DELHI ELECTRICITY REGULATORY COMMISSION

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

F.11(1545)/DERC/2017-18/6010

Petition No. 69/2017

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

BSES Yamuna Power Limited,
Through its: **CEO**
Shakti Kiran Building,
Karkardooma,
Delhi-110 09. ...**Petitioner/Licensee**

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

ORDER

(Date of Order: 28.03.2018)

M/s. BSES Yamuna Power Limited (BYPL) 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

A1: INTRODUCTION

1.1 This Order relates to the petition filed by BSES Yamuna Power Limited (BYPL) (hereinafter referred to as 'BYPL' 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 YAMUNA POWER LIMITED (BYPL)

1.2 BSES Yamuna Power Limited (BYPL) 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 license) 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 Petitions for True Up of ARR for FY 2016-17 and ARR & Tariff determination for 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 BYPL has filed its petition before the Commission on 08/12/2017 for approval of Truing up of Expenses upto FY 2016-17 and Annual Tariff Petition for FY 2018-19.

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 alongwith 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 Copies of the above Public Notices are 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)	Hindustan Times (English)	:	03/01/2018
(b)	Mint (English)	:	03/01/2018
(c)	Hindustan (Hindi)	:	03/01/2018
(d)	Punjabi Tribune (Punjabi)	:	05/01/2018
(e)	Inquilab (Urdu)	:	05/01/2018

1.19 Copies of the above Public Notices are 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 Commission's 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 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 Copies of the above Public Notices are 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 hearings 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 Annexures, 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 expense 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 DERC (Terms & Conditions for determination of Wheeling and Retail Supply Tariff) Regulation, 2011 stipulates as under:

"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 BYPL for FY 2016-17 are as follows:

Table 2: Standards 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 2016-17
Normal Fuse-Off Calls	Within three hours for Urban areas Within eight hours for Rural areas	At least 99% calls received should be rectified within prescribed time limits in both Cities and Towns and in Rural areas	454988	453360	99.64%
Line	Within six hours for	At least 95%	4205	4191	99.67%

Breakdown	Urban areas Within twelve hours for Rural areas.	of cases resolved within time limit in both Cities and Towns and in Rural areas			
Distribution Transformer Failure	Temporary supply to be restored within four hours from alternate source, wherever feasible. Rectification of fault and thereafter restoration of normal power supply within twelve hours.	At least 95% of DTRs to be replaced within prescribed time limits in both Cities and Towns and in Rural areas	26	26	100%
Scheduled Outage	Maximum duration in a single stretch shall not exceed 12 hours.	At least 90% of cases should be complied within prescribed time limits.	5399	5395	99.93%
	Restoration of supply by 6:00 PM.		5399	5375	99.56%

Parameter	Prescribed Time Limit/Measure	Overall standard of performance	No. of Bills issued	No. of Bills with mistakes	Percentage
Billing Mistakes	Licensee shall maintain the percentage of bills requiring modifications following complaints to the total number of bills issued.	Not exceeding 0.20%	18549198	1364	0.01%

Parameter	Prescribed Time Limit/Measure	Overall standard of performance	No. of Meters (As on last day of Mar'17)	No. of defective meters reported	Percentage

Faulty Meter	Licensee shall maintain the percentage of defective meters to the total number of meters in service.	Not exceeding 3%	1581044	15047	0.95%

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 trued 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 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 The 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 has issued this Order on 28/03/2018 which is before the commencement of new FY 2018-19 as per provisions of the Electricity Act, 2003.

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 wrapped 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 We agree with your observation that True up should be completed before the expiry of 2 years of tariff determination, and request Commission to consider the same.

2.31 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.

2.32 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.

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

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

BYPL

2.35 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.

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

2.37 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.

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

2.39 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.

2.40 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.

2.41 The Commission determines the tariff only after considering the prudency 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

2.42 The Petitioner has submitted Petitions for True Up of expenses up-to FY 2016-17 and Annual Tariff Petition for FY 2018-19.

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

2.44 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.

2.45 We oppose the contentions and prayer of the stakeholder regarding safety measures.

NDMC

2.46 NDMC submits that the issues raised by consumers do not pertain to NDMC

2.47 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.

2.48 Most of the issues raised by the Petitioner do not pertain to NDMC.

2.49 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

2.50 The Commission is of the view that the Business plan of 3 years is more appropriate as variouscomponents 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.

2.51 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.

2.52 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

2.53 Low targets for purchasing power from Renewable Energy should be mandated to DISCOMS.

2.54 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.

2.55 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.

2.56 Status of 750 MW Rewa Solar Power (M.P.) Agreement with Delhi Metro be clarified by DISCOMs as also compliance of Renewable norms.

2.57 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.

2.58 For FY 2017-18, the cost of solar power is Rs. 13.93/kWh which is not acceptable.

2.59 Only Rs. 5.05/kWh may be allowed which is the rate of solar power during the relevant period of time.

2.60 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.

2.61 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

2.62 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.

2.63 Open Access application by DMRC is under process and Tata Power-DDL is awaiting clarifications from DERC/DMRC in the matter to provide NoC.

2.64 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.

2.65 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

2.66 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.

2.67 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.

2.68 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.

2.69 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 is in process for signing long term contract for Wind Power with SECI for 50 MW.

2.70 Despite all above, the Petitioner has fulfilled its solar RPO upto FY 2016-17, however the fulfilment 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.

2.71 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.

2.72 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.

2.73 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.

2.74 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.

2.75 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

2.76 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.

2.77 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

2.78 We appreciate the stakeholder’s suggestion with respect to Renewable Purchase Obligation (RPO) and promoting Net metering across Delhi.

NDMC

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

2.80 NDMC submits that it is the prerogative of the Commission to set the RPO target.

COMMISSION'S VIEW

2.81 The 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.

2.82 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"*

2.83 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.

2.84 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.

2.85 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.

2.86 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.

2.87 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

2.88 Distribution Company should not buy power from Generating Plants with high cost; rather they should procure Power at competitive and low rates.

2.89 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. 14.57Cr.cannot be allowed.

2.90 Power Purchase Cost has increased due to increase in Power Purchase cost from central generating stations.

2.91 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.

2.92 The disallowances in power purchase cost till last year should be continued to be disallowed.

2.93 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.

2.94 Surplus power sold by various DISCOMs along with rates and amount received should be disclosed.

2.95 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.

2.96 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.

2.97 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.

2.98 The Power should be re-allocated based on the profile of the consumers, ie. More domestic consumer's area should get cheaper power.

2.99 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.

2.100 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

2.101 Tata Power-DDL has been proactively taking steps to reduce the burden of expensive power on the consumers.

2.102 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.

2.103 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.

2.104 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.

2.105 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.

2.106 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.

2.107 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.

2.108 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.

2.109 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.

2.110 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

2.111 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

2.112 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.

2.113 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.

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

2.115 We would like to humbly submit that the issue raised by Stakeholder pertains to M/s TPDDL hence not commented upon by BYPL.

2.116 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.

2.117 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.

2.118 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.

2.119 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.

2.120 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

2.121 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.

2.122 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.

2.123 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.

2.124 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.

2.125 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

2.126 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.

2.127 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.

2.128 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

2.129 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

2.130 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.

2.131 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.

2.132 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.

2.133 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.

2.134 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.

2.135 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.

2.136 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"*

2.137 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

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

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

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

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

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

2.143 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.

2.144 CISF, Police Force etc. may be provided to DISCOMs for reduction of theft.

2.145 The street lights are found to be on during day time thus leading to wasteful expenditure in the books of accounts of DISCOMs.

2.146 E-Rickshaw Charging should be monitored to prevent theft.

2.147 DISCOM to make extra effort to reduce the DL to a level below 12% in the areas of high loss.

PETITIONER'S SUBMISSION

TPDDL

2.148 Commission has already appointed an Auditor for carrying out Energy Audit.

2.149 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.

2.150 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."

2.151 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.

2.152 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.

2.153 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.

2.154 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

2.155 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.

2.156 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.

2.157 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.

2.158 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.

2.159 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.

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

2.161 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.

2.162 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.

2.163 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.

2.164 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.

2.165 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.

2.166 "E-Rickshaw/ E-Vehicle on Single delivery point" has already been introduced by the Commission vide its tariff order dated 31st August 2017.

2.167 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.

2.168 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

2.169 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.

2.170 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.

2.171 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.

2.172 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

2.173 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.

2.174 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.

2.175 In NDMC area, streetlights are run through Auto Switches only.

COMMISSION'S VIEW

2.176 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.

2.177 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.

2.178 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.

2.179 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).

2.180 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.

2.181 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.

2.182 The Commission has already appointed Energy Auditors to verify the actual Technical & Commercial Loss Levels at various Voltage levels of DISCOMs. The assignment is under progress.

ISSUE 6: DISTRIBUTION INFRASTRUCTURE

STAKEHOLDERS' VIEW

2.183 All Bare Conductors should be replaced with Cables to ensure safety and prevent

Electrocution and should not be limited to only prevent Theft activity. Tariff should not be hiked till bare conductors are replaced with cables.

2.184 Electricity consumers should not be linked with Aadhar card.

2.185 DSM expense of Rs. 6.16 Crore may be disallowed.

2.186 For FY 2017-18, the DSM charges of Rs. 5.05 Cr. may be disallowed.

PETITIONER'S SUBMISSION

TPDDL

2.187 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.

2.188 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.

2.189 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 Crs., phased out over next 5 years and would also require prior approval from Commission.

2.190 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.

2.191 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

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

BRPL

2.193 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

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

2.195 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

2.196 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.

2.197 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

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

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

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

2.201 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.

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

PETITIONER'S SUBMISSION

TPDDL

2.203 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.

2.204 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.

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

2.206 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

2.207 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.

2.208 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.

2.209 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

2.210 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

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

COMMISSION'S VIEW

2.212 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.

2.213 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.

2.214 The Commission while determining the norms for O&M expenses in its Business Plan Regulations, 2017 has not considered the legal expenses as it shall be allowed based on prudence check in true up of ARR for the relevant year.

ISSUE 8: POWER FOR SELF CONSUMPTION

STAKEHOLDER'S VIEW

2.215 DISCOMs are billing their own premises at Zero Tariff and evading Electricity Tax.

2.216 DISCOMs own consumptions should not be treated as sales but technical loss.

PETITIONER'S SUBMISSION

TPDDL

2.217 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.

2.218 It is worth to mention that any applicability of electricity tax on own consumption of DISCOMs would ultimately increase the ARR.

2.219 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

2.220 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.

2.221 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

2.222 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.

2.223 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

2.224 NDMC submits that it is billing its own buildings as per applicable rates.

2.225 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

2.226 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.

2.227 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:

2.228 Physical Verification of Assets should be done on a yearly basis.

2.229 Prudence check for correct assessments of GFA and depreciation is required.

2.230 Depreciation of 5.2% sought is very high and may be reduced to 3.6%.

2.231 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

2.232 We agree with the observation and Commission has already started carrying out the said activity on Quarterly Basis.

2.233 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.

2.234 Depreciation expenses have been claimed in line with the Delhi Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2017.

2.235 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

2.236 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

2.237 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

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

2.239 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

2.240 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.

2.241 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

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

2.243 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

2.244 No Response.

BYPL

2.245 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

2.246 Unaware of the issue of Shastri Park Hotel.

NDMC

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

COMMISSION'S VIEW

2.248 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.

2.249 The commission on Electricity Duty is already part of NTI.

ISSUE 11: APTEL DIRECTIVES

STAKEHOLDER'S VIEW

2.250 Certain direction of the Hon'ble ATE was in excess of jurisdiction and only directory in nature.

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

2.252 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

2.253 No Response.

BYPL

2.254 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.

2.255 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.

2.256 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

2.257 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.

2.258 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.

2.259 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

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

COMMISSION'S VIEW

2.261 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

2.262 DERC has to devise methodology to clear Regulatory Assets and Carrying Cost thereof.

2.263 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.

2.264 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.

2.265 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.

2.266 In absence of any Prudence check, there is serious apprehension on computation of Gap on account of Regulatory Assets.

2.267 Regulatory Gaps disclosed in DISCOMs balance sheet are not in sync with amount approved by the Commission.

2.268 Executive Summary does not contain any disclosure about the accumulated Regulatory Assets gap approved by the Commission and its carrying cost.

2.269 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.

2.270 The surcharge of TPDDL should be reduced from 8% as its regulatory assets have gone down substantially.

PETITIONER'S SUBMISSION

TPDDL

2.271 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.

2.272 Any such funding as suggested may be extended to Delhi DISCOMs, would be welcome and in overall Consumer Interest.

2.273 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.

2.274 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.

2.275 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.

2.276 Further copy of Audited Financial Statement is also attached as Annexure A-2 in volume II of the Tariff Petition.

2.277 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.

2.278 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).

2.279 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.

2.280 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

2.281 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.

2.282 We appreciate the concern raised by Stakeholder and request the Commission to suitably advice 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.

2.283 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.

2.284 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.

2.285 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.

2.286 The Petitioner is 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

2.287 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.

2.288 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.

2.289 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.

2.290 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.

2.291 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.

2.292 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.

2.293 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.

2.294 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

2.295 This suggestion does not pertain to NDMC. The Commission may consider the suggestion appropriately.

2.296 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.

2.297 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

2.298 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."*

2.299 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).

2.300 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.

2.301 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.

2.302 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.

2.303 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.

2.304 UDAY scheme is not applicable to private distribution licensees.

2.305 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

2.306 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?

2.307 How much money is there with the pension trust and has it been invested in government bonds and securities or paid as pension?

2.308 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?

2.309 No compliance report/Reconciliation statement of payment made to Pension Trust given during FY 2016-17 & 2017-18 to Commission.

2.310 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.

2.311 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.

2.312 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.

2.313 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.

2.314 Pension is a right to DVB pensioners which is not a bounty or gratuitous payment by three DISCOMs.

2.315 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.

2.316 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

2.317 Non-Payment of liability of Rs. 2670 Crore as on 31.03.2013, assessed by LIC in actuarial valuation carried out for Pension Trust.

2.318 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.

2.319 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.

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

PETITIONER'S SUBMISSION

TPDDL

2.321 Reconciliation statement has already been submitted to the Commission.

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

2.323 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.

2.324 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.

2.325 Commission may like to comment on the same.

BYPL

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

2.327 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.

2.328 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.

2.329 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.

2.330 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

2.331 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.

2.332 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.

2.333 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.

2.334 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.

2.335 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

2.336 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

2.337 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.

COMMISSION'S VIEW

2.338 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.

2.339 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.

2.340 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.

2.341 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.

2.342 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

2.343 Open Access System to be put on hold.

PETITIONER'S SUBMISSION

TPDDL

2.344 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

2.345 No Response.

BRPL

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

NDMC

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

COMMISSION'S VIEW

2.348 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:

2.349 Promoting Digital Payment is contrary to exemption of cash limit and hence, should be reduced to Rs. 2000/-

2.350 Increase the cash limit above Rs. 4000/- for payment of electricity bills.

2.351 Mobile Cash Vans/ cash counters may be arranged at convenient locations for consumers.

PETITIONER'S SUBMISSION

TPDDL

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

BYPL

2.353 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.

2.354 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.

2.355 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.

2.356 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

2.357 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

2.358 The issue does not pertain to NDMC.

COMMISSION'S VIEW

2.359 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.

2.360 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

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

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

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

2.364 Incentivize DISCOMs for maintaining reliable power supply.

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

PETITIONER'S SUBMISSION

TPDDL

2.366 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.

2.367 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

2.368 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

2.369 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

2.370 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.

2.371 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

2.372 Determination of electricity tariff to be charged from a consumer is the prerogative of the Commission, under Section 45 of the Electricity Act, 2003.

2.373 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.

2.374 BRPL has been consistent in delivering high performance meeting the performance standards prescribed by the Commission.

NDMC

2.375 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.

2.376 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

2.377 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.

2.378 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

2.379 CAG Audit report to be made public.

2.380 What is the purpose of Regulatory Audit by CAG empanelled auditors, when CAG Audit is being done?

2.381 Tariff Petition should pass through Regulatory Audit in consumer interest.

2.382 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

2.383 The Hon'ble High Court of Delhi vide it 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.

2.384 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

2.385 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.

2.386 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.

2.387 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

2.388 The matter is pending before the Hon'ble Supreme Court

2.389 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

2.390 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

2.391 The matter of CAG Audit is sub-judice before the Hon'ble Supreme Court of India.

2.392 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

2.393 ToD metering should be made available to all consumers.

PETITIONER'S SUBMISSION

TPDDL

2.394 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

2.395 No Response.

BRPL

2.396 No Response.

COMMISSION'S VIEW

2.397 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.

2.398 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

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

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

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

2.402 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.

2.403 Tariff should not be hiked in 11kV SPD GHS category.

2.404 Audit condition for claiming subsidy by GHS should be eliminated or DERC may fix a panel of CAG empanelled Auditor with nominal monthly fee.

2.405 No. of tariff categories should be reduced and Cross Subsidy among Categories should be discouraged.

2.406 Subsidy on electricity should be provided to the mils which run 'daal' processing units, as provided by Government to produce agricultural products.

