately metered.
- e. In group housing societies etc. for bonafide use of lighting/fan and power, subject to the provision that the supply is at single point delivery for combined lighting/fan & power.
- f. Dispensary/Hospitals/Public Libraries/School/College/ Working Women's Hostel/ Orphanage/ Charitable homes run and funded by more than 90% by Municipal Corporation of Delhi or Government of the NCT of Delhi or any other Government/local bodies.
- g. Small Health Centres approved by the Department of Health, Government of NCT of Delhi for providing Charitable Services only.
- h. Recognized Centres for welfare of blind, deaf and dumb, spastic children, physically handicapped persons, mentally retarded persons, as approved by the Government of NCT of Delhi and other Government.
- i. Public parks except temporary use for any other purpose.
- j. Bed and Breakfast Establishments (Residential Premises) registered u/s 3 of the National Capital Territory of Delhi (Incredible India) Bed and Breakfast Establishments (Registration & Regulations) Act, 2007.
- k. Places of worship.

- l. Cheshire homes/orphanage.
- m. Shelter Homes (including Night Shelters) approved by Delhi Urban Shelter Improvement Board, GoNCTD.
- n. Electric crematoriums.
- o. Gaushala Registered under GoNCTD.
- p. Professionals i.e. individuals engaged in those activities involving services based on professional skills, viz Doctor, Lawyer, Architect, Chartered Accountant, Company Secretary, Cost & Works Accountant, Engineer, Town Planner, Media Professional and Documentary Film Maker may utilize the domestic connection at their residence for carrying out their professional work in the nature of consultancy without attracting non-domestic tariff for the electricity consumed, provided that the area used for professional activity does not exceed the area permitted to be used for such activity in residential area under the Master Plan for Delhi, 2021 (MPD-2021), which as per MPD-2021 is permissible on any one floor only but restricted to less than 50% of the permissible or sanctioned FAR whichever is less on that plot or dwelling unit.
- q. Available, for loads up to 21 kW, to farm houses for bonafide domestic self use.
- r. The consumers running small commercial establishments including Paying Guest from their households having sanctioned load upto 5kW under domestic category, shall be charged Domestic Tariff.
- s. Cattle Farms / Dairy Farms / Dhobi Ghat with a total consumption of not more than 1000 units/month.

1.2 Domestic Connection on 11 kV Single Point Delivery

Same as 1.1 - For GHS flats and for individuals having sanctioned load above 100 kW/108kVA

Group Housing Society (GHS) shall mean a residential complex owned/managed by a Group Housing Society registered with Registrar, Cooperative Societies, Delhi / registered under Societies Act, 1860 and for sake of brevity the definition shall include residential complex developed by a Developer and approved by appropriate authority.

3. NON-DOMESTIC

Available to all consumers for lighting, fan & heating/cooling power appliances in all Non-Domestic establishments as defined below:

- a. Hostels/Schools/Colleges/Paying Guests (other than that covered under Domestic Category)
- b. Auditoriums, Lawyer Chambers in Court Complexes, nursing homes/diagnostic Centres other than those run by Municipal Corporation of Delhi or the Government of NCT of Delhi (other than that covered under domestic category).
- c. Railways (other than traction), Hotels and Restaurants
- d. Cinemas
- e. Banks/Petrol pumps
- f. All other establishments, i.e., shops, chemists, tailors, washing, dyeing etc. which do not come under the Factories Act.
- g. Fisheries, piggeries, poultry farms, floriculture, horticulture, plant nursery
- h. Farm houses being used for commercial activity
- i. DMRC for its commercial activities other than traction.
- j. DIAL for commercial activities other than aviation activities.
- k. Ice-cream parlours
- l. Single Point Delivery for Commercial Complexes supply at 11 kV or above
- m. Pumping loads of DDA/MCD
- n. Supply to Delhi Metro Rail Corporation (DMRC) Ltd. for their on-going construction projects etc and for commercial purposes other than traction
- o. Any other category of consumers not specified/covered in any other category in this Schedule

4. INDUSTRIAL

Available to Industrial consumers & Hospitals (other than that covered in Domestic Category) including lighting, heating and cooling load.

5. AGRICULTURE & MUSHROOM CULTIVATION

Available for load up to 20 kW for tube wells for irrigation, threshing, mushroom growing/cultivation and kutti-cutting in conjunction with pumping load for irrigation purposes and lighting load for bonafide use in Kothra.