PETITIONER'S SUBMISSION

TPDDL

2.407 Tariff determination and tariff design for all consumer categories is the sole prerogative of the Commission.

2.408 Commission has already clarified that Non Domestic Tariff category would be applicable for Paying Guest Accommodation.

2.409 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.

2.410 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.

2.411 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

2.412 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 ±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.

2.413 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.

2.414 Reduce the cross subsidization and approve minimum tariff keeping in view the cost of procurement of power plus other components of ARR.

2.415 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.

2.416 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 hosing 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.

2.417 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%.

2.418 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

2.419 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 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.

2.421 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.

2.422 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.

2.423 As regards your concern for personal hearing, we trust the same shall be duly considered by the Commission.

NDMC

2.424 NDMC submits that running of hostels is a commercial activity and the request of the consumer cannot be considered under the current tariff structure.

2.425 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

2.426 The Commission has reduced the number of Tariff Categories and slabs in the Tariff Order.

2.427 The Commission has levied Fixed Charges @ 250 Rs./kVA/month on the connections under Advertisements & Hoardings category which was earlier not linked to load.

2.428 The applicability of Domestic Tariff category has been expanded by including "Paying Guests" at the premises having Domestic Connection with a sanctioned load upto 5 kW.

2.429 Subsidy is the prerogative of the Govt as per provisions of the Act.

ISSUE 20: TARIFF FOR DMRC

STAKEHOLDER'S VIEW

2.430 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.

2.431 ToD Tariff should not be imposed on DMRC.

2.432 Fixed Charges should not be levied on DMRC.

2.433 DMRC may be exempted from payment of Revenue Deficit Surcharge and Pension Trust Surcharge.

2.434 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

2.435 Tariff determination and tariff design for all consumer categories is the sole prerogative of the Commission.

2.436 In any case, the issue of drawing power at higher voltage and rebate thereof has been in-built in the Tariff design.

2.437 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.

2.438 Any exemption in tariff is prerogative of the Commission.

BYPL

2.439 No Response.

BRPL

2.440 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.

2.441 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.

2.442 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.

2.443 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."*

2.444 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."*

2.445 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.

2.446 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.

2.447 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.

2.448 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 endeavours 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.

2.449 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

2.450 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.

2.451 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.

2.452 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

2.453 The DMRC has been considered under the special category of *"Public Utilities"* and the issue of drawing power at higher voltage and rebate thereon has been inbuilt in the Tariff design.

2.454 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.

2.455 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

2.456 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.

2.457 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.

2.458 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.

2.459 Commission is requested to advice Delhi and Central Govt to provide cheaper loans to DISCOMs.

PETITIONER'S SUBMISSION

TPDDL

2.460 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.

2.461 Any such cheaper loans as suggested may be extended to Delhi DISCOMs, would be welcome and in overall Consumer Interest.

BYPL

2.462 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.

2.463 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

2.464 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.

2.465 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.

2.466 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

2.467 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.

COMMISSION'S VIEW

2.468 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

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

2.470 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.

2.471 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.

2.472 All Surcharges being levied may be withdrawn.

2.473 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 compiled 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.

2.474 Discrepancy in the Intra state Transmission charges and losses as submitted by NDMC.

PETITIONER'S SUBMISSION

TPDDL

2.475 CSR expenses are sought as statutory levies, which is in line with the applicable provision of the Companies Act.

2.476 Incentive towards Street light maintenance is claimed in line with the Commission's guidelines / order with respect to Street Light Maintenance.

2.477 Determination of Retail Tariff and Surcharges is the sole prerogative of the Commission.

BYPL

2.478 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

2.479 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

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

2.481 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

2.482 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.

2.483 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.

2.484 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.

2.485 Surcharge of 3.80% 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:

(a) Long Term (Inter-state Generating Stations & State Generating stations)

a. Fixed Cost

b. Variable Cost

c. Arrears

(b) Short Term (Bilateral, Exchange, Intra DISCOM, UI etc.)

(c) Tender wise Banking transactions (opening balance, during the year, closing balance)

II. Reconciliation of Transmission Charges

(a) Central Transmission Utility

(b) State Transmission Utility

(c) 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 Hon'ble 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

Sr. No	Issue	Date of Judgment	Direction to the Hon'ble Commission
2	Disallowance of CAPEX on account 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	True up of 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	Non consideration of Repayment of loans	November 28, 2014	To consider repayment of loans while computing WACC
		March 2, 2015	To consider repayment of loans while computing WACC
5	Funding of 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 trajectory from FY 2007-08 to FY 2010-11	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	Impact 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 targets for 2nd MYT Period	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

Sr. No	Issue	Date of Judgment	Direction to the Hon'ble Commission
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 Acturial Tribunal
		March 2, 2015	To allow the payments made by the DISCOM on ad-hoc basis and adjust the same after decision of Acturial Tribunal
14	R&M and A&G Expenses from FY 2004-05 to FY 2006-07	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	Efficiency factor for FY 2011-12	November 28, 2014	To allow the impact on account of arbitrary determination of efficiency factor during FY 2011-12
17	Efficiency factor from FY 2012-13 to FY 2015-16	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
18	Efficiency factor for FY 2010-11	March 2, 2015	To allow the impact on account of arbitrary determination of efficiency factor for FY 2010-11
19	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
20	Financing cost of LPSC based on SBI PLR	March 2, 2015	To allow LPSC at prevalent market lending rates
21	DVB Arrears while computing AT&C loss for FY 2008-09	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

Sr. No	Issue	Date of Judgment	Direction to the Hon'ble Commission
			numerator and denominator
22	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
23	Additional UI Charges above 49.5 Hz	March 2, 2015	To allow UI charges incurred above 49.5 Hz in FY 2010-11
24	RPO Penalty	April 1, 2015	To issue a reasoned order based on Petition of the Appellant to relax RPO Targets

The issues indicated above are discussed as follows:

ISSUE-A 1: TO ALLOW THE CAPITALISATION BASED ON EI APPLICATION PLUS 15 DAYS

PETITIONER'S SUBMISSION

3.8 The Petitioner has submitted that in the Tariff Order dated February 23, 2008, the Commission had disallowed capitalisation of Rs. 300 Crore, 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 Petitioner, and are servicing about 15.8 lakh consumers. However, since FY 2004-05 the Company has been deprived of the costs of such expenditure.

3.9 The Petitioner has referred the APTEL's order dated October 6, 2009 (Appeal No. 36 of 2008) as follows:

"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 APTEL in Judgment dated March 2, 2015 (Appeal No. 177 & 178 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. 17 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. 17 of 2015, the Petitioner requests the Hon'ble Commission to allow the impact on account of aforesaid direction.

3.12 The Petitioner has further submitted that the Commission in its Tariff Order dated August 31, 2017 stated as follows:

> *"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-A 2: TO ALLOW THE CAPEX & 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 disallowed capital expenditure of Rs. 170.84 crores, since the goods were purchased by the Petitioner from REL for Rs. 364.87 crore during FY 2004-05 &FY 2005-06. The goods purchased have been put to use by the Petitioner, and are servicing about 15.8 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 follows:

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

S. No	Particulars	FY 05	FY 06	FY 07	FY 08
1	REL Disallowances	6.37	41.08	65.92	57.47
2	Reference	Annexure-V; Para 32; Pg. No. 275 of Tariff Order dated 23.02.2008			

3.14 The Petitioner has referred the APTEL's Judgment dated October 6, 2009 (Appeal No. 36 of 2008) as follows:

> *"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 September 13, 2013 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 APTEL. However the same was not provided by the Hon'ble 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 furnished documents which demonstrate that out of Rs. 364.87 Crore, being the value of total goods purchased from REL, the price paid for goods worth Rs.169.22 Crore i.e. 46% were lower than the price paid by TPDDL.

3.17 The Petitioner has referred the Hon'ble APTEL in Judgment dated March 2, 2015 (Appeal 177 & 178 of 2012) as follows:

> *"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 has further submitted that in accordance with the aforesaid directions, the Commission vide 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 the comparison with TPDDL.

3.19 The Petitioner vide letter number RA/ BYPL/2015-16/ 71 dated June 5, 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 June 5, 2016, the Commission has, in Tariff Order dated August 31, 2017 stated that the Petitioner has failed to comply with the directions of this Hon'ble Tribunal in the Appeal 178 Judgment. The Commission has held as follows:

"3.23 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 & 178 of 2012. This aspect has also been submitted before the Hon'ble APTEL in Appeal No. 290 of 2015."

3.21 In view of the above, the Petitioner requested the Commission to allow the impact of capitalization pertaining to REL Purchases as the same has already been delayed for more than 9 years despite of the fact that data is available with the Commission.

3.22 Considering the capitalisation on account of EIC and REL in respective Financial Years in which the disallowance was considered by the Commission in its MYT Order dated February 23, 2008, the revised GFA upto FY 2006-07 will be as under:

Table 5: GFA for the Policy Direction Period (Rs. Crore)

Sr. No	Particulars	FY 03	FY 04	FY 05	FY 06	FY 07
1	Opening GFA	360.0	382.7	461.5	687.2	1,043.9
2	Opening CWIP	-	33.7	42.5	232.5	229.9
3	Investment during Year	56.4*	87.7*	415.8	358.2	282.6
4	Assets capitalised	22.7*	78.8*	225.8	360.8	237.3
5	Closing WIP	33.7	42.5	232.5	229.9	275.2
6	Less: Retirements	-	-	0.1	4.1	1.9
7	**Closing GFA**	**382.7**	**461.5**	**687.2**	**1,043.9**	**1,279.3**

** Includes amount transferred from R&M and A&G expenses to capex (as considered by the Hon'ble Commission in Tariff Order dated 26.03.2003 & 09.06.2004).*

3.23 Consequently, the GFA for the period FY 2007-08 to FY 2015-16 will be revised as follows:

Table 6: GFA for the period 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
A	Opening GFA	1279.3	1526.3	1801.7	1988.8	2196.2	2287.5	2310.8	2451.1	2676.1
B	Capitalisation during the year	249.2	276.7	188.3	208.9	97.0	69.1	148.6	245.0	261.9
C	De-capitalisation*	2.3	1.3	1.3	1.4	5.7	45.8	8.2	20.0	45.9
D	Closing GFA	1526.3	1801.7	1988.8	2196.2	2287.5	2310.8	2451.1	2676.1	2892.1
E	Average GFA	1402.8	1664.0	1895.3	2092.5	2241.8	2299.1	2381.0	2563.6	2784.1

**considered provided that the Hon'ble Commission also allows the loss on assets retirement of assets as per the Petition No. 35 of 2013 filed by the Petitioner.*

3.24 The Petitioner has computed the financial impact on account of revision in capitalisation and other capex related claims discussed in the subsequent paras of this Petition as follows:

DEPRECIATION

3.25 The implementation of Hon'ble APTEL directions with respect to capitalisation will also lead to revision in depreciation from FY 2002-03 to 2006-07 as follows:

Table 7: Revised depreciation for Policy Direction Period (Rs. Crore)

Sr.No.	Particulars	FY 03	FY 04	FY 05	FY 06	FY 07
A	Opening GFA	360	382.7	461.5	687.2	1,043.90
B	Additions	22.7	78.8	225.8	360.8	237.3
C	De-capitalisation	-	-	0.1	4.1	1.9
D	Closing	382.7	461.5	687.2	1,043.90	1,279.30

Sr.No.	Particulars	FY 03	FY 04	FY 05	FY 06	FY 07
E	**Depreciation@6.69%**	**24.1**	**25.6**	**30.9**	**46**	**69.8**
F	Depreciation allowed	18.1	25.6	30.9	43.0	48.9
G	Difference (E-F)	6.0	0.0	0.0	3.0	20.9

Table 8: Revised depreciation for the period 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
A	Average GFA	1,402.8	1,664.0	1,895.3	2,092.5	2,241.8	2,299.1	2,381.0	2,563.6	2,784.1
B	Average Consumer Contribution and Grants	29.4	41.3	59.7	99.9	134.1	143.8	162.0	188.4	209.3
C	Average assets net of consumer contribution & Grants	1,373.4	1,622.7	1,835.6	1,992.6	2,107.8	2,155.4	2,218.9	2,375.2	2,574.9
D	Average rate of depreciation*	3.89%	3.86%	3.83%	3.81%	3.81%	3.81%	3.80%	3.80%	3.79%
E	**Depreciation**	**53.4**	**62.7**	**70.3**	**75.9**	**80.3**	**82.0**	**84.4**	**90.3**	**97.6**
F	Depreciation allowed	51.7	43.6	52.0	57.7	62.1	53.9	75.0	74.1	81.7
G	Difference (E-F)	1.7	19.1	18.3	18.2	18.2	28.1	9.3	16.2	15.9

****COMPUTED IN TERMS OF MYT REGULATIONS 2007 AND 2011***

Table 9: Cumulative depreciation upto 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
A	Opening balance of cumulative depreciation	196.4	249.8	312.4	382.7	458.6	538.9	620.9	705.3	795.6
B	Additions during FY 2013-14	53.4	62.7	70.3	75.9	80.3	82.0	84.4	90.3	97.6
C	Closing balance of cumulative depreciation	249.8	312.4	382.7	458.6	538.9	620.9	705.3	795.6	893.2

MEANS OF FINANCE:

3.26 The Petitioner has submitted that the Commission in Tariff Order dated September 29, 2015 considered the means of finance as per the net-worth formulae proposed in Tariff Order dated July 31, 2013.

3.27 The Petitioner has considered the funding of capitalisation from FY 2002-03 to FY 2015-16 in debt-equity ratio of 70:30

a) Funding of capital expenditure from FY 2002-03 to FY 2006-07:

- The means of finance from FY 2002-03 to FY 2006-07 as considered by Commission in Tariff Order dated February 23, 2008 is tabulated below:

Table 10: Funding of capex from FY 03 to FY 07 approved by the Commission in Tariff Order dated February 23, 2008 (Rs. Crore)

Sr. No	Particulars	FY 03	FY 04	FY 05	FY 06	FY 07
A	Capital Expenditure	56	88	414	299	209
B	Closing value of sundry creditors				104	85
C	Financing Required	52	88	414	403	295
	Funding					
D	Consumer Contribution	8	14	34	17	21
E	APDRP Grants		16			
F	APDRP Loans		16			
G	Depreciation	8	9	9	38	44
H	Internal accruals	11	10	40	31	36
I	Loan	25	23	227	231	194
J	Closing value of sundry creditors			104	85	
K	**Total**	**52**	**88**	**414**	**403**	**295**

- During the Policy Direction Period, the funding of capital expenditure was allowed instead of capitalisation in the following priority:
  a) Consumer contribution
  b) APDRP Grant/ Loan
  c) Unutilised depreciation including available unutilised depreciation of previous years
  d) Balance funds required-assumed normative debt to equity ratio of 70:30.
- In case of EI, only capitalisation was disallowed. However in case of REL Purchase, both capital expenditure and capitalisation was disallowed.
- As regards the consumer contribution utilised for means of finance, it is humbly submitted that the amount of consumer consumer contribution received during the year was utilised towards the funding

of capex. Despite that the Hon'ble Commission vide its Order dated March 11, 2014 directed the Discoms to refund the unutilised consumer contribution to the respective consumers along with interest @ 12%. Aggrieved by the sais Order, the Petitioner filed and Appeal before Hon'ble APTEL wherein the Hon'ble APTEL vide judgment February 23, 2015 remanded the matter back to the Hon'ble Commission giving liberty to the Appellant to furnish the accounts showing that the excess amount of consumers contribution has been duly considered in the ARRs from FY 2002-03 onwards in reducing the retail supply tariffs. The Hon'ble Commission vide 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 5, 2015 submitted the data duly certified by Auditor with respect to consumer contribution. Subsequently, vide its letter dated July 28, 2015 the Petitioner submitted the data pertaining to consumers contribution for capital works upto FY 2014-15, besides the data upto FY 2013-14 submitted earlier vide its email dated June 24, 2015. Accordingly, the Petitioner has considered the amount of consumer contribution for FY 2002-03 to FY 2015-16 as under:

Table 11: Average Consumer contribution during FY 03 to FY 16 (Rs. Crore)

Particulars	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
Opening	0	0	0	1	4	9	18	32	55	113	123	132	159	185
Capitalised during the year	0	0	1	3	5	9	15	22	58	10	9	27	26	16
Closing	0	0	1	4	9	18	32	55	113	123	132	159	185	201
Average	0	0	1	2	6	13	25	43	84	118	128	146	172	193

- The Petitioner has received APDRP grant of Rs. 16.22 Crores in FY 2003-04.
- The revised depreciation so computed has been considered for computing means of finance from FY 2002-03 to FY 2006-07. The

utilisation of depreciation is tabulated as under:

Table 12: Revised Utilisation of depreciation from FY 03 to FY 07 (Rs. Crore)