6. PUBLIC UTILITIES

- a. **DELHI JAL BOARD:** Available to DJB for pumping load & Water Treatment Plants.
- b. **RAILWAY TRACTION:** Available for Indian Railways for Traction load.
- c. **DELHI METRO RAIL CORPORATION :** Available to Delhi Metro Rail Corporation (DMRC) for traction load
- d. **PUBLIC LIGHTING:** Street lighting, Signals & Blinkers
 - All street lighting consumers including MCD, DDA, PWD/CPWD, Slums depts./DSIIDC/MES / GHS etc.
 - Traffic signals and blinkers of Traffic Police
 - Unmetered Public Lighting shall be charged Energy Charge Rate at 1.10 times of applicable Tariff.

7. **DELHI INTERNATIONAL AIRPORT LIMITED:** Available to DIAL for Aviation activities.

8. ADVERTISEMENT/ HOARDINGS

Electricity for lighting external advertisements, external hoardings and displays at departmental stores, malls, multiplexes, theatres, clubs, hotels, bus shelters, Railway/Metro Stations, airport which shall be separately metered and charged at the tariff applicable for “Advertisements and Hoardings” category, except such displays which are for the purpose of indicating/displaying the name and other details of the shop, commercial premises itself. Such use of electricity shall be covered under the prevailing tariff for such shops or commercial premises.

9. TEMPORARY SUPPLY

- a. Available as temporary connection under the respective category
- b. Domestic tariff without temporary surcharge shall be applicable for Religious functions of traditional and established characters like Ramlila, Dussehra, Diwali, Holi, Dandiya, Janmashtami, Nirankari Sant Samagam, Gurupurb, Durga Puja, Eid, Christmas

celebrations, Easter, Pageants and cultural activities like NCC camps, scouts & guides camps etc.

10. CHARGING OF E-RICKSHAW/ E-VEHICLE

- a. **Charging Stations for E-Rickshaw/ E-Vehicle on Single Point Delivery:** Available to charging stations as per the provisions of DERC SOP Regulations, 2017.
- b. Tariff applicable for charging of batteries of E-Rickshaw / E-Vehicle at premises other than at Charging Stations meant for the purpose shall be the same as applicable for the relevant category of connection at such premises from which the E-Rickshaw / E-Vehicle is being charged.

INTERPRETATION/CLARIFICATION

In case of doubt or anomaly, if any, in the applicability of tariff or in any other respect, the matter will be referred to the Commission and Commission's decision thereon shall be final and binding.

A6: DIRECTIVES

- 6.1 The Commission directs the Petitioner to make timely payment of bills to all the Generating Companies and Transmission Utilities. No Late Payment Surcharge shall be allowed as a pass through in the ARR on account of delayed payments.
- 6.2 The Petitioner shall directly deposit the amount of pension trust surcharge collected from the consumer as per the tariff schedule in the following bank account, of Pension trust:

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

- 6.3 The Commission directs the Pension Trust to intimate the total amount collected through Pension Trust surcharge and adjust any surplus/gap in its claim for the subsequent year.
- 6.4 If the Petitioner purchases any expensive power to meet the demand during any time zone for which cheaper power has been regulated due to non-payment of dues, in such an eventuality, the cost of such expensive power purchases shall be restricted to the variable cost of regulated cheaper power to that extent at the time of true up.
- 6.5 In case the power is regulated by DTL/Interstate Transmission Licensee due to non-payment of their dues, in such case the transmission charges borne by the Petitioner shall also not be allowed.
- 6.6 The Commission directs the Petitioner to ensure availability of power supply for meeting the demand. The Petitioner shall ensure that the electricity which could not be served due to any reason what-so-ever, shall not exceed 1% of the total energy supplied in units (kWh) in any particular month except in the case of force-majeure events which are beyond the control of the Petitioner.
- 6.7 It is directed that the Petitioner shall not accept payment from its consumers at its own collection centres/mobile vans in cash towards electricity bill exceeding Rs 4,000/- except from blind consumers and for court settlement cases or any other

cases specifically permitted by the Commission. The limit for accepting payment through cash by the consumers at designated scheduled commercial bank branches shall be Rs. 50,000/-. Violation of this directive shall attract penalty to the level of 10% of total Cash collection exceeding these limits.