S.No.	Particulars	FY 03	FY 04	FY 05	FY 06	FY 07
A	Depreciation Available for the year	24.1	25.6	30.9	46.0	69.8
1	*Utilised for repayment of loan*			2.5	4.8	5.2
2	*Utilsed for working capital requirement*	10.1	14.4	17.3		
3	*Utilised for Capital Investment*	14.0	11.3	11.1	41.2	64.7

- Balance funds are assumed to be funded in normative debt to equity ratio of 70:30.
- Revised means of finance from FY 2002-03 to FY 2006-07 after considering REL purchase is tabulated below:

Table 13: Revised means of finance from FY 03 to FY 07 (Rs. Crore)

Sr.No.	Particulars	FY 03	FY 04	FY 05	FY 06	FY 07
A	**Financing Required**	**56.4**	**87.7**	**415.8**	**358.2**	**282.6**
	Funding					
B	Consumer Contribution	-	-	1.0	2.7	5.0
C	APDRP Grant		16.2			
D	APDRP Loan		16.2			
E	Depreciation	14.0	11.3	11.1	41.2	64.7
F	Equity	12.7	13.2	121.1	94.3	63.9
G	Loan	29.7	30.8	282.6	220.0	149.1
H	**Total**	**56.4**	**87.7**	**415.8**	**358.2**	**282.6**

b) Funding of capitalisation from FY 2007-08 to FY 2015-16:

- For calculation of debt-equity during respective Financial Years, the amount of consumer contribution capitalised has been deducted from the capitalisation during the year and ratio of 70:30 has been applied on the remaining amount to calculate the amount of debt and equity pending implementation of Hon'ble APTEL Directions in various Judgments.
- The financing of investment capitalised from FY 2007-08 to FY 2015-16 has been shown below:

Table 14: Financing of Investment capitalised 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	Remarks/ Ref.
A	Capitalisation	249.2	276.7	188.3	208.9	97.0	69.1	148.6	245.0	261.9	
B	De-capitalisation	2.3	1.3	1.3	1.4	5.7	45.8	8.2	20.0	45.9	
C	Consumer contribution	9.0	14.7	22.2	58.3	10.0	9.4	27.2	25.5	16.3	
D	Net	**238.0**	**260.8**	**164.9**	**149.2**	**81.2**	**13.9**	**113.2**	**199.5**	**199.7**	D=A-B-C
E	Equity (30%)	166.6	182.5	115.4	104.4	56.9	9.8	79.2	139.6	139.8	0.3 X D
F	Debt (70%)	71.4	78.2	49.5	44.7	24.4	4.2	34.0	59.8	59.9	0.7 X D

WORKING CAPITAL

3.28 The Petitioner has calculated the Working Capital from FY 2007-08 to FY 2015-16 in accordance with the MYT Regulations, 2007 and MYT Regulations, 2011 as follows:

Table 15: Working Capital Requirement (Rs. Crore)

Sr. No	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
1	O&M Expenses	224	204	339	270	285				
A	O&M Expenses- 1 Month	19	17	28	22	24				
2	Receivables	1365	1563	2348	3076	3504	3325	3801	4236	4479
A	Receivables-2 Months	228	260	391	513	584	554	633	706	746
3	Less: PP Cost	962	1134	1655	2330	2765	3482	3634	3701	3083
A	PP Cost- 1 Month	80	95	138	194	230	290	303	308	257
4	Total WC Requirement	166	183	282	341	377	264	331	397	490

3.29 Accordingly, the funding of working capital from FY 2007-08 to FY 2011-12 has been considered in the debt-equity ratio of 70:30. The working capital from FY 2012-13 onwards has been considered to be funded through 100% debt.

DEBT AND EQUITY

3.30 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.

3.31 Based on the above discussions, the revised debt and equity for FY 2002-03 to FY 2015-16 is tabulated as follows:

Table 16: Average Equity upto FY 2015-16 (Rs. Crore)

Sr. No	Financial Years	Opening	Capex	Working Capital	Closing	Average
1	FY 2002-03	116	13		129	122
2	FY 2003-04	129	13		142	135
3	FY 2004-05	142	121		263	202
4	FY 2005-06	263	94		357	310
5	FY 2006-07	357	64		421	389
6	FY 2007-08	421	71	37	530	476
7	FY 2008-09	530	78	5	613	572
8	FY 2009-10	613	49	30	692	653
9	FY 2010-11	692	45	18	755	724
10	FY 2011-12	755	24	11	790	772
11	FY 2012-13	790	4		794	792
12	FY 2013-14	794	34		828	811
13	FY 2014-15	828	60		888	858
14	FY 2015-16	888	60		948	918

Table 17: Average debt upto FY 2015-16 (Rs. Crore)

Sr. No	Financial Years	Opening	Capex	Working Capital	Repayment	Closing	Average
1	FY 2002-03	174	30		17	186	180
2	FY 2003-04	186	31		19	198	192
3	FY 2004-05	198	283		20	461	330
4	FY 2005-06	461	220		46	635	548
5	FY 2006-07	635	149		64	721	678
6	FY 2007-08	721	167	87	72	902	811
7	FY 2008-09	902	183	12	90	1006	954
8	FY 2009-10	1006	115	69	101	1090	1048
9	FY 2010-11	1090	104	41	109	1127	1109
10	FY 2011-12	1127	57	25	113	1097	1112
11	FY 2012-13	1097	10	-113	110	884	990
12	FY 2013-14	884	79	67	88	941	912
13	FY 2014-15	941	140	67	94	1053	997
14	FY 2015-16	1053	140	92	105	1180	1117

REGULATED RATE BASE (RRB)

3.32 Based on the above discussions, the Regulated Rate Base (RRB) upto FY 2015-16 is also revised as tabulated below:

Table 18: Regulated Rate Base (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 of OCFA	1279								
2	Opening balance of WC	42								
3	Opening Balance of Accumulated Depreciation including AAD	223								
4	Opening Balance of Accumulated CC & Grants	25								
5	**RRB -Opening**	**1073**	**1383**	**1571**	**1735**	**1836**	**1845**	**1666**	**1765**	**1953**
6	Net Capitalisation during the year	247	275	187	207	91	23	140	225	216
7	Depreciation including AAD	53	90	101	109	113	110	88	94	105
8	CC and grants	9	15	22	58	10	9	27	26	16
9	Add: Depreciation on De-capitalised Assets	2	1	1	1	4	30	7	16	32
10	Change in WC	124	17	99	59	36	-113	67	67	92
11	ΔAB	186	171	65	41	-27	-65	32	122	126
12	**RRB - Closing**	**1383**	**1571**	**1735**	**1836**	**1845**	**1666**	**1765**	**1953**	**2171**
13	**RRB (i)**	**1290**	**1486**	**1703**	**1815**	**1858**	**1699**	**1749**	**1892**	**2108**

WEIGHTED AVERAGE COST OF CAPITAL (WACC)

3.33 The Petitioner has submitted revised WACC for the Period FY 2007-08 to FY 2015-16 tabulated as below:

Table 19: Weighted Average Cost of Capital (WACC)

Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
Average Equity	476	572	653	724	772	792	811	858	918
Average debt	811	954	1048	1109	1112	990	912	997	1117
Rate of debt for capex loans	10.77%	11.31%	11.42%	12.09%	14.09%	14.66%	14.43%	14.39%	14.14%
Rate of RoE	16%	16%	16%	16%	16%	16%	16%	16%	16%
WACC	12.70%	13.07%	13.18%	13.64%	14.87%	15.25%	15.17%	15.13%	14.98%

RETURN ON CAPITAL EMPLOYED (ROCE)

3.34 Return on Equity and Interest on Debt from FY 2002-03 to FY 2006-07 as follows:

RoE from FY 2002-03 to FY 2006-07 (Rs. Crore)

Sr.No.	Particulars	FY 03	FY 04	FY 05	FY 06	FY 07
1	Average Equity	122.4	135.3	202.5	310.2	389.3

2	**RoE @16%**	**14.7**	**21.7**	**32.4**	**49.6**	**62.3**
3	RoE approved	7.9	0.0	0.0	0.7	8.1
4	Difference	6.8	21.7	32.4	49.0	54.2

Table 20: Interest on Debt from FY 2002-03 to FY 2006-07 (Rs. Crore)

S.No.	Particulars	FY 03	FY 04	FY 05	FY 06	FY 07
1	Average Debt	180.1	192.4	329.8	548.1	677.9
2	Interest rate as approved in T.O. dated 23.02.2008	11.00%	9.94%	6.80%	8.35%	8.76%
3	**Interest**	**14.9**	**19.1**	**22.4**	**45.8**	**59.4**
4	Interest allowed	1.0	4.1	6.4	25.5	73.9
5	**Difference**	**13.8**	**15.0**	**16.0**	**20.3**	**-14.6**

3.35 The revised RoCE from FY 2007-08 to FY 2015-16 is tabulated as follows:

Table 21: RoCE from FY 2007-08 to FY 2016-17 (Rs. Crore)

Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
RRB(i)	1290	1486	1703	1815	1858	1699	1749	1892	2108
WACC	12.70%	13.07%	13.18%	13.64%	14.87%	15.25%	15.17%	15.13%	14.98%
RoCE @16%	163.9	194.2	224.4	247.5	276.4	259.2	265.3	286.4	315.8
RoCE allowed	79.7	105.9	126.6	139.9	179.9	168.8	179.4	211.7	231.4
Difference	**84.2**	**88.3**	**97.8**	**107.6**	**96.5**	**90.3**	**85.9**	**74.7**	**84.4**

3.36 The total impact on account of all capex related issues along with carrying cost upto FY 2015-16 is tabulated below:

Table 22: Impact on account of capex related claims (Rs. Crore)

Sr. No	Particulars	FY 03	FY 04	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	Opening Balance	0	22	62	118	222	316	451	627	833	1,079	1,363	1,695	2,051	2,460
2	Additions	21	37	48	89	70	86	107	116	126	115	118	95	91	100
3	Closing Balance	21	58	110	207	292	401	558	743	959	1,194	1,481	1,790	2,142	2,560
4	Average	10	40	86	163	257	359	504	685	896	1,136	1,422	1,742	2,097	2,510
5	Rate of Carrying cost	9%	9%	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	4	8	15	23	49	69	90	120	169	214	261	317	371
7	Grand Closing Balance	22	62	118	222	316	451	627	833	1,079	1,363	1,695	2,051	2,460	2,931

 # Includes impact on all capex related items

3.37 Accordingly, the Petitioner has requested the Commission to allow the aforesaid impact.

COMMISSION'S ANALYSIS

3.38 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.

3.39 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.

3.40 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.

3.41 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.

3.42 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.

3.43 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.

3.44 Accordingly, after approval of final report, the effect of actual capitalization shall be given to the Distribution Licensees.

ISSUE-A 3: TRUE-UP OF ACTUAL RATE OF INTEREST

PETITOINER'S SUBMISSION

3.45 The Petitioner mentioned that the Commission in Tariff Order dated February 23, 2008 ruled as under:

> *"4.224 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."*

3.46 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 62 of 2012.

3.47 The Petitioner has referred the Hon'ble APTEL's Judgment dated November 28, 2014 (Appeal 61 & 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)

3.48 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 Commission during TVS held on July 21, 2017. The Petitioner vide letter dated July 26, 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:

> *"3.28 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."

3.49 The Petitioner has also referred the Hon'ble APTEL's 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."

3.50 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 follows:

Table 23: 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	10.77%	11.31%	11.42%	12.09%	14.09%	14.66%	14.43%	14.39%	14.14%

COMMISSION'S ANALYSIS

3.51 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-A 4: REPAYMENT OF LOANS:

PETITIONER'S SUBMISSION

3.52 The Petitioner submitted that Hon'ble APTEL in Judgment dated November 28, 2014 (Appeal No. 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)***

3.53 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

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

PETITIONER'S SUBMISSION

3.55 The Petitioner mentioned that the Hon'ble APTEL in Judgment dated November 28, 2014 (Appeal No. 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."*

3.56 The financial impact has been considered by the Petitioner.

COMMISSION'S ANALYSIS

3.57 The Commission has already clarified this issue in Tariff Order dtd. 29/09/2015 in para nos. 3.20 to 3.24 and needs no further deliberation in this Tariff Order as the matter is sub-judice before Hon'ble APTEL in Appeal No. 290/2015.

3.58 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-A 6: TRUING-UP OF FY 2007-08 (11 MONTHS) AS PER REGULATION-12.1

PETITIONER'S SUBMISSION

3.59 The Petitioner submitted that Hon'ble APTEL in Judgment dated November 28, 2014 (Appeal No. 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."*

3.60 The Petitioner has submitted that 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."

3.61 The Petitioner vide letter dated October 1, 2014 has submitted the audited accounts for first 11 months of FY 2007-08.

3.62 The Petitioner has further submitted that 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:

"3.61 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 3.12: 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	71.37	Audited financial statements
B	Opening GFA for FY 2007-08	1249.92	
C	Rate of Depreciation (%)	5.70	A/B
D	Rate of depreciation (%) as per MYT Regulations,2007	3.60	
	Average Rate of depreciation (%) for		

	FY		
E	*2007-08 considering 11 months as per audited statements and 1 month as per MYT Regulations, 2007*	*5.53*	*(C*11/12)+(D/12)*

"

3.63 Since the Commission changed its approach in the Tariff Order dated September 29, 2015, the Petitioner sought the actual rate of depreciation 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.

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

"3.76 The Commission had allowed Return on Equity and Interest on Loan on Net Capital Employed during 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

3.77 Table 92: Impact as approved by the Commission on account of implementation Hon'ble APTEL Judgments (Rs. Cr.)."

3.65 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 5.53% derived from audited statements of FY 2007-08 (11 Months).

3.66 Accordingly the depreciation has been computed as under:

Table 24: Depreciation during first 11 months of FY 2007-08 (Rs. Crore)

Sr. No	Particulars	Amount
1	Opening GFA	1279.3
2	Rate of depreciation	6.69%
3	Depreciation for first 11 months	85.6

Sr. No	Particulars	Amount
4	Depreciation allowed by DERC in Order dt. Sep 29, 2015	53.3
5	**Difference to be allowed now**	**32.3**

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

Table 25: Depreciation allowed by the Commission during first 11 months of FY 2007-08 (Rs. Crore)

Sr. No	Particulars	11 Months	1 Month	Total
1	Opening GFA	865.5	865.5	865.5
2	Additions to asset during the year	270.4	270.4	270.4
3	De-capitalisation during the year	2.3	2.3	2.3
4	Net assets capitalised	268.2	268.2	268.2
5	**Closing GFA**	**1133.7**	**1133.7**	**1133.7**
6	Average GFA	999.6	999.6	999.6
7	Less: Average Consumer Contribution	64.7	64.7	64.7
8	Average GFA net of CC	934.9	934.9	934.9
9	Rate of depreciation	5.70%	3.60%	5.53%
10	**Depreciation**	**53.3**	**33.7**	**51.7**

3.68 Further, the Petitioner has 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 2010-12 on older base 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. 24 Crore as compared to the employee expenses approved for FY 2007-08 which means a reduction of 11% instead of inflation factor of 4.66%. Such a treatment is contrary to the MYT Regulations.

3.69 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.

3.70 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 preceeding first year of the control period, i.e., FY 2007-08. Since the Hon'ble 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.

3.71 Accordingly, the Petitioner has requested the Commission to 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 follows:

Table 26: Increase in O&M Expenses from FY 2008-09 to FY 2011-12 (Rs. Crore)

Sr. No	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12
1	O&M Expenses for base year	28.43				
2	Inflation factor (%)		4.66%	4.66%	4.66%	4.66%
3	Incremental O&M Expenses		29.8	31.1	32.6	34.1

3.72 The impact on account of truing-up of first 11 months of FY 2007-08 along with carrying cost is tabulated follows:

Table 27: Impact 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	Opening Balance	0.0	34.5	71.1	113.5	163.5	224.5	258.2	297.0	341.9
2	Additions	32.3	29.8	31.1	32.6	34.1				
3	Closing Balance	32.3	64.3	102.2	146.1	197.6	224.5	258.2	297.0	341.9
4	Average	16.1	49.4	86.6	129.8	180.6	224.5	258.2	297.0	341.9
5	Rate of Carrying cost	13.68 %	13.75 %	13.11 %	13.38 %	14.88 %	15.03 %	15.01 %	15.13 %	14.80 %
6	Carrying cost	2.2	6.8	11.4	17.4	26.9	33.7	38.8	44.9	50.6
7	Grand closing balance	34.5	71.1	113.5	163.5	224.5	258.2	297.0	341.9	392.5

COMMISSION'S ANALYSIS

3.73 The Commission has already clarified this issue in Tariff Order dtd. 29/09/2015 in para nos. 3.58 to 3.62 and needs no further deliberation in this Tariff Order as the matter is sub-judice before Hon'ble APTEL in Appeal No. 290/2015

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

PETITIONER'S SUBMISSION

3.74 The Petitioner has referred the Hon'ble APTEL's 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."

3.75 In compliance with the aforesaid directions of the Hon'ble APTEL, the Petitioner vide letter dated December 02, 2009 had submitted its representation to the Commission, however without even admitting the same, 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.

3.76 The Petitioner challenged the aforesaid Order of the Commission in Appeal 231 of 214 before Hon'ble APTEL. During the course of proceedings before Hon'ble APTEL, 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.

3.77 The Commission in Order dated April 20, 2015 did not implement the direction given by Hon'ble APTEL in its real intended scope. The Petitioner has challenged the same in Appeal No. 156 of 2015. Without pre-judice to the Appeal, it is submitted that the direction given by Hon'ble APTEL 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.

3.78 The Petitioner has submitted that the their prayer was not to change the AT&C Loss target for FY 2010-11 but to revise the inter-se (y-o-y reduction) AT&C Loss target /distribution loss target from FY 2007-08 to FY 2009-10 based on actual distribution loss for FY 2006-07 as the distribution loss target set for FY 2007-08 was not realistic which is evident from the following statement of the Commission in Tariff Order dated February 23, 2008:

"3.148 In the MYT petition, the Petitioner had claimed total power purchase of 5297 MU, 3059MU as unit billed and units realized as 3230 MU. It has shown ***distribution losses of 42.3%,*** *collection efficiency of 105.58% and AT&C loss level of 39.03%.*

....

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 34.11%, 29.99%, 25.89% and 21.61% 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 51: Commission Approved AT&C and Distribution Loss Reduction Trajectory

Particular	FY08	FY09	FY10	FY11
AT & C loss target	34.77%	30.52%	26.26%	22.00%
A T & C loss Reduction over previous year	4.26%	4.26%	4.26%	4.26%
Distribution loss target	34.11%	29.99%	25.89%	21.61%
Collection Efficiency	99.00%	99.25%	99.50%	99.50%

"

3.79 As evident from above, the Commission has set distribution loss target of 34.11% (i.e. reduction of 8.19% to be achieved in one month, i.e., March 2008) as against actual distribution loss of 42.3% achieved by the Petitioner during FY 2006-07.

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

Table 28: 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**				
a	AT&C loss Reduction Target	34.77%	30.52%	26.26%	22.00%
b	Distribution Loss	34.11%	29.99%	25.89%	21.61%
c	Collection Efficiency	99.00%	99.25%	99.50%	99.50%
Bf	**Revised Proposal**				
a	AT&C loss Reduction Target	37.76%	32.47%	27.15%	22.00%
b	Distribution Loss	37.13%	31.96%	26.78%	21.61%
c	Collection Efficiency	99.00%	99.25%	99.50%	99.50%

3.81 As evident from the above, the Petitioner has not prayed to change the AT&C loss Target of FY 2010-11 but to revise the targets from FY 2007-08 to FY 2009-10 based on distribution loss so to have realistic AT&C Loss Targets.

3.82 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 29: Financial Impact due to revision in targets

As per DERC	BYPL			
	FY 08	FY 09*	FY 10	FY 11
Energy Input at DISCOM Periphery(MU)	5,285	5281	5,708	6,012
Units Realised (MU)	3,687	3,904	4,320	4,692
ABR (Rs. / unit)	4.40	4.53	4.53	4.61
Collection (excluding E. Tax)	1,622	1,768	1,959	2,162
AT & C loss achieved	30.23%	26.08%	24.32%	21.95%
AT & C Incentive level as per MYT Order	34.77%	30.52%	26.26%	22.00%
Over Achievement / (Under achievement)	4.54%	4.44%	1.94%	0.05%
Over/under achievement (Rs. Cr.)	105.5	106.2	50.1	1.4
BYPL's share (Rs. Cr.)	52.8	53.1	25.1	0.7
Total benefit on account of over achievement (Rs. Cr.)	**131.6**			

As per BYPL's proposal	BYPL			
	FY 08	FY 09*	FY 10	FY 11
Energy Input at DISCOM Periphery(MU)	5,285	5,281	5,708	6,012
Units Realised (MU)	3,687	3,904	4,320	4,692
ABR (Rs. / unit)	4.40	4.53	4.53	4.61
Collection (excluding E. Tax)	1,622	1,768	1,959	2,162
AT & C loss achieved	30.23%	26.08%	24.32%	21.95%
AT & C Incentive level as per proposal	37.76%	32.47%	27.15%	22.00%
Over Acheivement / (Under acheivement)	7.53%	6.39%	2.83%	0.05%
Total benefit on account of overachievement (Rs. Cr.)	175.0	152.8	73.2	1.4
BYPL's share (Rs. Cr.)	87.5	76.4	36.6	0.7
Total benefit on account of overachievement (Rs. Cr.)	**201.2**			

**after correcting apparent errors as sought for in the Petition for review/revision of Tariff Order dated 31.08.2017 filed before the Commission*

Table 30: 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	Opening Balance	0.0	37.1	67.2	88.2	100.1	114.9	132.2	152.1	175.1
2	Additions	34.8	23.3	11.5	0					

3	Closing Balance	34.8	60.5	78.7	88.2	100.1	114.9	132.2	152.1	175.1
4	Average	17.4	48.8	72.9	88.2	100.1	114.9	132.2	152.1	175.1
5	Rate of Carrying cost	13.68 %	13.75 %	13.11%	13.38 %	14.88 %	15.03 %	15.01 %	15.13 %	14.80 %
6	Carrying cost	2.4	6.7	9.6	11.8	14.9	17.3	19.8	23.0	25.9
7	Grand closing balance	37.1	67.2	88.2	100.1	114.9	132.2	152.1	175.1	201.0

3.83 Accordingly, the Petitioner has requested the Commission to approve the aforesaid impact on account of revision in AT&C Loss trajectory for FY 2007-08 to FY 2009-10.

COMMISSION'S ANALYSIS

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

PETITONER'S SUBMISSION

3.85 On 20.11.2017, the Petitioner has filed a Petition for review/revision/clarification in the Tariff Order dated 31.08.2017 before the Hon'ble Commission. Based on the submissions made in the said Petition, the Petitioner requests the Hon'ble Commission to approve the impact of AT&C loss for FY 2008-09 as follows:

Table 31: Impact of AT&C loss for FY 2008-09 (Rs. Crore)

Particulars	Approved by DERC in T.O. Dated 26.08.2011	Revised based on revised computation
Amount Realized	1803.2	1767.9
Add: Prior Period Income (FY 2007-08)	3.2	3.2
Add: Prior Period Interest	0.0	0.0
Less: DVB Arrears Collected by DPCL	3.9	3.9
Total Collections (incl. E Tax)	1802.6	1767.3
Less: Benefit to be retained by the Petitioner	0.0	53.1
Less: Benefit to be transferred to Contingency Reserve	0.0	53.1
Total revenue available towards ARR	1802.6	1661.1
Less: LPSC (2008-09) considered as Non Tariff Income	20.7	20.7
Less: Prior Period Income (2007-08) considered as Non Tariff Income	3.2	3.2
Less: Prior Period Interest considered as Non Tariff Income	0.0	0.0
Less: E-Tax	72.0	72.0
Revenue available for expenses	1706.6	1565.2
Difference		141.5
Impact Amount allowed in T.O. Dated 31.08.2017		38.6
Difference to be allowed		**102.9**

3.86 The Petitioner has requested the Commission to allow the impact of AT&C loss for FY 2008-09 after rectifying the errors highlighted in the Petition filed by the Petitioner on 20.11.2017 and allow the aforesaid impact along with carrying cost in the Tariff Order for FY 2018-19.

COMMISSION'S ANALYSIS

3.87 The Commission in its Review Order dtd. 22/03/2018 for the Petitioner has already decided this matter and impact of the same is indicated in the tables as follows:

	Target Level (X)	Approved (Y)	Impact of Appeal No. 195 of 2013
AT&C Losses	30.52%	26.08%	

	Target Level (X)	Approved (Y)	Impact of Appeal No. 195 of 2013
Over Achievement/ (Under Achievement)		4.44%	
Energy Input	5280.69	5280.69	
Units Realized	3669.02	3903.26	
Average Billing Rate	4.53	4.53	
Amount Realized	1661.84	1767.94	
G. Total benefit on account overachievement beyond Target level (X-Z)		106.10	
J. CISF / Security Expenses			
K. Net benefit available for sharing 50:50 between consumer and BYPL (H-J)			
Profit Sharing between BYPL and Contingency Reserve			
L. Benefits to be retained by the Petitioner (K/2+I)	**53.05**		

Particulars	Amount (Rs. Cr.)
Amount Realized	1767.94
Benefits to be retained by the Petitioner	53.05
Less: Electricity Duty as per tariff order dtd. 26/08/2011	72.02
Net revenue	1642.87
Revenue Allowed as per tariff order dtd. 26/08/2011	1706.62
Impact provided in tariff order dtd. 31/08/2017	38.60
Additional Impact considered in this Tariff Order	25.15

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

PETITIONER'S SUBMISSION

3.88 The Petitioner has mentioned the Hon'ble APTEL in Judgment dated May 15, 2015 (RP No. 13) as under:

"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."

3.89 The Petitioner has submitted that the Commission in Tariff Order dated August 31, 2017 had not implemented the aforesaid directions of the Hon'ble APTEL by stating that the matter is sub-judice in Appeal No. 290/2015 and Clarificatory Application filed before Hon'ble APTEL. It is humbly submitted that since the Clarificatory application is already disposed off by the Hon'ble APTEL vide judgment dated October 31, 2017, the Petitioner requests the Commission to implement the same in the next Tariff Order. The Petitioner has explained the computation of impact on account of 6th pay commission in subsequent paragraphs.

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

Table 32: Employee expenses approved for FY 2005-06 and FY 2006-07 (Rs. Crore)

S. No	Particulars	FY 06	FY 07
1	Net Employee Expenses#	92.95	107.08
2	Employee Expenses pertaining to DVB Employees	66.71	76.85
3	Employee Expenses pertaining to Non-DVB Employees	26.24	30.23

 # Excludes impact of sixth pay commission

3.91 Further the Commission vide Tariff Order dated August 26, 2011 (Table-36) has allowed the following employee expenses from FY 2007-08 to FY 2010-11:

Table 33: Employee Expenses approved 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#	112.07	117.3	122.76	128.48

 # Excludes impact of sixth pay commission

3.92 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 34: Bifurcation of Employee Expenses into DVB and Non-DVB Employee expenses approved during FY 2006-07 (Rs. Crore)

Sr. No	Particulars	FY 07	%
1	Net Employee Expenses#	107.08	

Sr. No	Particulars	FY 07	%
2	Employee Expenses pertaining to DVB Employees	76.85	72%
3	Employee Expenses pertaining to Non-DVB Employees	30.23	28%

Table 35: Bifurcation of Employee expenses into DVB and Non-DVB Employee from FY 08 to FY 11 (Rs. Crore)

Sr. No	Particulars	Reference	FY08	FY09	FY10	FY11
1	Total salary	Table-44 of TO dt. Aug 26, 2011	112.1	117.30	122.76	128.48
2	Salary of FRSR	78% x 1	80.4	84.2	88.1	92.2
3	Salary for Non FRSR	28% x 2	31.6	33.1	34.7	36.3

3.93 The Petitioner stated that the Commission vide Tariff Order dated August 26, 2011 (Table-43) has allowed the following amount on account of arrears due to sixth pay commission for DVB Employees:

Table 36: 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	5.71	23.07	24.14	25.27	26.45	27.68

3.94 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 37: 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	FY06	FY07	FY08	FY09	FY10	FY11	Reference
1	Total salary	93.0	107.1	112.1	117.3	122.8	128.5	A
2	Effect of 6th pay	5.7	23.1	24.1	25.3	26.5	27.7	B
3	Salary of FRSR	66.7	76.9	80.4	84.2	88.1	92.2	C
4	Salary for Non FRSR	26.2	30.2	31.6	33.1	34.7	36.3	D
5	**Effect of 6th pay on non FRSR**	**2.2**	**9.1**	**9.5**	**9.9**	**10.4**	**10.9**	**E=B/C*D**

3.95 The Petitioner further, referred Tariff Order dated August 26, 2011 and stated that Commission 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 follows:

Table 38: Impact of increase in salary of non-DVB Employees on account of 6th pay commission during FY 2011-12 (Rs. Crore)

Sr. No	Particulars	FY 11	Inflation Factor	FY 12	Reference
1	Total salary	128.5	4.66%	134.5	A
2	Effect of 6th pay	27.7	4.66%	29.0	B
3	Salary of FRSR	92.2	4.66%	96.5	C
4	Salary for Non FRSR	36.3	4.66%	38.0	D
5	**Effect of 6th pay on non FRSR**	**10.9**		**11.4**	**E=B/C*D**

3.96 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 upto FY 2013-14 as under:

Table 39: 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	Opening Balance	0.0	2.3	12.0	23.8	37.7	53.8	72.6	95.6	110.0	126.5	145.6
2	Additions	2.2	9.1	9.5	9.9	10.4	10.9	11.4				
3	Closing Balance	2.2	11.4	21.5	33.8	48.1	64.7	84.0	95.6	110.0	126.5	145.6
4	Average	1.1	6.9	16.8	28.8	42.9	59.2	78.3	95.6	110.0	126.5	145.6
5	Rate of Carrying Cost	9.00%	9.00%	13.68%	13.75%	13.11%	13.38%	14.88%	15.03%	15.01%	15.13%	14.80%
6	Carrying Cost	0.1	0.6	2.3	4.0	5.6	7.9	11.6	14.4	16.5	19.1	21.6
7	Grand Closing Balance	2.3	12.0	23.8	37.7	53.8	72.6	95.6	110.0	126.5	145.6	167.2

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

COMMISSION'S ANALYSIS

3.98 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 6th pay commission for Non-DVB employees in Employee Expenses of the Petitioner from FY 2007-08 to FY 2011-12.

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

PETITIONER'S SUBMISSION

3.99 The Petitioner has referred the Hon'ble APTEL's 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."*

3.100 The Petitioner has further submitted that the Commission vide letter dated March 08, 2011 fixed the AT&C Loss Target for FY 2011-12 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"*

3.101 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 APTEL. The same stand was taken by the Commission in Tariff Order dated August 31, 2017. It is humbly submitted that since the said clarificatory Application has already been disposed off by the Hon'ble APTEL vide judgment dated October 31, 2017, Commission is requested to kindly implement the directions of the Hon'ble APTEL in terms of the judgment in Appeal 62 of 2012 which held that the AT&C loss target for FY 2011-12 shall be refixed at 21% and not 18% as considered by the Commission in case of the Petitioner.

3.102 The Commission in Tariff Order dated July 31, 2013 had trued-up actual AT&C Loss for FY 2011-12 as 22.07% and computed the under-achievement of Rs. 129 Crore from the AT&C Loss Target of 18%.

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

Table 40: Impact due to revision in AT&C Loss Target for FY 2011-12

Sr. No	Particulars	UoM	Target	Actuals

1	AT&C Loss	%	21.00%	22.07%
2	Over achievement/ (Under achievement)	%	-1.07%	
3	Energy Input	MU	6203.2	6203.2
4	Units realised	MU	4900.6	4834.2
5	Average Billing Rate	Rs./ kWh	5.1	5.1
6	Amount realised	Rs. Cr.	2504.2	2470.3
7	Under-achievement	Rs. Cr.		33.9
8	Considered in TO dt. July 31, 2013	Rs. Cr.		129.1
9	**Impact to be allowed**	**Rs. Cr.**		**95.2**

3.104 The Petitioner has submitted that the above amount ought to be allowed along with carrying cost as under:

Table 41: Impact due to 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	Opening Balance	0.0	102.3	117.6	135.3	155.7
2	Additions	95.2				
3	Closing Balance	95.2	102.3	117.6	135.3	155.7
4	Average	47.6	102.3	117.6	135.3	155.7
5	Rate of Carrying cost	14.88%	15.03%	15.01%	15.13%	14.80%
6	Carrying cost	7.1	15.4	17.7	20.5	23.0
7	Grand closing balance	102.3	117.6	135.3	155.7	178.8

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

COMMISSON'S ANALYSIS

3.106 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).

<u>ISSUE-A 11: NON-REVISION OF AT&C LOSS FOR FY 2012-13 AND FY 2015-16</u>

PETITIONER'S SUBMISSION

3.107 The Petitioner has referred Hon'ble APTEL's 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."*

3.108 The directions of Hon'ble APTEL regarding revision of AT&C loss targets for FY 2012-13 to FY 2014-15 and FY 2011-12 in Judgment dated March 2, 2015 (Appeal 178 of 2012) and November 28, 2014 (Appeal 62 of 2012) are as under:

a) 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%. Hence the AT&C loss for FY 11-12 works out to 21% (Target of 2010-11 at 22% -1%)

b) AT&C Loss from FY 2012-13 to FY 2014-15 to be re-determined based on the revised target for FY 2011-12.