- 6.8 The Commission directs the Petitioner to restrict the adjustment in units billed on account of delay in meter reading, raising of long duration provisional bills etc. to a maximum of 1% of total units billed.
- 6.9 The Commission directs the Petitioner to survey the electricity connections of hoardings and display at malls and multiplexes and ensure the billing in the category of advertisements/hoarding category and to submit an annual compliance report by 30th April of the next year.
- 6.10 The Commission further directs the Petitioner :
- a. To provide the information to the consumer through SMS on various items such as scheduled power outages, unscheduled power outages, Bill Amount, Due date and Maximum Demand during the month, etc. as directed by the Commission from time to time.
 - b. To maintain toll free number for registration of electricity grievances and to submit the quarterly report.
 - c. To conduct a safety audit and submit a compliance report within three months;
 - d. To carry out preventive maintenance as per schedule;
 - e. To submit the information in respect of Form 2.1 (a) as per revised format issued by the Commission to the utilities on monthly basis latest by 21st day of the following month;
 - f. To submit the annual energy audit report in respect of their network at HT level and above.
 - g. To submit the Auditor's certificate in respect of Form 2.1(a) on quarterly basis within the next quarter;
 - h. To incorporate the following information in the annual audited financial statements:-
 - i. Category-wise Revenue billed and Collected,

- ii. Category-wise breakup of 8% and 3.70% Surcharge billed and Collected,
 - iii. Category-wise PPAC billed and collected,
 - iv. Category- wise Electricity Duty billed and collected,
 - v. Category-wise subsidy passed on to the consumers during the financial year, if any,
 - vi. Category-wise details of the surcharge billed on account of ToD,
 - vii. Category-wise details of the rebate given on account of ToD,
 - viii. Street light incentive and material charges for street light maintenance,
 - ix. Direct expenses of other business,
 - x. Revenue billed on account of Own Consumption,
 - xi. Revenue collected on account of enforcement/theft cases,
- i. To submit annual auditor certificate in respect of power purchase details of the previous year by 30th July of the next financial year.
 - j. To submit the reconciliation statement in respect of power purchase cost/Transmission cost on a quarterly basis with respective Generation/Transmission companies;
 - k. To strictly adhere to the guidelines on short-term power purchase/sale of power issued by the Commission from time to time and to take necessary steps to restrict the cost of power procured through short term contracts, except trading through Power Exchange & IDT, at Rs.5/kWh. In case the cost of power proposed to be procured exceeds the above ceiling limit, this may be brought to the notice of the Commission within 24 hours detailing the reasons or exceptional circumstances under which this has been done. In the absence of proper justification towards short term power purchase at a rate higher than the above ceiling rate (of Rs.5/kWh), the Commission reserves the right to restrict allowance of impact of such purchase on total short term power purchase not exceeding 10 Paisa/kWh during the financial year.
 - l. To raise the bills for their own consumption of all their installations

including offices at zero tariff to the extent of the normative self consumption approved by the Commission and exceeding the normative limit of self consumption at Non-Domestic tariff for actual consumption recorded every month.

- m. To submit the quarterly progress reports for the capital expenditure schemes being implemented within 15 days of the end of each quarter.
- n. To submit the actual details of capitalization for each quarter for the year within one month of the end of the quarter for consideration of the Commission. All information regarding capitalization of assets shall be furnished in the formats prescribed by the Commission, along with the requisite statutory clearances/certificates of the appropriate authority/ Electrical Inspector, etc. as applicable.

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

**DELHI ELECTRICITY REGULATORY COMMISSION**

Vinnyamak Bhawan, 'C' Block, Shivalik, Mayapuri, New Delhi- 110017.

F.11(1544)/DERC/2017-18

Petition No. 68/2017

In the matter of: **Petition for Truing up of Expenses upto FY 2016-17 and Annual Tariff Petition for FY 2018-19.**

BSES Rajdhani Power Ltd.
Through its: CEO
BSES Bhawan,
Nehru Place,
New Delhi – 110019.

...**Petitioner/Licensee**

Coram:

Sh. B. P. Singh, Member.

ORDER

[Date of Order: 26.12.2017]

1. M/s. BSES Rajdhani Power Ltd. (BRPL) has filed the instant Petition for Truing up of Expenses upto FY 2016-17 and Annual Tariff Petition for FY 2018-19. The said Petition has been scrutinised and found generally in order as per the DERC Comprehensive (Conduct of Business) Regulations, 2001. Clarifications/additional information, if and when required would be sought from the Petitioner.
2. The Petition is admitted.

Sd/-
(B. P. Singh)
Member

Annexure-II

LIST OF RESPONSES RECEIVED FROM STAKEHOLDERS ON THE TRUE UP OF EXPENSES UPTO FY 2016-17 AND ANNUAL REVENUE REQUIREMENT (ARR) AND TARIFF FOR FY 2018-19.