3.109 Further, the Petitioner has submitted that the Commission in the Tariff Order dated September 29, 2015 has approved the AT&C loss target for FY 2015-16 based on the loss reduction trajectory approved for FY 2012-13 to FY 2014-15 i.e. at 13.33% (Target for FY 2014-15 at 14.50% -1.17%), the same also ought to be revised based on the revised targets for FY 2011-12 and FY 2012-13 to Fy 2014-15. Accordingly, the AT&C Loss Target for FY 2012-13 to FY 2015-16 works out as under:

Table 42: AT&C loss target for FY 2012-13 to FY 2015-16

Sr.No.	Particulars	DERC	Submission based on ATE judgment
1	AT&C Loss for FY 2011-12 (base year)	18.00%	21.00%
2	AT&C Loss for FY 2012-13	16.82%	19.62%
3	AT&C Loss for FY 2013-14	15.66%	18.27%
4	AT&C Loss for FY 2014-15	14.50%	16.92%
5	AT&C Loss for FY 2015-16	13.33%	15.55%

3.110 The impact on account of revision in AT&C loss target from FY 2012-13 and FY 2013-14 is tabulated follows:

Table 43: Impact on account of revision of AT&C Loss Target from FY 2012-13 to FY 2015-16 (Rs. Crore)

Particulars	FY 12-13		FY 13-14		FY 14-15		FY 15-16	
	Revised Target	Actual	Revised Target	Actual	Revised Target	Actual	Revised Target	Actual
AT&C loss (%)	19.62%	21.14%	18.27%	22.19%	16.92%	19.44%	15.55%	15.96%
Over/under acheivemnet (%)		-1.52%		-3.92%		-2.52%		-0.41%
Units Input (MU)		6333		6577		6717		6780
ABR (Rs./Unit)		6.31		6.85		7.38		7.64
Impact on account of Underach. (Rs. Cr)		**-61**		**-177**		**-125**		**-21**
Underach. Approved in respective True up Orders		**-173**		**-294**		**-245**		**-136**
Impact to be allowed		**112.0**		**117.6**		**119.8**		**115.1**

3.111 The aforesaid impact along with carrying cost is tabulated as follows:

Table 44: Impact due to revision of AT&C Loss Target from FY 2012-13 to FY 2015-16 along with carrying cost (Rs. Crore)

Sr. No.	Particulars	FY 13	FY 14	FY 15	FY 16

1	Opening Balance	0.0	120.4	264.9	433.9
2	Additions	112.0	117.6	119.8	115.1
3	Closing Balance	112.0	238.0	384.7	548.9
4	Average	56.0	179.2	324.8	491.4
5	Rate of Carrying cost	15.03%	15.01%	15.13%	14.80%
6	Carrying cost	8.4	26.9	49.1	72.7
7	Grand closing balance	120.4	264.9	433.9	621.7

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

COMMISSION'S ANALYSIS

3.113 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-A 12: TO ALLOW INCREASE IN EMPLOYEE EXPENSES CORRESPONDING TO INCREASE IN CONSUMER BASE:

PETITIONER'S SUBMISSION

3.114 The Petitioner has mentioned that in its licensed area of supply, consumer base has increased by 37 % in FY 12 as compared to FY 2006-07 (FY 07: 8.9 Lakhs, FY 12; 12.3 Lakhs) and units billed have grown by 58 % in FY 2011-12 as compared to FY 2006-07 (Units billed 2007: 359 MU, 2012: 4844 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 APTEL order, the Hon'ble Commission is required to factor in the increase in employee cost required due to increase in consumer base.

3.115 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.

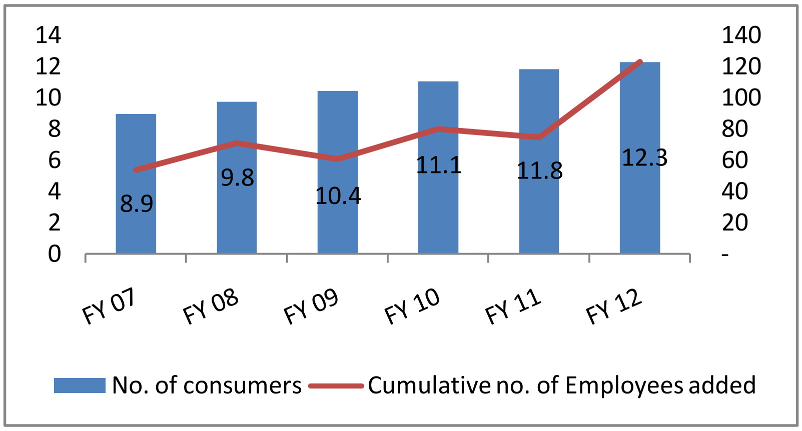
75) … We thus conclude the issue of employees' expenses by saying that the: The Commission shall allow the expenses incurred towards the retirement benefit of SVRS optees pending decision of the Actuarial Arbitration Tribunal and shall true up the employee expenses to the extent of increase caused by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

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

"3.95 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."

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

3.118 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:



3.119 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 trued up the consumer base of the Petitioner for the First MYT Control Period but is yet to implement the judgment of the Hon'ble APTEL. The impact of increase in consumer base on the employee cost is estimated as follows:

Table 45: 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	139					
2	No. of Consumers served during base year	894,928					
3	Employee Expenses per consumer in the base year	1,556					
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		1,628	1,704	1,783	1,867	1,954
6	Actual number of consumers served during first Control Period		975,043	1,044,821	1,105,289	1,181,539	1,227,755
7	Increase in number of consumers served y-o-y basis		80,115	69,778	60,468	76,250	46,216
8	**Increase in employee**		**13.0**	**11.9**	**10.8**	**14.2**	**9.0**

Sr. No	Particulars	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12
	Expenses based on number of consumers						

Table 46: 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	Opening Balance	0.0	13.9	28.6	43.8	64.8	84.2	96.8	111.4	128.2
2	Additions	13.0	11.9	10.8	14.2	9.0				
3	Closing Balance	13.0	25.8	39.3	58.0	73.9	84.2	96.8	111.4	128.2
4	Avg. Balance	6.5	19.9	34.0	50.9	69.4	84.2	96.8	111.4	128.2
5	Rate of Carrying Cost	13.68 %	13.75 %	13.11 %	13.38 %	14.88 %	15.03 %	15.01 %	15.13 %	14.80 %
6	Carrying Cost	0.9	2.7	4.5	6.8	10.3	12.7	14.5	16.8	19.0
7	Grand Closing Balance	13.9	28.6	43.8	64.8	84.2	96.8	111.4	128.2	147.2

3.120 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

3.121 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.

3.122 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."

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

ISSUE-A 13: PAYMENT TO VRS OPTEES

PETITIONER'S SUBMISSION

3.124 The Petitioner has referred the Hon'ble APTEL's in Judgment dated November 28, 2014 (Appeal 61 and 62 of 2012) has ruled as under:

> *"14. Similarly, in view of specific assertion made by the Delhi Commission in the subsequent order, the Delhi Commission is directed to allow the payments made by the Appellant to VRS optee employees on ad hoc basis and adjust the same after the decision of the Acturial Tribunal."*

3.125 The Petitioner vide letter dated April 24, 2015 and August 17, 2015 provided the documentary proofs, i.e., bank statement of Trust and the Petitioner to substantiate its claims towards payments made to VRS optees. The same has also been acknowledged by the Commission in its Tariff Order dated September 29, 2015. The Commission in Tariff Order dated August 31, 2017 has relied upon its finding in the Tariff Order dated September 29, 2015 and stated that the view on the impact would be taken after receipt of Hon'ble APTEL judgment in the Clarificatory Application filed by the Commission. It is humbly submitted that since the said clarificatory Application has already been disposed off by the Hon'ble APTEL vide judgment dated October 31, 2017, Commission is requested to kindly allow the impact along with carrying cost in the Tariff Order as tabulated below:

Table 47: Impact on account of payment to VRS optees 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	Opening Balance	0.0	47.7	70.2	63.9	72.6	83.6	96.1	110.6	127.3
2	Additions	44.6	14.9	-14.6	0.2	0.2	0.0			
3	Closing Balance	44.6	62.6	55.6	64.0	72.8	83.6	96.1	110.6	127.3
4	Average	22.3	55.1	62.9	63.9	72.7	83.6	96.1	110.6	127.3
5	Rate of Carrying Cost	13.68%	13.75%	13.11%	13.38%	14.88%	15.03%	15.01%	15.13%	14.80%
6	Carrying Cost	3.1	7.6	8.2	8.6	10.8	12.6	14.4	16.7	18.8
7	Grand Closing Balance	47.7	70.2	63.9	72.6	83.6	96.1	110.6	127.3	146.1

COMMISSION'S ANALYSIS

3.126 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 it's order dated 31/10/2017 in Clarificatory appeal.

ISSUE-A 14: R&M AND A&G EXPENSES FROM FY 2004-05 TO FY 2006-07

PETITIONER'S SUBMISSION

3.127 The Petitioner has mentioned the Hon'ble APTEL Judgment dated October 10, 2009 (Appeal 36 of 2008) 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."*

3.128 The Petitioner has stated 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.

3.129 The Petitioner has mentioned that the Hon'ble APTEL Judgment dated November 28, 2014 (Appeal 61 and 62 of 2012) 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)***

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

"3.48 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."

3.131 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.

3.132 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 48: 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	TO dt. 31.08.2017	Actuals
1	Repair & Maintenance	46.88	50.46	46.88	64.58
2	Administrative & General Expenses	16.62	21.77	16.62	26.56

3.133 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. 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 report.

3.134 Accordingly, the Petitioner has claimed the actual R&M Expenses and A&G Expenses of

FY 2004-05 as under:

Table 49: Impact of R&M and A&G Expenses from FY 2004-05 to FY 2006-07 (Rs. Cr.)

Particulars	FY 2004-05		
	Audited A/c	Tariff Order	Diff.
Repair & Maintenance	64.58	46.88	17.7
Administrative & General Expenses	26.56	16.62	9.94
Total	**91.14**	**63.5**	**27.64**

3.135 The total impact on account of R&M and A&G Expenses from FY 2004-05 to FY 2006-07 along with carrying cost is as under

Table 50: Impact of R&M and A&G Expenses from FY 2004-05 along with carrying cost (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	Opening Balance	-	28.9	31.5	34.3	39.0	44.4	50.2	56.9	65.4	75.2	86.5	99.6
2	Additions	27.6											
3	Closing Balance	27.6	28.9	31.5	34.3	39.0	44.4	50.2	56.9	65.4	75.2	86.5	99.6
4	Average	13.8	28.9	31.5	34.3	39.0	44.4	50.2	56.9	65.4	75.2	86.5	99.6
5	Rate of Carrying Cost	9.00 %	9.00 %	9.00 %	13.68 %	13.75 %	13.11 %	13.38 %	14.88 %	15.03 %	15.01 %	15.13 %	14.80 %
6	Carrying Cost	1.2	2.6	2.8	4.7	5.4	5.8	6.7	8.5	9.8	11.3	13.1	14.7
7	Grand Closing Balance	28.9	31.5	34.3	39.0	44.4	50.2	56.9	65.4	75.2	86.5	99.6	114.3

3.136 The Petitioner requested the Commission to allow the aforesaid impact to the Petitioner.

COMMISSION'S ANALYSIS

3.137 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-A 15: LOWER RATES OF CARRYING COST

PETITIONER'S SUBMISSION

3.138 The Petitioner has referred the Hon'ble APTEL Judgment dated July 30, 2010 (Appeal No. 153 of 2009) 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 truing 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)

3.139 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.

3.140 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.

3.141 The carrying cost on already recognised Regulatory Assets upto FY 2015-16 is tabulated below:

Table 51: 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 Level of (Gap)	158.5								
B	Adjustment in Opening balance of RG on account of PDP adjustments	-118.3								
C	Opening Balance of Revenue Gap/(Surplus)	40.2	20.0	-159.8	39.3	887.6	2309.7	3061.6	3433.8	3652.8
D	Adjustments: Contingency Reserve				7.4					
E	Revenue gap/(Surplus) during the Year	-24.0	-170.8	206.6	797.6	1200.7	535.4	198.8	26.9	-804.2
F	Adjustment from surcharge						158.9	280.0	306.1	332.7
G	Closing	16.1	-150.8	46.7	829.5	2088.3	2686.2	2980.4	3154.6	2516.0

Sr. No	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
H	Average	28.1	-65.4	-56.5	434.4	1488.0	2498.0	3021.0	3294.2	3084.4
I	Carrying cost	13.68%	13.75%	13.11%	13.38%	14.88%	15.03%	15.01%	15.13%	14.80%
J	Carrying cost	3.9	-9.0	-7.4	58.1	221.4	375.5	453.4	498.2	456.4
K	Grand Closing balance	20.0	-159.8	39.3	887.6	2309.7	3061.6	3433.8	3652.8	2972.4
L	Additional true-up past impact									431.9
M	Total balance									3404.3
N	RA approved in TO dated 31.08.2017									2662.0
O	Difference in carrying Cost									**742.4**

3.142 In view of the above computation, there is difference of Rs. 742 Crore in closing balance of Regulatory Assets recognised up to FY 2015-16.

COMMISSION'S ANALYSIS

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

3.129 "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.

3.130 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.*

3.131 It 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.

3.132 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.

3.133 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.

3.134 Further, the Petitioner has already preferred an Appeal in Appeal No. 290/2015 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. Therefore, this matter does not merit consideration at this point of time."*

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

ISSUE-A 16: EFFICIENCY FACTOR FOR FY 2011-12 &
ISSUE-A 17: EFFICIENCY FACTOR FROM FY 2012-13 TO FY 2015-16

PETITIONER'S SUBMISSION

3.145 The Petitioner has referred the Hon'ble APTEL Judgment dated November 28, 2014 (Appeal No. 61 of 2012) 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. "

3.146 The arbitrary determination of efficiency factor has resulted in reduction of Operation and Maintenance Expenses approved for FY 2011-12 by Rs. 11.4 Crore.

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

Table 52: 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	Opening Balance	0.0	12.3	14.1	16.3	18.7
2	Additions	11.4				
3	Closing Balance	11.4	12.3	14.1	16.3	18.7
4	Average	5.7	12.3	14.1	16.3	18.7
5	Rate of Carrying Cost	14.88%	15.03%	15.01%	15.13%	14.80%
6	Carrying Cost	0.9	1.8	2.1	2.5	2.8
7	Grand Closing Balance	12.3	14.1	16.3	18.7	21.5

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

3.149 The Petitioner mentioned that the Hon'ble APTEL in Judgment dated March 2, 2015 (Appeal No. 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."

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

"3.500 From the above analysis, the Commission observes that O&M Expenses per unit of Sales for RInfra-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 RInfra-D for comparison purpose for Delhi DISCOMs.

3.501 It is observed that BYPL is being allowed O&M Expenses per unit of Sales are Rs. 0.707/kWh and Rs. 0.708/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. "

3.151 The aforesaid finding is not justified 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 peer 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 178 of 2012: The Hon'ble APTEL in Judgment dated March 2, 2015 has clearly directed the Hon'ble 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 Hon'ble 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 Hon'ble 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 53: 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 Hon'ble 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 Hon'ble Commission has still not provided the computation of 2%, 3% and 4% as to how these numbers have been derived from the benchmarking exercise.

3.152 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 along with carrying cost tabulated as follows:

Table 54: Impact on account of efficiency factor along with carrying cost (Rs. Crore)

Sr. No	Particulars	FY 13	FY 14	FY 15	FY 16
1	Opening Balance	0.0	7.1	19.6	39.2
2	Additions	6.6	10.6	15.4	16.7
3	Closing Balance	6.6	17.8	35.0	55.9
4	Average	3.3	12.4	27.3	47.5
5	Rate of Carrying Cost	15.03%	15.01%	15.13%	14.80%
6	Carrying Cost	0.5	1.9	4.1	7.0
7	Grand Closing Balance	7.1	19.6	39.2	62.9

COMMISSION'S ANALYSIS

3.153 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-A 18: EFFICIENCY FACTOR FOR FY 2010-11

PETITIONER'S SUBMISSION

3.154 The Petitioner mentioned that the Hon'ble APTEL in Judgment dated March 2, 2015 (Appeal No. 178 of 2012) has directed the Hon'ble 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."

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

Table 55: Impact on account 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	Opening Balance	0.0	11.5	13.2	15.2	17.4	20.1
2	Additions	10.8					
3	Closing Balance	10.8	11.5	13.2	15.2	17.4	20.1
4	Average	5.4	11.5	13.2	15.2	17.4	20.1
5	Rate of Carrying Cost	13.38%	14.88%	15.03%	15.01%	15.13%	14.80%
6	Carrying Cost	0.7	1.7	2.0	2.3	2.6	3.0
7	Grand Closing Balance	11.5	13.2	15.2	17.4	20.1	23.0

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

COMMISSION'S ANALYSIS

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

"3.144 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."

3.145 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....”*

3.146 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 need further deliberation.”

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

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

PETITIONER'S SUBMISSION

3.159 The Petitioner has referred the Hon'ble APTEL Judgment dated March 2, 2015 (Appeal No. 178 of 2012) 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."

3.160 The Petitioner has further submitted that 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."

3.161 The Petitioner has stated that Hon'ble Tribunal 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 Hon'ble Commission in Para-4.8 of the Tariff Order has stated that the energy sales in kWh were verified by the Commission during prudence check exercise. Therefore the Petitioner requested the Hon'ble 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 as follows:

Table 56: AT&C Loss for FY 2009-10

Sr. No	Particulars	Units	FY 2009-10
A	Units consumed at BYPL Periphery	MU	5708
B	Units billed	MU	4310
C	Amount billed	Rs. Cr.	1944
D	Distribution Loss	%	24.50%
E	Amount collected	Rs. Cr.	1959
F	Collection efficiency	%	100.76%
G	Units realised	MU	4343
H	AT&C Loss level	%	23.92%

3.162 The Petitioner has submitted that the Commission determined the AT&C Loss Target for FY 2009-10 as 26.26%. Since the actual AT&C Loss during FY 2009-10 is 23.92%, the Petitioner is entitled for an incentive as per MYT Regulations, 2007. The Petitioner has showed the over-achievement on account of AT&C Loss for FY 2009-10 is tabulated as follows:

Table 57: Over-achievement of AT&C Loss during FY 2009-10

Particulars	UoM	MYT Order	Actuals	Reference
AT&C Loss	%	26.26%	23.92%	A
Over achievement/ (Under achievement)	%		2.34%	B
Energy Input	MU	5708	5708	C
Units realised	MU	4209	4343	D=C*(1-A)
Average Billing Rate	Rs./ kWh	4.51	4.51	E
Amount realised	Rs. Cr.	1899	1959	
Over-achievement	Rs. Cr.		60	
Proposed to be transferred to consumers	Rs. Cr.		30	
Proposed to be retained	Rs. Cr.		30	
Less: E. Tax	Rs. Cr.		82	
Less: LPSC	Rs. Cr.		21	
Total revenue	**Rs. Cr.**		**1796**	

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

Table 58: Impact on account of Re-computation of AT&C Loss during FY 2009-10 (Rs. Crore)

Sr. No	Particulars	FY 2009-10
1	Revenue submitted by Petitioner	1796
2	Revenue considered in Tariff Order	1817
3	**Net Impact**	**21**

3.164 The total impact including carrying cost is tabulated below:

Table 59: Impact 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	0	22.5	25.5	29.3	33.7	38.8	44.6
2	Additions	21						
3	Closing Balance	21	22	26	29	34	39	45
4	Average	10.6	22.5	25.5	29.3	33.7	38.8	44.6
5	Rate of Carrying Cost	13.11%	13.38%	14.88%	15.03%	15.01%	15.13%	14.80%
6	Carrying Cost	1.4	3.0	3.8	4.4	5.1	5.9	6.6
7	Grand Closing Balance	22.5	25.5	29.3	33.7	38.8	44.6	51.2

3.165 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

3.166 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)"*

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

ISSUE-A 20: FINANCING COST OF LPSC BASED ON SBI PLR

PETITIONER'S SUBMISSION

3.168 The Petitioner has stated 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 APTEL. Same stand has been maintained by the Commission in Tariff Order dated August 31, 2017.

3.169 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 147 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 147 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 as follows:

> *"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)

3.170 The Petitioner has stated that the Commission has not referred to Hon'ble APTEL's directions in Judgment dated July 12, 2011 (Appeal No. 147 of 2009) which is reproduced below:

"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)

3.171 Accordingly the Petitioner has computed the financing cost of LPSC based on SBI PLR as under:

Table 60: 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.	26.7	20.7	20.9	17.3	28.4	24.1
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.	148.1	114.9	115.9	96.3	157.5	134.1
5	SBI PLR	%	12.69%	12.79%	11.87%	12.26%	14.40%	14.61%

Sr. No	Particulars	UoM	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13
6	Financing Cost of LPSC	Rs. Cr.	18.8	14.7	13.8	11.8	22.7	19.6
7	Allowed by DERC	Rs. Cr.	13.8	11.0	11.5	10.0	20.0	12.8
8	**Difference**	**Rs. Cr.**	5.0	3.7	2.3	1.8	2.6	6.8

3.172 The aforesaid difference has been considered along with carrying cost as follows:

Table 61: Impact on account 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	Opening Balance	0.0	5.4	10.0	13.8	17.6	23.1	33.9	39.0	44.8
2	Additions	5.0	3.7	2.3	1.8	2.6	6.8			
3	Closing Balance	5.0	9.1	12.3	15.7	20.3	29.9	33.9	39.0	44.8
4	Average	2.5	7.2	11.2	14.7	18.9	26.5	33.9	39.0	44.8
5	Rate of Carrying Cost	13.68 %	13.75 %	13.11 %	13.38 %	14.88 %	15.03 %	15.01 %	15.13 %	14.80 %
6	Carrying Cost	0.3	1.0	1.5	2.0	2.8	4.0	5.1	5.9	6.6
7	Grand Closing Balance	5.4	10.0	13.8	17.6	23.1	33.9	39.0	44.8	51.5

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

COMMISSION'S ANALYSIS

3.174 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.);"*

3.175 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-A 21: DVB ARREARS WHILE COMPUTING AT&C LOSS FOR FY 2008-09

PETITIONER'S SUBMISSION

3.176 The Petitioner stated that Hon'ble APTEL in Judgment dated November 28, 2014 (Appeal No. 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.

… "

3.177 The Petitioner has submitted that the Commission in Tariff Order dated August 26, 2011 did not consider the amount of DVB Arrears collected, i.e., Rs. 3.9 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:

"3.293 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."

3.294 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.

3.295 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."

3.1.1 The Petitioner has submitted that as evident from the aforesaid, the DVB Arrears of Rs. 3.9 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 APTEL in Judgment dated November 28, 2014 (Appeal 62 of 2012) has ruled that all parameters are to be included in both numerator and denominator for computation of collection efficiency.

3.1.2 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 62: 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	Opening Balance	0.0	4.2	4.7	5.3	6.1	7.0	8.1	9.3
2	Additions	3.9							
3	Closing Balance	3.9	4.2	4.7	5.3	6.1	7.0	8.1	9.3
4	Average	1.9	4.2	4.7	5.3	6.1	7.0	8.1	9.3
5	Rate of Carrying Cost	13.75%	13.11%	13.38%	14.88%	15.03%	15.01%	15.13%	14.80%
6	Carrying Cost	0.3	0.5	0.6	0.8	0.9	1.1	1.2	1.4
7	Grand Closing Balance	4.2	4.7	5.3	6.1	7.0	8.1	9.3	10.7

3.178 The Petitioner requested to the Commission to allow the aforesaid impact to the Petitioner.

COMMISSION'S ANALYSIS

3.179 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-A 22: REVISION OF R&M EXPENSES BY REVISING "K" FACTOR:

PETITIONER'S SUBMISSION

3.180 The Petitioner has referred the Hon'ble APTEL Judgment dated March 2, 2012 (Appeal No. 178 of 2012) 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)***

3.181 The Petitioner has submitted as evident from the aforesaid, the Hon'ble APTEL upheld the methodology adopted by the Commission while determination of "K" factor. However, the Hon'ble APTEL 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 3.37% instead of 3.61% which was to be allowed as per Hon'ble APTEL directions.

3.182 Aggrieved from the above, the Petitioner challenged the same before Hon'ble APTEL in Appeal No. 290 of 2015. Same is pending adjudication before Hon'ble APTEL. In reply to the Appeal 290 of 2015, the Hon'ble stated as follows:

> *" **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."

3.183 However, the Hon'ble Commission in Tariff Order dated August 31, 2017 ruled as under:

"3.183 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."

3.184 The Petitioner has computed the R&M Expenses based on "K" factor as per the direction of the Hon'ble APTEL and GFA considered by the Commission in Tariff Order dated July 13, 2012 as under:

Table 63: 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	1,960.9	1,984.2	2,124.5	2,354.5
2	K Factor	3.61%	3.61%	3.61%	3.61%
3	R&M Expenses	70.8	71.6	76.7	85.0
4	Allowed in MYT Order	66.1	66.9	71.7	79.4
5	**Difference**	**4.7**	**4.7**	**5.0**	**5.6**

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

Table 64: 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	Opening Balance	0	5.1	10.9	17.9
2	Additions	4.7	4.7	5.0	5.6
3	Closing Balance	4.7	9.7	15.9	23.5
4	Average	2.4	7.4	13.4	20.7
5	Rate of Carrying Cost	15.03%	15.01%	15.13%	14.80%
6	Carrying Cost	0.4	1.1	2.0	3.1
7	Grand Closing Balance	5.1	10.9	17.9	26.5

3.186 The Petitioner requested the Commission to allow the aforesaid impact in the Tariff

Order for FY 2018-19.

COMMISSION'S ANALYSIS

3.187 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. 290/2015 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-A 23 ADDITIONAL UI CHARGES ABOVE 49.5 Hz

PETITIONER'S SUBMISSION

3.188 The Petitioner referred the Hon'ble APTEL Judgment dated March 2, 2015 (Appeal No. 178 of 2012) 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."*

3.189 As regards the issue of UI Charges, the Petitioner submitted that the Commission has given contradictory statement in Tariff Order dated September 29, 2015 which is as under:

> *"3.114 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)***

3.190 As evident from above, the Commission has disallowed entire UI Charges only because SLDC has not differentiated between penal and additional UI Charges.

3.191 The Petitioner has further submitted that 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.

3.192 It is 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 a additional UI rate.

3.193 The Petitioner stated that 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**)

3.194 The Petitioner submitted 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 over drawl 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.

3.195 Accordingly the Petitioner requested the Commission to allow UI Charges along with carrying cost as under:

Table 65: 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	Opening Balance	-	0.4	1.8	2.2	3.3	3.8
2	Additions	0.4	1.2	0.2	0.7		
3	Closing Balance	0.4	1.6	2.0	2.9	3.3	3.8
4	Average	0.2	1.0	1.9	2.6	3.3	3.8
5	Rate of Carrying Cost	13.38%	14.88%	15.03%	15.01%	15.13%	14.80%
6	Carrying Cost	0.0	0.2	0.3	0.4	0.5	0.6
7	Grand Closing Balance	0.4	1.8	2.2	3.3	3.8	4.3

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

COMMISSION'S ANALYSIS

3.197 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."

3.198 Therefore, this matter does not merit consideration.

ISSUE-A 24: PENALTY LEVIED ON ACCOUNT OF NON-FULFILMENT OF RPO TARGETS

PETITIONER'S SUBMISSION

3.199 The Petitioner has referred the Hon'ble APTEL 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."

3.200 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. 31 of 2015. The Commission in Tariff Order dated September 29, 2015 ruled as under:

"3.302 The Petitioner and BRPL has requested reconsideration of compliance of RPO for FY 2012-13 and FY 2013-14 in Petition No. 30 & 31 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 & 31 of 2015. The impact as per the Order in the said Petition shall be considered in the subsequent Tariff Orderand the same will be applicable for the Petitioner as well."

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."

3.201 Aggrieved from the aforesaid directive, the Petitioner challenged the same in Appeal No. 290 of 2015. In reply to Appeal 290 of 2015, the Hon'ble 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:

"3.302 The Petitioner has requested reconsideration of compliance of RPO for FY 2012-13 and FY 2013-14 in the Petition No. 30 & 31 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 & 31 of 2015. The impact as per thw Order in the said Petition shall be considered in the subsequent Tariff Order."

3.202 The Petition No. 31 of 2015 is still pending adjudication before the Commission. However contrary to the Hon'ble APTEL's Judgment in DFR No. 377 of 2015, the statement given at Para-3.302 of Tariff Order dated September 29, 2015 and reply filed before Hon'ble APTEL, the Commission levied penalty of Rs. 15.79 Crore on account of non-fulfilment of RPO from FY 2012-13 to FY 2015-16.

3.203 The Petitioner requested the Commission to re-instate the penalty levied on account of non-fulfilment of RPO targets till the Petition No. 31 of 2015 is disposed off. Further the penalty if any based upon the final Order in Petition No. 31 of 2015 may be levied in terms of RPO Regulations, 2012 and not @ 10% of shortfall in RPO Targets.

3.204 The impact on account of the same along with carrying cost is tabulated below:

Table 66: Impact on account of reactive energy charges along with carrying cost (Rs. Crore)

Sr. No	Particulars	FY 16
1	Opening Balance	0
2	Additions	15.79
3	Closing Balance	15.79
4	Average	7.9
5	Rate of Carrying Cost	14.80%
6	Carrying Cost	1.2
7	Grand Closing Balance	17.0

3.205 The Petitioner requested the Commission to allow the same in the Tariff Order.

COMMISSION'S ANALYSIS

3.206 It is observed that the Petitioner has filed Petition No. 31 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.

PREVIOUS CLAIMS WHERE DATA HAS BEEN SOUGHT OR THERE ARE CERTAIN ERRORS

ISSUE-B 1: DISALLOWANCE OF PP COST DUE TO MOD

PETITIONER'S SUBMISSION

3.207 The Petitioner has stated that the Commission in its Tariff Order dated September 29, 2015 directed the Petitioner as under:

"Accordingly, 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 dtd. 19/05/2015 to SLDC wherein they have requested for back down of the stations for the months of April 2013-October 2013 that the Petitioner has requested back down of CTPS and MTPS only from June'13-Oct'13 whose variable rate were in the range of Rs. 1.58/kWh to Rs. 2.39/kWh. The plants proposed for backing down by the Petitioner to SLDC for the months of June'13-Oct'13 are as follows:

Name of the Plant	***Range of Rate (Rs./ kWh)***
MTPS#6	*2.02-2.39*
CTPS#7&8	*1.69-174*

3.252 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 months of June'13-Oct'13 are as follows:*

Name of the Plant	***Range of Variable Rate (Rs./ kWh)***
Dadri-I	*2.97-3.21*
Aravali	*3.58-3.61*
BTPS	*3.08-4.54*
Dadri-II	*2.71-2.98*
Pragati-I	*2.86-3.46*

3.253 Further, the Hon'ble APTEL in its judgment in Appeal No. 160 of 2012 dated08.04.2015 (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."

3.254 Therefore, avoided Power Purchase Cost due to scheduling of Power without considering Merit Order Dispatch Principle by the Petitioner is Rs. 101.34

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."

3.208 Further the Commission in Tariff Order dated August 31, 2017 stated as under:

"3.211 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."

3.209 In view of the aforesaid direction from the Commission, the Petitioner vide letter dated October 12, 2017 had furnished the information to the Commission for consideration.

3.210 In view of the above, the Petitioner 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 below:

Table 67: Impact on account power purchase cost disallowed due to MOD along with carrying cost (Rs. Crore)

Sr. No	Particulars	FY 14	FY 15	FY 16
1	Opening balance	0.0	108.9	125.4
2	Additions	101.3		
3	Closing Balance	101.3	108.9	125.4
4	Average	50.7	108.9	125.4
5	Rate of carrying cost	15.01%	15.13%	14.80%
6	Carrying cost	7.6	16.5	18.6
7	Grand Closing Balance	108.9	125.4	144.0

3.211 Without pre-judice to the contentions in the Appeal, the Petitioner requested the Commission to allow the aforesaid impact in the Tariff Order for FY 2018-19.

COMMISSION'S ANALYSIS

3.212 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 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."

3.213 Accordingly, the Commission has revised the disallowance from Merit Order Despatch principle for FY 2013-14 from Rs. 101.34 Cr. to Rs. 54.01 Cr. and has allowed Rs. 47.33 Cr. in FY 2013-14.

ISSUE-B 2: OVERLAPPING BANKING TRANSACTIONS

PETITIONER'S SUBMISSION

3.214 The Commission in Tariff Order dated August 31, 2017 deducted the power purchase cost on account of overlapping of banking transactions.

3.215 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.

3.216 As regards FY 2014-15 and FY 2015-16, the Commission has disallowed the legitimate entitlements of the Petitioner by citing the instance of the Petitioner doing Banking purchase and sale during September'14 to Feb'16. 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 on account of the re-allocation, which resulted in de-allocation of power to the Petitioner from these sources, the Petitioner who had forecasted its power requirement earlier from these sources, having 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 BTPS power, the Petitioner sought power from the market to make up the shortfall/ gap.

c. The Petitioner vide e-mail dated 29.06.2017 submitted information regarding Banking and cost benefit analysis for FY 2014-15 & FY 2015-16 to the Commission.

3.217 Accordingly the impact on account of the disallowance of power purchase cost due to overlapping banking transactions along with carrying cost is tabulated below:

Table 68: Impact on account of disallowance of power purchase cost due to over-lapping banking transactions (Rs. Crore)

S. No	Particulars	FY 15	FY 16
1	Opening balance	0.0	2.5
2	Additions	2.3	1.5
3	Closing Balance	2.3	4.0
4	Average	1.2	3.2
5	Rate of carrying cost	15.13%	14.80%
6	Carrying cost	0.2	0.5
7	Grand Closing Balance	**2.5**	**4.4**

3.218 The Petitioner has preferred an Appeal before the Hon'ble APTEL on the issue of deduction of the purchase cost on account of overlapping of banking transactions in the tariff order dated August 31, 2017. 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. 4.4 Crore in the ARR.