S. No.	R. No.	Name	Address	Date of Receipt
1.	1	Sh. Raj Kumar Member	rajkumaraapka@gmail.com	03.01.2018
2.	2	Sh. S.R. Abrol	L-2-97B, DDA, LIG Kalkaji, New Delhi 110 019 Nyayabhoomi2003@gmail.com	04.01.2018
3.	3	Sh. Jagdish Khetarpal	jagdishpowerip@yahoo.co.in	04.01.2018
4.	4	Dr. Pradeep Gupta	Plot No. 4, Sukhbir Nagar, Karala, Delhi 110 081 pradeepgupta111@yahoo.in	04.01.2018
5.	5 5A 5B	Sh. Vivek Agarwal General Manager/Electrical	Metro Bhawan, Fire Brigade Lane, Barakhamba Road, New Delhi 110 001	12.01.2018
6.	6	Sh. Anil Sood Hony President CHETNA	A-403-414-415, Somdutt Chamber-1 5 Bhikajicama Place, New Delhi anilsood@spchetna.com	15.01.2018
7.	7	Sh. S.K. Jain	4509, Trilok Bhawan, 7 Darya Ganj, New Delhi 110 002	16.01.2018
8.	8	Sh. Ashok Bhasin	North Delhi Residents Welfare Association 1618, Main Chandrawal Road Delhi 110 007	19.01.2018
9.	9	Sh. Kanwar Ajay Singh	Kanwarajaysingh74@icloud.com	19.01.2018
10.	10	Sh. R.D. Singh	J6C, East Vinod Nagar, Delhi 110 091 Rdsingh1949@gmail.com	19.01.2018
11.	11 11A	Sh. B.S. Sachdev President	B-2/13A, Keshav Puram, Delhi 110 035	23.01.2018 12.03.2018
12.	12 12A 12B 12C	Sh. V.K. Malhotra General Secretary	DVB Engineers' Association D-3, Vikas Puri, New Delhi 110 018	29.01.2018
13.	13	Sh. Harmeet Singh President	Koshish Resident's Welfare Association (regd.) 2462, Basti Punbian, Roshnara Road, Subzi Mandi	29.01.2018

S. No.	R. No.	Name	Address	Date of Receipt
			Delhi 110 0017	
14.	14	Sh. Jagdish Khetarpal	jagdishpowerip@yahoo.co.in	29.01.2018
15.	15	Sh. Sanjay Dangi	Gali No. 20, Plot 12 Uttam Nagar, Delhi Sanjudangi88@yahoo.in	30.01.2018
16.	16	Sh. Kuldeep Kumar General Secretary	Delhi State Electricity Workers Union, Genco, Transo DISCOM iii L-2, Main Road, Brahmpuri, Delhi	30.01.2018
17.	17	Sh. Bittu Bhardwaj	Bittoobhardwaj42@gmail.com	30.01.2018
18.	18	Sh. Krishan Kumar	Krishankumar2360@gmail.com	31.01.2018
19.	19	Dr. Pradeep Gupta	Plot No. 4, Sukhbir Nagar, Karala, Delhi 110 081 Pradeepgupta111@yahoo.in	31.01.2018
20.	20	Sh. B.B. Tiwari	sarwasharpan@gmail.com	20.02.2018
21.	21 21A	Sh. A.K. Datta	222, Pocket E, Mayur Vihar, Phase 2 Delhi 110 091 Mmathur2001@yahoo.com	20.02.2018
22.	22 22A	Sh. Saurabh Gandhi Gen. Secretary	United Residents of Delhi C-6/7, Rana Pratap Bagh Delhi 110 007 urdwas@gmail.com	21.02.2018
23.	23 23A 23B	Sh. Sudhir Aggarwal Secretary	Brotherhood Society G-3/5, Model Town III Delhi 110 009	21.02.2018
24.	24	Sh. Anil Chandi Gen. Secretary	C-8/1, Rana Pratap Bagh, Delhi 110 007	21.02.2018
25.	25	Sh. Rajan Gupta	H. No. 355, Udyan, Nerala Delhi 110 040	16.02.2018
26.	26	Ms. Neeta Gupta	A-17, Antriksh Apartments New Town Co-op. Group Housing Society Ltd. Sector : 14 Extn. Rohini, Delhi 110 085 Neetagupta.vg111@gmail.com	20.02.2018
27.	27	Sh. Rohit Arora President	Gyan Park Welfare Society (Regd.) 12A, Gyan Park, Chander Nagar, Krishna Nagar, Delhi 110 051	21.02.2018
28.	28	Sh. Vipin Gupta	A-17, Antriksh Apartments New Town Co-op. Group Housing Society Ltd. Sector : 14 Extn. Rohini,	20.02.2018