COMMISSION'S ANALYSIS

3.219 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-B 3: NON-TARIFF INCOME-WRITE-BACK OF MISCELLANEOUS PROVISIONS

PETITIONER'S SUBMISSION

3.220 Petitioner submitted that 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 69: Net A&G Expenses utilitised for projection of A&G Expenses from FY 2007-08 to FY 2011-12 by the Hon'ble Commission

Sr. No	Particulars	Amount (Rs. Cr.)
1	Total A&G Expenses	100.50
2	Less: Provision for Doubtful debts	61.89
3	Less: Loss on sale of assets	0.60
4	Add: Bank Charges	2.08
5	**Net A&G Expenses considered for projection**	**40.10**

3.221 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.

3.222 The impact on account of write-back of miscellaneous provisions along with carrying cost is tabulated below:

Table 70: Impact on account of write-back of miscellaneous provisions along with carrying cost (Rs. Crore)

Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
Opening balance	0.0	1.4	23.2	125.3	217.7	252.9	293.0	343.2	401.7
Additions	1.3	20.2	93.0	70.8	2.7	1.9	5.7	6.1	12.7
Closing Balance	1.3	21.6	116.2	196.2	220.4	254.9	298.8	349.3	414.4
Average	0.7	11.5	69.7	160.7	219.0	253.9	295.9	346.2	408.0
Rate of carrying cost	13.68 %	13.75 %	13.11 %	13.38 %	14.88 %	15.03 %	15.01 %	15.13 %	14.80 %
Carrying cost	0.1	1.6	9.1	21.5	32.6	38.2	44.4	52.4	60.4
Grand Closing Balance	1.4	23.2	125.3	217.7	252.9	293.0	343.2	401.7	474.7

3.223 The Petitioner has preferred an Appeal bearing No. 290 of 2015 against 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 in the Tariff Order for FY 2018-19.

COMMISSION'S ANALYSIS

3.224 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.290 of 2015 as this issue is sub-judice before Hon'ble APTEL. Therefore, this matter does not merit consideration at this point of time.

ISSUE-B 4: INTEREST ON FUNDING OF CARRYING COST

PETITIONER'S SUBMISSION

3.225 The Petitioner has submitted that the Hon'ble 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 Hon'ble 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.

3.226 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.

3.227 From FY 2014-15, the Commission has allowed carrying cost separately as a part of tariff to be recovered from consumers.

3.228 Accordingly the Petitioner has sought interest on funding of carrying cost during FY 2007-08 to FY 2013-14 as under:

Table 71: 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	Opening Balance	0.0	0.2	-0.3	-0.8	2.6	17.3	24.6
2	Additions	3.1	-8.1	-6.8	50.2	197.8	255.8	300.5
3	Recovery of CC						158.9	280.0
4	Rate of carrying cost	13.68%	13.75%	13.11%	13.38%	14.88%	15.03%	15.01%
5	Carrying cost	0.2	-0.6	-0.4	3.4	14.7	7.3	1.5
6	Grand Closing Balance	0.2	-0.3	-0.8	2.6	17.3	24.6	26.1

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

COMMISSION'S ANALYSIS

3.230 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-B 5: DE-CAPITALISATION OF ASSETS

PETITIONER'S SUBMISSION

3.231 As regards de-capitalisation of assets, the Petitioner has submitted that the Petition for loss on retirement of assets was submitted on August 08, 2013. 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.

3.232 The amount on loss on retirement of assets along with carrying cost is tabulated as under:

Table 72: 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	Opening balance	0.0	-0.8	1.8	2.7	5.4	7.4	9.2	11.0	15.4	35.6	40.9	47.1
2	Additions	-0.7	2.6	0.7	2.2	1.2	0.8	0.5	2.5	16.6			
3	Closing Balance	-0.7	1.8	2.5	4.9	6.6	8.2	9.7	13.6	32.0	35.6	40.9	47.1
4	Average	-0.4	0.5	2.2	3.8	6.0	7.8	9.5	12.3	23.7	35.6	40.9	47.1
5	Rate of carrying cost	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.1
6	Carrying cost	0.0	0.0	0.2	0.5	0.8	1.0	1.3	1.8	3.6	5.3	6.2	7.0
7	Grand Closing Balance	-0.8	1.8	2.7	5.4	7.4	9.2	11.0	15.4	35.6	40.9	47.1	54.1

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

COMMISSION'S ANALYSIS

3.234 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-B 6: DISALLOWANCE ON ACCOUNT OF ANTA, AURAIYA AND DADRI GAS

PETITIONER'S SUBMISSION

3.235 The Petitioner stated that 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.

3.236 The petitioner submitted that 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 and FY 2013-14 along with carrying cost is tabulated as follows:

Table 73: 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	Opening balance	0.0	40.0	86.6	127.8
2	Additions	37.2	37.8	26.2	27.4
3	Closing Balance	37.2	77.7	112.8	155.3
4	Average	18.6	58.9	99.7	141.6
5	Rate of carrying cost	15.03%	15.01%	15.13%	14.80%
6	Carrying cost	2.8	8.8	15.1	20.9
7	Grand Closing Balance	40.0	86.6	127.8	176.2

3.237 The Petitioner has preferred an Appeal bearing No. 290 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. 87 Crore in the ARR.

COMMISSION'S ANALYSIS

3.238 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, this matter does not merit consideration at this point of time.

ISSUE-B 7: COST DISALLOWED ON ACCOUNT OF EXCESSIVE TRADING AT UI ABOVE CONTINGENCY LIMIT

PETITIONER'S SUBMISSION

3.239 The Petitioner has submitted that the 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."*

3.240 The Commission in Tariff Order dated August 31, 2017 disallowed the cost on account of excessive trading at UI during the month of April to June 2015 above contingency limit of 3%.

3.241 In this regard, the Petitioner has further 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 truing-up of FY 2014-15 has retrospectively applied the contingency limit of 3% which is contrary to the Hon'ble APTEL'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 by 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.

3.242 In view of the above and without pre-judice to the contentions raised in the Appeal, the Petitioner requested 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 14	FY 15	FY 16
1	Opening balance	0.0	7.6	21.2
2	Additions	7.1	11.5	
3	Closing Balance	7.1	19.2	21.2
4	Average	0.0	7.6	21.2
5	Rate of carrying cost	15.01%	15.13%	14.80%
6	Carrying cost	0.5	2.0	3.1
7	Grand Closing Balance	7.6	21.2	24.4

COMMISSION'S ANALYSIS

3.243 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-B 8: NORMATIVE REBATE

PETITIONER'S SUBMISSION

3.244 The Petitioner has submitted as regards the issue of normative rebate, the Commission in Tariff Order dated August 31, 2017 has viewed as under:

"3.258 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 consideration at this point of time."

3.245 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 (Rs. Cr.)

Sr. No	Particulars	FY 13	FY 14	FY 15	FY 16
1	Opening balance	0.0	61.0	118.2	201.6
2	Additions	56.8	44.6	60.9	62.2
3	Closing Balance	56.8	105.7	179.1	263.8
4	Average	28.4	83.3	148.6	232.7
5	Rate of carrying cost	15.03%	15.01%	15.13%	14.80%
6	Carrying cost	4.3	12.5	22.5	34.4
7	Grand Closing Balance	61.0	118.2	201.6	298.2

3.246 The Petitioner requested the Commission to allow the aforesaid amount in the Tariff Order for FY 2018-19.

COMMISSION'S ANALYSIS

3.247 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, this matter does not merit consideration.

ISSUE-B 9: DISALLOWANCE OF R&M EXPENSES FROM FY 2007-08 TO FY 2011-12

PETITONER'S SUBMISSION

3.248 The Petitioner has stated that the Commission in its Tariff Order dated August 31, 2017 ruled as under:

> *"3.266 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."*

3.249 The entire relevant excerpts from the Judgment pronounced by Hon'ble APTEL in Appeal 271 of 2013 are 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."

As regards above, the Petitioner 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 265 of 2013 which is pending adjudication before Hon'ble APTEL.

3.250 The Petitioner has 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

…"

3.251 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.

3.252 The Petitioner 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.

3.253 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.

3.254 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 approved in Feb'08 Order, FY' 12 Order	32.25	43.12	55.24	63.55	71.54
2	R&M expenses Revised by DERC	32.02	41.11	51.96	58.45	65.87
3	Difference	0.23	2.01	3.28	5.10	5.67

3.255 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 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
1	Opening Balance	0.0	0.2	2.4	6.2	12.5	20.5	23.5	27.1	31.2
2	Additions	0.2	2.0	3.3	5.1	5.7				

Sr. No	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
3	Closing Balance	0.2	2.3	5.7	11.3	18.2	20.5	23.5	27.1	31.2
4	Avgerage	0.1	1.3	4.1	8.8	15.3	20.5	23.5	27.1	31.2
5	Rate of Carrying Cost	13.68 %	13.75 %	13.11 %	13.38 %	14.88 %	15.03 %	15.01 %	15.13 %	14.80 %
6	Carrying Cost	0.0	0.2	0.5	1.2	2.3	3.1	3.5	4.1	4.6
7	Grand Closing Balance	0.2	2.4	6.2	12.5	20.5	23.5	27.1	31.2	35.8

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

COMMISSION'S ANALYSIS

3.257 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."*

3.258 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.

3.259 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.

3.260 In view of the above, it is observed that this matter does not merit consideration.

ISSUE-B 10: DOUBLE ACCOUNTING OF EMPLOYEE EXPENSES FOR FY 2012-13 TO FY 2015-16

PETITIONER'S SUBMISSION

3.261 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 APTEL in Judgment dated February 10, 2015 (Appeal 171 of 2012).

3.262 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:

> *"3.157 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.*
>
> *3.158 Therefore, the Commission has approved the base year Employee Expenses of the Petitioner at Rs. 206.51 Crore which is minimum of computed (Rs. 219.21 Crore) and Audited Employee Expenses (Rs. 206.51 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.*

3.169 Accordingly, the Commission has approved the Employee expenses for second MYT control period as follows:

Table 3.40: Revised Employee Expenses for 2nd MYT Period (Rs. Crore)

Particulars	*Audited FY 12*	*Revised Employee Expenses (FY 12)*	*Base Year Expenses*	*FY 13*	*FY 14*	*FY 15*
Gross Employee Expenses	*206.51*	*219.21*	*206.51*	*223.03*	*240.87*	*260.14*
Less:						
Capitalisation (@10%)				*22.30*	*24.09*	*26.01*
Net Employee Expenses				*200.73*	*216.79*	*234.13*

”

3.263 The Petitioner has submitted that the the Employee expense for FY 2011-12 considered to be “Gross Employee Expenses” is actually net of employee expense capitalised during the year. Hence, further deduction of 10% from the projected net expenses has led to double deduction of expenses for the 2nd MYT Period i.e. FY 2012-13 to FY 2015-16.

3.264 The Petitioner has further submitted that 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 excersing its powers and discharging its functions.”

3.265 Without pre-judice to the contentions in Appeal filed before Hon’ble APTEL, the Petitioner requested the Commission to reconsider the claims on account of double deduction of employee expenses as tabulated below:

Table 78: Impact on account of double accounting of Employee Expenses along with carrying cost (Rs. Crore.)

Sr. No	Particulars	FY 13	FY 14	FY 15	FY 16
1	Opening balance	0.0	24.0	53.5	89.5
2	Additions	22.3	24.1	26.0	28.1
3	Closing Balance	22.3	48.1	79.5	117.6
4	Average	11.2	36.0	66.5	103.6
5	Rate of carrying cost	15.03%	15.01%	15.13%	14.80%
6	Carrying cost	1.7	5.4	10.1	15.3
7	Grand Closing Balance	24.0	53.5	89.5	133.0

3.266 Without pre-judice to the Appeal, the Petitioner requested the Commission to allow the aforesaid impact in the Tariff Order for FY 2018-19.

COMMISSION'S ANALYSIS

3.267 The Commission has analysed the submission of the Petitioner and accordingly has allowed Rs.3.15 Crore and Rs. 3.41 Crore in FY 2012-13 and FY 2013-14 on account of double accounting of employee expenses capitalisation based on the base employee expenses approved in tariff order dated 29/09/2015.

ISSUE-B 11: COST DISALLOWED ON ACCOUNT OF REGULATION OF POWER

PETITIONER'S SUBMISSION

3.268 The Petitioner vide letter dated April 28, 2015 also submitted the cost-benefit analysis on account of regulation of power during FY 2013-14. However the Commission in its Tariff Order dated September 29, 2015 directed the Petitioner as under:

"Impact on account of Regulated Power for FY 2012-13

…

3.115 The Commission has received the claims regarding disallowance on account of regulated power in truing-up of FY 2012-13 in tariff order dated 23.07.2014. In order to finalise the claim of the Petitioner, the Commission has directed SLDC to submit the relevant information like quantum of Short Term

Purchase during regulated period in case there has been no regulation of power. The said information is awaited from SLDC. The Commission will take the final view on the basis of information submitted by SLDC.

"

3.269 The aforesaid finding of the Commission is true only if the Petitioner would have been able to back-down entire costly generating stations. However the Commission ignored the fact that the generating stations are required to be run at least at the technical minimum so as to ensure grid stability. Same has also been intimated by SLDC vide letter dated December 13, 2013. The letter of SLDC has also been forwarded to the Commission vide letter dated June 16, 2017. Therefore even if the power would not have been regulated from this cheaper station of NHPC then also the Petitioner would not have the opportunity to back down costly station as the technical minimum would have been despatched. The aforesaid finding is denial of the fact that the consumers have actually benefitted from regulation of power.

3.270 Further the Petitioner vide letter dated April 28, 2015 also submitted the cost-benefit analysis on account of regulation of power during FY 2013-14. However the Commission has not considered the submission of the Petitioner and disallowed the cost incurred during regulation of power during FY 2013-14 based on the submissions of SLDC for FY 2013-14 unilaterally.

3.271 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 253 MU during off-peak hours whereas the Petitioner was required to purchase additional 2 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 follows:

Table 79: 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**)	6333	5.64	3574	Figures as per ARR Petition
Regulated Power during FY 2012-13	253	2.59	66	253 MU @ Rs. 2.59 per kWh as per DERC Tariff Order
Short term power purchase to make up for Regulated power when demand exceeds schedule (FY 2012-13)	2	3.21	1	2 MU as per short term schedule and Rs. 2.31 as per audited accounts (excl. banking)
Power Purchase Cost assuming no regulation of power in FY 2012-13 (**B**)	6584	5.53	3639	
Net savings to consumers due to reduction in power purchase cost			**65**	**B-A**

3.272 Similarly during regulation of power during FY 2013-14, the Petitioner was able to avoid purchase of 877 MU during off-peak hours whereas the Petitioner was required to purchase additional 18 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 follows:

Table 80: Reduction in Power Purchase Cost on account of Regulation of Power during FY 2013-14

Particulars	Quantum (MU)	Avg. per unit rate (Rs/kwh)	Amount (Rs.Cr.)	Remarks
Actual Power Purchase (FY13-14) (A)	6577	6.00	3949	Figures as per ARR petition
Regulated Power (FY13-14)	877	4.10	359	*877 MU's as per SLDC @ Rs. 4.10/Unit (Avg. derived regulated power rate as per BRPL plants during regulated period) except mejia-7*
Short term power purchase to make up for Regulated power when demand exceeds schedule(FY13-14)	18	3.02	6	*Purchase of 18 MU when Demand> Availability @ Rs 3.02/unit (Derived Short term wt Avg. exchange Rate based upon slot wise working)*
Power purchase cost assuming no regulation of power in FY13-14 (B)	7436	5.79	4303	

Particulars	Quantum (MU)	Avg. per unit rate (Rs/kwh)	Amount (Rs.Cr.)	Remarks
Avoided cost consumer due to reduction in power purchase cost.			**354**	**B-A**

Similarly during regulation of power during FY 2014-15, the Petitioner was able to avoid purchase of 1596 MU during off-peak hours whereas the Petitioner was required to purchase additional 269 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 81: Reduction in Power Purchase Cost on account of Regulation of Power during FY 2014-15

Particulars	FY 14-15			
	MU	Rs/Unit	Rs Cr.	Remarks
Cost of Regulated Quantum *(DVC, SJVNL, NHPC)* (A)	1596	4.06	647	MU as per SLDC report
Surplus Sale from Regulated Quantum (B)	1326	2.39	316	MU as per SLDC less Short term exchange purchase/ minor bilateral (1596-269) Rate as per Audit Certificate
Avoided cost (C)			331	A-B
Net Fixed Cost incurred on account of Regulated Quantum (D)			43	Fixed Cost including Regulated Credit (Rs 231 Cr- Rs 188 Cr.)
Cost of Short Term Power Purchased during Regulated period (E)	269	4.39	118	Short term purchase excludes Banking & UI, Rate as per Audit Certificate
Total Cost incurred on account of Regulated Quanum			161	F=D+E
Avoided cost consumer due to reduction in power purchase cost.			**170**	**G=C-F**

3.273 Similarly during regulation of power during FY 2015-16, the Petitioner was able to avoid purchase of 698 MU during off-peak hours whereas the Petitioner was required to purchase additional 116 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 2015-16

Particulars	FY 15-16			
	MU	Rs/Unit	Rs Cr.	Remarks
Cost of Regulated Quantum *(DVC, SJVNL, NHPC)* (A)	698	3.69	257	MU as per SLDC report (email attached as Annex-4)
Surplus Sale from Regulated Quantum (B)	580	2.23	130	MU as per SLDC less Short term exchange purchase/ minor bilateral (698-116) Rate as per Audit Certificate
Avoided cost			128	A-B
Nex Fixed Cost incurred on account of Regulated Quantum (D)			20	Fixed Cost including Regulated Credit (Rs 86 Cr- Rs 66 Cr.)
Cost of Short Term Power Purchased during Regulated period (E)	116	3.84	44	Short term purchase excludes Banking & UI, Rate as per Audit Certificate
Total Cost incurred on account of Regulated Quanum			65	F=D-E
Avoided cost consumer due to reduction in power purchase cost.			**63**	**G=C-F**

3.274 Without pre-judice to the Appeal, the Petitioner requested 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 83: 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	Opening balance	0.0	13.1	52.2	172.0	280.4
2	Additions	12.2	34.6	104.1	76.6	16.5
3	Closing Balance	12.2	47.7	156.4	248.6	296.9
4	Average	6.1	30.4	104.3	210.3	288.6
5	Rate of carrying cost	14.88%	15.03%	15.01%	15.13%	14.80%
6	Carrying cost	0.9	4.6	15.7	31.8	42.7
7	Grand Closing Balance	13.1	52.2	172.0	280.4	339.6

COMMISSION'S ANALYSIS

3.275 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-B 12: BANK CHARGES/ SYNDICATION FEES

PETITIONER'S SUBMISSION

3.276 The Petitioner has submitted as regards the issue of allowance of bank charges/ syndication fees, the Commission in Tariff Order dated August 31, 2017 has stated as under:

> *"3.287 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. 290/ 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."*

3.277 Further, the Commission in the Tariff Order dated 31.08.2017 has stated that

> *"3.510 The Commission has already dealt this issue in tariff order dated 29.09.2015 as follows:*
>
> > *"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".*
>
> *3.511 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."*

3.512 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.