S. No.	R. No.	Name	Address	Date of Receipt
			Delhi 110 085 Vipin.bfi@gmail.com	
29.	29	Sh. Mukesh Rikhi Gen. Secretary	Resident Welfare Association Hakikat Nagar, (Regd.) 97, Hakikat Nagar, GTB Nagar, Delhi 110 009	22.02.2018
30.	30	Sh. Chander Singh Kataria Gen. Secretary	Keshav Nagar Jan Kalyan Samiti Regd. B-246/4, Keshav Nagar, Near Mukti Ashram Burari Road, Delhi 110 036	22.02.2018
31.	31	Sh. Rajiv Kakria Hony President Chetna	A-403-414-415, Somdutt Chamber-1, 5, Bhikajicama Place New Delhi Rkakria2@gmail.com	22.02.2018
32.	32	Sh. Anil Sood Hony President Chetna	A-403-414-415, Somdutt Chamber-1,5, Bhikajicama Place New Delhi	22.02.2018
33.	33	Sh. Alam Gir President	Rani Garden Resident's Welfare Association REgd. C-17, Rani Garden, Geeta Colony, Near Taj Enclave Delhi 110 031	23.02.2018
34.	34	Ms. Madhu Malhotra President	Krishna Nagar Janhit Vikas Samiti E-7/12, Krishna Nagar, Delhi 110 051	23.02.2018
35.	35	Sh. Sarvesh Kumar Verma President	Resident Welfare Association A-2/219, New Kondli Delhi 110 096	26.02.2018
36.	36	Sh. P.S. Tomar	C-7/89 Yamuna Vihar, Delhi 110 053	26.02.2018
37.	37	Sh. K. Pratab Singh	D-408, St. No. 90 Bhajan Pura, Delhi 110 53	26.02.2018
38.	38 38A	Sh. D.M. Narang President	R-Block Welfare Association R-599, New Rajinder Nagar, New Delhi 110 060	26.02.2018
39.	39	Dr. Faheem Baig Gen. Secretary	Jafirabad Resident Welfare Association 1202, Street No. 39/4 Jafirabad, Delhi 110 053	27.02.2018
40.	40	Smt Sushma Sharma President	Resident's Welfare Association, Control Romm Gate No. 1 Pocket B, Dilshad Garden, Delhi 110 095	28.02.2018

S. No.	R. No.	Name	Address	Date of Receipt
41.	41	Sh. Anil Kumar Jha	A-4, St. No. 13 Mandawali Unchepar, Delhi 110 092	27.02.2018
42.	42 42A	Sh. K.K. Verma Gen. Manager (C&RA)	33KV Grid S/Station Building, IP Estate, New Delhi 110 002	22.02.2018 06.03.2018
43.	43 43A 43B	Sh. Bharat Kumar Bhadawat HoD Regulatory	Tata Power Delhi Distribution Ltd. NDPL House Hudson Lines Kingsway Camp, Delhi 110 009	23.02.2018 12.03.2018 12.03.2018
44.	44	Sh. Abhishek Srivastava Authorised Signatory	BSES Yamuna Power Ltd. Shakti Kiran Building, Karkardooma, Delhi 110 032	28.02.2018
45.	45	Sh. Deepak Narang LPresident	Resident's Welfare Association, Pkt H-164A, Dilshad Garden, Delhi 110 095	28.02.2018
46.	46	Sh. Syed Khalid Akbar Gen. Secretary	DVB Pensioners Association 85, Ram Nagar, Krishna Nagar, Delhi 110 051	28.02.2018
47.	47	Sh. Kulwant Rana President	Dilshad Colony Residents Welfare Association G-87, 1st Floor, Dilshad Colony Delhi 11 095	05.03.2018
48.	48	Sh. Harbansh Sharma	RWA, 295 Kucha Ghasi Ram, Chandni Chowk, Delhi 110 006	05.03.2018
49.	49	Sh. Kishan Kumar	Kucha Brijnath Resident Welfare Association, 420, Kucha Brijnath, Chandni Chowk, Delhi 110 006	05.03.2018
50.	50	SH. Daya Ram Dwivedi Vide President	Daily Passengers Association 262, Katra Pyare Lal Chandni Chowk, Delhi 110 006	05.03.2018
51.	51	Sh. Vijay S. Rawat Vice President	DDA Janta Flats Resident Welfare Association 12-A, Pkt. D2, Mayur Vihar Phase III, Delhi 110 096	05.03.2018
52.	52	Sh. Gyanender Kaushik Vice President	East Babarpur Residential Welfare Association E-1044-4/F, Inder Gali,	05.03.2018

S. No.	R. No.	Name	Address	Date of Receipt
			Babarpur, Shahdara, Delhi 110 032	
53.	53	SH. Pradeep Arora President	Resident Welfare Association A-87, East Nathu Colony, Main Mandoli Road, Delhi 110 093	05.03.2018
54.	54	Sh. Pawan Salwan President	Residents' Welfare Association Pocket IV, Mayur Vihar, Phase -1 Delhi 110 091	05.03.2018
55.	55	Sh. Mini Shreekumar President	Residents' Welfare Association Pocket-2, Mayur Vihar, Phase-1 Delhi 110 091	05.03.2018
56.	56	Sh. Sanjeev Singh Tomar President	Vikas Simiti, Durga Puri Vistar Loni Road, Delhi 110 093	05.03.2018
57.	57	Sh. Subhash Chand Saxena	Resident Welfare Association 4996, Ground Floor, Ghas Mandi Ahata Kidara Pahari Dhiraj, Delhi-110 006	05.03.2018
58.	58	Sh. Shivkumar Sharma	Brijpuri Residents Welfare Association D-8/154, Brij Puri, Delhi 110 094	05.03.2018
59.	59	Dr. Arjun Kumar Founder Chairman	Dignity Restoration & Grievance Settlement Association B-4/84/2, Safdarjung Enclave, New Delhi 110 029	05.03.2018
60.	60	Sh. Arvind K. Mehta President	Residents Welfare Association 542, Double Storey, New Rajinder Nagar, New Delhi	28.02.2018
61.	61	Sh. Farooq Engineer	Rehayeshi Welfare Anjunman Shivaji Road, Azad Market, Delhi 110 006	28.02.2018
62.	62	Sh. B.S. Vohra President	East Delhi RWAs Joint Front- Federation F-19/10, Krishna Nagar, Delhi-51 rwabhagidari@yahoo.com	06.03.2018
63.	63	Sh. Samson Frederick Joseph Gen. Secretary	All India Minorities Fundamental Rights Protection Committee 2109/18, Turkman Gate, New Delhi	06.03.2018
64.	64	Sh. Ompal Singh	New Chauhan Pur Residents Welfare Association	06.03.2018

S. No.	R. No.	Name	Address	Date of Receipt
			40/240, New Chauhanpur, Karawal Nagar Road, Delhi 110 094	
65.	65	Sh. Vivek Agarwal General Manager	Delhi Metro Rail Corporation Ltd. Metro Bhawan, Fire Brigade Lane, Barakhamba Road, New Delhi 110 001	07.03.2018
66.	66 66A 66B	Sh. B.B. Tiwari	sarwasharpan@gmail.com	07.03.2018 12.03.2018 14.03.2018
67.	67	Sh. Sanjeev Bhatnagar President	Resident's Welfare Association New MIG Flats Prasad Nagar, New Delhi	08.03.2018
68.	68	Sh. Prem Nagpal Vice President	E-221, West Patel Nagar, New Delhi 110 008	08.03.2018
69.	69	Sh. Deepak Kumar Goyal President	Delhi Dall Mill Association 4122, Ground Floor, Main Road Naya Bazar, Delhi 110 006	12.03.2018
70.	70	Sh. Rajesh Chhabra Vice President	West Patel Nagar Veopar Mandal A/31, West Patel Nagar, Main Market, New Delhi 110 008	08.03.2018
71.	71	Sh. Sushil Mishra Patrons	Jhilmil DDA Flats Residents Welfare Association Gate No. 2, Satyam Enclave, Delhi 110 095	09.03.2018
72.	72	Sh. G.R. Luthra Secretary	Vivek Vihar Phase-II, A-Block Residents Welfare Association A-98, Vivek Vihar, Phase II, Delhi 110 095	12.03.2018
73.	73	Choori Walan Welfare Society	Choori Walan, Tokri Walan, Pahari Imli, Chitla Gate, Delhi 110 006	09.03.2018
74.	74	Sh. Mazar Ullah President	Resident Welfare Association 1855, Gali Pattey Wali Sui Walan, Darya Ganj New Delhi 110 002 galipatteywalidaryaganj@in.com	08.03.2018
75.	75	Sh. Mahesh Chand General Secretary	Khatik Kalyan Parisad 1820, Gali Khatikan, Chowk Shan Mubarak, Baar Sitla Ram, Delhi 110 006	09.03.2018
76.	76	Ms. Kalpana Chawla, Adv. President	Wall City Mahila Panchayat Samiti 1831-32, Gali Mandir Wali, Chowk Shah Mubarak,	09.03.2018

S. No.	R. No.	Name	Address	Date of Receipt
			Bazar Sita Ram, Delhi 110 006	
77.	77	Sh. Atul Chawla	Chawla.atul@yahoo.com	09.03.2018
78.	78	Sh. Arun Kumar Chairman	Dignity Restoration & Grievance Settlement Association B4/84/2, Safdarjung Enclave, New Delhi 110 029 director@dignityindia.org	18.03.2018
79.	79	Sh. J.B. Sahdev	Qutab Enclave MIG Residents Welfare Association Qutab Enclave, Phase-1 New Delhi 110 016	19.03.2018
80.	80	Sh. V.S. Mahindra	H-3/45, VIKASPURI, New Delhi 110 018	19.03.2018
81.	81	Sh. S.K. Bhatia	3/102, Subhash Nagar, New Delhi 110 027	19.03.2018
82.	82	Sh. Suresh Gupta	B-71, New Town Cooperative Group Housing Society Limited Sector – 14 Extension Rohini, New Delhi 110 085	19.03.2018
83.	83	Sh. V.P. Garg	B-2/48A, Keshavpuram New Delhi 110 035	19.03.2018
84.	84	Sh. A.K. Jain	DDA Flats, Kalkaji New Delhi 110 019	19.03.2018
85.	85	Sh. Jagdish Prasad	A-129, Pulprhalad New Delhi 110 019	19.03.2018
86.	86	Sh. J.N. Bagehi	F-1152, C.R. Park New Delhi	19.03.2018
87.	87	Sh. Vishvas, President,	1, North West Avenue , Punjabi	19.03.2018

S. No.	R. No.	Name	Address	Date of Receipt
			Bagh, New Delhi-110026	
88.	88	Sh. Gyanender Kaushik	RWA, Babur Pur, Delhi	23.03.2018
89.	89	Sh. Ashok Bhasin	President, North Delhi Residents Welfare Federation 1618, Main Chandrawal Road, Delhi-110007	23.03.2018
90.	90	Sh. Deepak Joshi	17D, Pocket B Dilshad Garden, Delhi	23.03.2018
91.	91	Sh. K.K. Verma	DVB-ETBF-2002, Pre-Fabricated Building, Rajghat Power House, New Delhi-110002	23.03.2018
92.	92	Sh. Harmeet Singh	Koshish Residents' Welfare Association(Regd.) 2462 Basti Punjabian, Roshanara Road, Subzi Mandi , Delhi-110007	23.03.2018
93.	93	Sh. Hemanta Madhab Sharma	146 Vinobha Puri(FF), Lajpat Nagar-II, New Delhi-110024	23.03.2018
94.	94	Sh. Narender Kumar	RWA, New Usman Pur, Delhi	23.03.2018
95.	95	Sh. Ompal Singh Ahlawat	E-186, Chhattarpur Ext., New Delhi-110074	23.03.2018
96.	96	Sh. Ved Prakash Arya	RWA, 895A-1 Ward, No 8, Mehrauli-110030	23.03.2018

Annexure-III

STAKEHOLDERS WHO HAVE ATTENDED THE HEARING FOR THE PETITION FILED BY DISCOMS, GENCOS, AND TRANSCO ON THE APPROVAL PETITION FOR TRUING UP OF EXPENSES UPTO FY 2016-17 AND ANNUAL TARIFF PETITION FOR FY 2018-19

Sr. No.	Name	Address
1	Sh. Vivek Aggarwal	DMRC
2	Sh. Manoj Singhal	DMRC
3	Sh. Subodh Pandey,	DMRC
4	Sh. Satish Moza	DMRC
5	Sh. Reddy Sai Raj	DMRC
6	Sh. Sukhdev Raj, Kalkaji	South Delhi
7	Sh. Om Pal Singh Ahlawat	RWA Chhattapur Extn.
8	Sh. Ved Prakash Arya	RWA Mehrauli
9	Sh. Shankar Swami	RWA Mehrauli
10	Sh. Gyanendra	RWA Babar Pur
11	Sh. G. S. Kohli	RWA Vasant Kunj
12	Mrs. Mini Sree Kumar	RWA Pkt.-2, Mayur Vihar-I
13	Sh. Vishal Malhotra	Naraina
14	Sh. Harsh Puri	Galaxy Print Process
15	Sh. Rajender Singh	DMRC
16	Sh. Gokul Chander Mittal	Model Town
17	Sh. Gaurav Mittal	
18	Sh. Rohit Arora	RWA Krishan Nagar
19	Sh. Noor Mohd. Khurashi	Krishna Nagar
20	Sh. Shubham	DMRC
21	Sh. B. B. Tiwari	URD
22	Sh. Narender Kumar	RWA North East, Usman Pur
23	Sh. Kunwar Pratap Singh	RWA Bhajan Pura
24	Sh. Vijay Singh Rawat	RWA, Mayur Vihar Phase-II
25	Sh. Rajeev Kakaria	GK-I, RWA
26	Sh. Ashok Bhasin	NDRWF, Delhi
27	Sh. Harban Sharma	RWA Chandni Chowk
28	Sh. Kishan Kumar	RWA Chandni Chowk
29	Sh. Harsh Swaroop Bakshi	RWA Rohini

Sr. No.	Name	Address
30	Sh. Dharmender Gupta	RWA Mangol Puri
31	Sh. H. M Sharma	Lajpat Nagar, Delhi
32	Sh. Saurav Gandhi	URD
33	Sh. Ramesh Chand	RWA Karol Bagh
34	Sh. Har Bhajan Singh	RWA Shashtri Nagar
35	Sh. Dharminder Kumar	RWA Pritam Pura
36	Sh. Jatin	ES&S Hospitality Services Inc.
37	Sh. Deepak Joshi,	RWA Dilshad Garden
38	Sh. J. G. Abrol	RWA Jasola
39	Sh. Mahesh Chand Chola	RWA Darya Ganj
40	Sh. Daya Ram Diwedi	Chandani Chowk RWA
41	Md. Etbar Ahmed	RWA Darya Ganj
42	Smt. Sudha Sharma	Mahila Panchayat Sumiti
43	Sh. Mazhar Ullah	RWA Gali Pattey Wali Darya Ganj
44	Sh. Man Mohan Verma	RWA Rohini
45	Sh. H. C. Dhupar	RWA Rohini
46	Sh. Prem Pal Sharma	RWA Sultan puri
47	Sh. Dharamveer	RWA Sultan Puri
48	Sh. Dharam Pal Pawar	RWA Sultan Puri
49	Sh. Harmeet Singh	RWA Subzi Mandi
50	Sh. Dilip Chadha	RWA RP-I
51	Sh. Surender	RWA N.W. Sultan Pur
52	Sh. Mohan Kumar	D-1/249, Sultan Pur
53	Sh. Jagjeet Singh	RWA Hudson Line GTB Nagar
54	Sh. Prem Singh	RWA Khanpur
55	Sh. Balvinder Singh Thaper	RWA Vikas Puri
56	Sh. Paramjeet Singh	RWA Vikas Puri
57	Sh. Dharmender Kumar	RWA Vikas Nagar
58	Sh. Shushil Kumar	RWA, Nagloi
59	Sh. Harish Kumar	RWA Nagloi
60	Sh. Surender Saini	RWA Nangloi
61	Sh. Satya Galla.	Mercados Energy Markets India Pvt. Ltd
62	Sh. Shiv Kumar	RWA, Brijpuri

Sr. No.	Name	Address
63	Sh. Surendra Sharma	RWA, Brijpuri
64	Sh. Rakesh Sharma	RWA Prem Nagar, Karawal Nagar
65	Sh. Vijay Batra	Kirti Nagar, Industrial Association
66	Sh. V. K. Malhotra,	DVB Pension Trust
67	Sh. Rajan Gupta	DVB Pension Trust
68	Capt. Anju	Dwarka Sector- 8
69	Dr. Naresh	Dwarka, Sector – 8
70	Sh. A. K. Dutta	Mayur Vihar Phase-II
71	Sh. Ashok Sikka	Kirti Nagar Industrial Association.
72	Sh. Jitender Tyagi	President URD
73	Sh. Karnail Singh	Kirti Nagar Indl. Area
74	Sh. Balbir Singh	Kirti Nagar Indl. Area
75	Smt. Poonam	MMTC
76	Smt. Anita Guptrishi	MMTC
77	Sh. B.D. Sharma	RWA Mundka Division
78	Sh. Dharamveer	RWA Mundka Division