3.513 The Commission is of the view that only the borrowing cost will be considered at the time of final true up of capitalisation. Accordingly, the Commission has not considered the syndication and documentation charges claimed by the Petitioner. Accordingly, the Commission has not considered syndication fees etc. of Rs.31.19 Crore as part of miscellaneous expenses.

3.514 Accordingly, the Commission has not considered the Syndication fees/ Bank Charges and other borrowing costs claimed by the Petitioner and the same shall be considered at the time of final true up of capitalisation for the relevant year. "

3.1.3 **Borrowing costs pertaining to capex Loans is not capitalized with Assets:** The Petitioner has submitted that 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."

3.278 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.

3.279 **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 is required 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 Hon'ble Commission vide letter dated December 21, 2011 and April 30, 2012. The Petitioner also submitted the loan agreement before the Hon'ble Commission. Also the Hon'ble 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.

3.280 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.

3.281 **Borrowing cost have not been included in A&G Expenses:** The Petitioner has submitted that the Commission itself has stated 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."*

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 84: 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
1	Gross A&G cost submitted by the Petitioner	Table-92, of TO dt. July 13, 2012	100.5	121.55	74.44	125.05	123.54
a	Less: Bad Debts		-	-	-	86.64	61.77
b	Less: Provision for Doubtful Debts		61.89	76.52	28.58	2.44	10.88
c	Less: Loss On Sale / Discarding Of Assets		0.6	0.73	0.58	0.3	0.29
d	Less: SLA moved to A&G cost		-	-	-	-	6.93
e	Less: Loss on Foreign Exchange Fluctuation		-	-	1.09	0.04	0
f	Add: Lease Rental transferred from R&M		1.27	1.26	1.24	1.24	1.24
2	**Net A&G Expenses considered by Commission for benchmarking**		**39.28**	**45.55**	**45.44**	**36.88**	**44.9**
3	A&G Expenses as per Audited Accounts	Respective Audited Accounts	100.50	121.55	75.50	125.05	123.54
4	**Financing charges as per Audited**	**Respective**		**1.59**	**2.31**	**3.10**	**6.69**

Sr. No	Particulars	Reference	FY 07	FY 08	FY 09	FY 10	FY 11
	Accounts#	**Audited Accounts**					

 # not included in Sr. No. 2 and appearing in separate schedule of Audited Accounts

As evident from above, the Hon'ble 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 2015-16 and are required to be allowed separately.

3.282 Accordingly the Petitioner is claiming syndication fees/ borrowing cost incurred during previous year as under:

Table 85: Impact on account of syndication fees/ borrowing cost along with carrying cost (Rs. Crore)

S. No	Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
1	Opening balance	0.0	1.7	4.4	8.3	16.5	54.5	81.1	126.8	171.6
2	Additions	1.6	2.3	3.1	6.7	33.1	17.1	31.2	23.8	13.9
3	Closing Balance	1.6	4.0	7.5	15.0	49.6	71.6	112.3	150.6	185.5
4	Average	0.8	2.9	5.9	11.6	33.1	63.1	96.7	138.7	178.5
5	Rate of carrying cost	13.68%	13.75%	13.11%	13.38%	14.88%	15.03%	15.01%	15.13%	14.80%
6	Carrying cost	0.1	0.4	0.8	1.6	4.9	9.5	14.5	21.0	26.4
7	Grand Closing Balance	1.7	4.4	8.3	16.5	54.5	81.1	126.8	171.6	211.9

3.283 Without pre-judice, the Petitioner requested the Commission to allow the impact in the Tariff Order for FY 2018-19.

COMMISSION'S ANALYSIS

3.284 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. 290/2015 against the Commission's decision in Tariff Order dtd. 29/09/2015. Therefore, this matter does not merit consideration at this point of time.

ISSUE-B 13: INCOME FROM OTHER BUSINESS-STREET LIGHT MAINTENANCE CHARGES:

PETITIONER'S SUBMISSION

3.285 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.

3.286 The Petitioner has referred the Section 51 of the 2003 Act entitles the Distribution Licensee such as the Petitioner to engage in any other business for optimum utilization of its assets. Section 51 also requires that a certain proportion of "the revenues" derived from such business be utilized for reducing the wheeling charges. Section 51 is an enabling provision contained in the legislation with some purpose. Disallowance of the legitimate expenses relating to other business would lead to discouraging the distribution licensee such as the Petitioner from generating income from other business, which is otherwise undertaken considering the interest of consumers at large and optimum utilization of assets of distribution business. The Petitioner has engaged in the following businesses which are within the scope of Section 51 of the 2003 Act and has hereinafter provided reasons for this Hon'ble Commission to consider: (1) The Income by deducting the expenditure from the Revenue; and (2) Reworking of the proportion of the Revenues to be retained by the Petitioner in excess of the 20% which was stipulated in the 2005 Regulations as "a general principle" and entitling the Petitioner to "approach the Commission for change of the aforesaid sharing formula with proper justification, for approval of the Commission".

3.287 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.

3.288 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 East and Central East Delhi.

For carrying out the maintenance services the Petitioner optimally engages its existing manpower, Technicians, Electricians, Electric Men, Line Engineers and also outsources further manpower.

3.289 The Petitioner has tabulated the income from street light maintenance business along with carrying cost as below:

Table 86: 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	Opening balance	0.0	8.3	11.2	25.4	42.0	62.3	84.8	111.0	143.4
2	Additions	7.7	1.7	11.9	12.4	13.1	12.1	12.6	14.5	5.3
3	Closing Balance	7.7	10.0	23.1	37.8	55.1	74.5	97.3	125.5	148.8
4	Average	3.9	9.1	17.2	31.6	48.6	68.4	91.0	118.3	146.1
5	Rate of carrying cost	13.68%	13.75%	13.11%	13.38%	14.88%	15.03%	15.01%	15.13%	14.80%
6	Carrying cost	0.5	1.3	2.3	4.2	7.2	10.3	13.7	17.9	21.6
7	Grand Closing Balance	8.3	11.2	25.4	42.0	62.3	84.8	111.0	143.4	170.4

3.290 The Petitioner requested the Commission to allow the aforesaid along with carrying cost.

COMMISSION'S ANALYSIS

3.291 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-B 14: FINANCING COST OF LPSC FROM FY 2013-14 TO FY 2015-16

PETITIONER'S ANALYSIS

3.292 As regards financing cost of LPSC from FY 2013-14 onwards, the Petitioner has submitted that the Commission in Tariff Order dated August 31, 2017 ruled as under:

"3.307 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 APTEL'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.

3.293 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.

3.294 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.

3.295 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.

3.296 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.

3.297 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.

3.298 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 87: 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	0.0	9.7	21.1
2	Additions	9.0	9.2	8.0

Sr. No	Particulars	FY 14	FY 15	FY 16
3	Closing Balance	9.0	18.9	29.1
4	Average	4.5	14.3	25.1
5	Rate of carrying cost	15.01%	15.13%	14.80%
6	Carrying cost	0.7	2.2	3.7
7	Grand Closing Balance	9.7	21.1	32.8

3.299 The Petitioner requested the Commission to allow the aforesaid along with carrying cost.

COMMISSION'S ANALYSIS

3.300 The Commission has already dealt this issue in respective tariff order therefore this issue does not merit consideration.

ISSUE-B 15: WRONG ADJUSTMENT OF 8% SURCHARGE AGAINST REVENUE GAP/ SURPLUS DURING FY 2012-13 AND FY 2013-14

PETITIONER'S SUBMISSION

3.301 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.

3.302 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. Similarly in case of FY 2012-13 and FY 2013-14, 8% surcharge fetched only Rs. 158 Crore and Rs. 280 Crore whereas the carrying cost alone is Rs. 256 Crore and Rs. 300 Crore respectively. Therefore the same ought to be adjusted with the carrying cost computed for the complete year on outstanding balance of Regulatory Assets.

3.303 In view of the above submissions, the correct computation of Regulatory Assets is tabulated as follows:

Table 88: Correct computation of Regulatory Assets (Rs. Crore)

Sr. No	Particulars	FY 13	FY 14	Reference
1	Opening Balance	2279.0	2844.5	A
2	Additions	534.5	198.8	B
3	8% Surcharge	-237.3	-280.0	C
4	Net (Gap)/ Surplus	297.1	-81.3	D=B+C
5	Rate of Carrying cost	10.54%	10.77%	E
6	Carrying cost	268	317	F=(A+B/2)XE
7	Closing Balance	2844	3080	G=A+D+F
8	RA during the year	2832	3051	H
9	Difference	13	29	I=G-H

3.304 The aforesaid amount along with carrying cost is tabulated as follows:

Table 89: Impact on account of correct computation of RA along with carrying cost (Rs. Crore)

Sr. No	Particulars	FY 13	FY 14	FY 15	FY 16
1	Opening balance	0.0	13.5	46.8	53.8
2	Additions	12.5	29.1		
3	Closing Balance	12.5	42.6	46.8	53.8
4	Average	6.3	28.0	46.8	53.8
5	Rate of carrying cost	15.03%	15.01%	15.13%	14.80%
6	Carrying cost	0.9	4.2	7.1	8.0
7	Grand Closing Balance	13.5	46.8	53.8	61.8

3.305 The Petitioner requested the Commission to allow the same in the ARR.

COMMISSION'S ANALYSIS

3.306 The Commission has already explained the methodology of Carrying Cost Rate in respective tariff order therefore, this issue does not merit consideration.

ISSUE-B 16: WRONG ADJUSTMENT OF CARRYING COST ALLOWED IN TARIFF WITH REVENUE GAP/ SURPLUS DURING THE YEAR

PETITIONER'S SUBMISSION

3.307 The Petitioner submitted that the Commission in its Tariff Order dated September 29, 2015, adopted similar approach and allowed carrying cost of Rs. 271.23 Crore in ARR of FY 2015-16 and 8% Surcharge separately towards recovery of principal amount of Regulatory Assets recognised till FY 2013-14.

3.308 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. 432.61 Crore and Rs. 271.23 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.

3.309 By doing so, the Commission has acted contrary to its' own affidavit submitted before the Hon'ble Supreme Court in Writ Petition 105 of 2014 wherein it proposed the recovery of carrying cost through tariff and recovery of principal amount through 8% surcharge.

3.310 By doing so, the Commission has reduced the amount of Regulatory Assets by Rs. 78 Crore, i.e., approved Rs. 2662 Crore in place of Rs. 2740 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 90: Revised RA sought at the end of FY 2015-16 (Rs. Crore)

Sr. No	Particulars	FY 2014-15	FY 2015-16
1	Opening Balance	3051.2	3131.0
2	Additions	459.5	-533.0
3	8% Surcharge	-306.1	-332.7
4	Net (Gap)/ Surplus	153.5	-865.6
5	Rate of CC	10.94%	10.96%
6	Carrying cost	358.9	313.9
7	Less: Carrying cost allowed in ARR	432.6	271.2
8	Closing Balance	3131.0	2308.1
9	Amount of carrying cost		431.9
10	Total Closing balance	3131.0	2740.0
11	RA during the year	3090.6	2662.0
12	Difference	40.4	78.0

3.311 By doing so, the Hon'ble Commission has reduced the cumulative amount of Regulatory Assets upto FY 2015-16. The impact on account of incorrect adjustment of Carrying cost during FY 2014-15 and FY 2015-16 has been computed below:

Table 91: Total impact along with carrying cost (Rs. Crore)

Sr. No	Particulars	FY 15	FY 16
1	Opening balance	0.0	43.5

2	Additions	40.4	78.0
3	Closing Balance	40.4	121.5
4	Average	20.2	82.5
5	Rate of carrying cost	15.13%	14.80%
6	Carrying cost	3.1	12.2
7	Grand Closing Balance	43.5	133.7

3.312 The Petitioner requested the Commission to allow the same in the Tariff Order.

COMMISSION'S ANALYSIS

3.313 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-B 17: ERRONEOUS NET-WORTH COMPUTATIONS:

PETITIONER'S SUBMISSION

3.314 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 92: 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	116.0	-101.9	14.1	65.0
2	FY 2003-04	14.1	-28.1	-14.1	0.0
3	FY 2004-05	-14.1	28.1	14.1	0.0
4	FY 2005-06	14.1	-19.9	-5.8	4.1
5	FY 2006-07	-5.8	112.4	106.6	50.4
6	FY 2007-08	106.6	-121.4	-14.8	45.9
7	FY 2008-09	-14.8	122.0	107.2	46.2
8	FY 2009-10	107.2	10.4	117.7	112.4
9	FY 2010-11	117.7	219.8	337.5	227.6
10	FY 2011-12	337.5	173.5	510.9	424.2
11	FY 2012-13	510.9	-234.7	276.2	393.6
12	FY 2013-14	276.2	239.4	515.6	395.9
13	FY 2014-15	515.6	-214.1	301.5	408.6
14	FY 2015-16	301.5	296.5	598.0	449.8

Table 93: Debt schedule based on average debt numbers (Rs. Crore)

Sr. No	Financial Year	Opening Debt	Additions	Closing Debt	Average Debt Considered
1	FY 2002-03	174.0	25.0	199.0	186.5
2	FY 2003-04	199.0	22.8	221.8	210.4
3	FY 2004-05	221.8	226.6	448.4	335.1
4	FY 2005-06	448.4	231.5	679.9	564.2
5	FY 2006-07	679.9	193.6	873.4	776.7
6	FY 2007-08	873.4	-124.7	748.8	811.1
7	FY 2008-09	811.1	498.5	1309.6	1060.4
8	FY 2009-10	1060.4	215.2	1275.6	1168.0
9	FY 2010-11	1168.0	-84.5	1083.5	1125.7
10	FY 2011-12	1125.7	-271.9	853.8	989.8
11	FY 2012-13	989.8	239.8	1229.6	1109.7
12	FY 2013-14	1109.7	127.5	1237.2	1173.5
13	FY 2014-15	1237.2	243.6	1480.9	1359.0
14	FY 2015-16	1480.9	146.0	1626.9	1553.9

3.315 Based on the above, the funding of capitalisation is tabulated below:

Table 94: Means of finance for Policy Direction Period (Rs. Crore)

Sr. No	Particulars	FY 03	FY 04	FY 05	FY 06	FY 07
1	Capex	56	88	414	299	209
2	Closing sundry creditors				104	85
3	Financing Required	52	88	414	403	295
4	***Means of finance***					
a	Consumer contribution	8	14	34	17	21
b	APDRP Grants		16			

Sr. No	Particulars	FY 03	FY 04	FY 05	FY 06	FY 07
c	APDRP Loans		16			
d	Depreciation	8	9	9	38	43
e	Internal accruals	-102	-28	28	-20	112
f	Loan	25	23	227	231	194
g	Sundry creditors			104	85	
5	**Gap left in funding**	**113**	**38**	**12**	**51**	**-76**

Table 95: 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	133	156	98	103	50	23	140
B	Working Capital	42	6	-4	-10	-1	0	54
C	**Total**	**175**	**163**	**94**	**94**	**50**	**23**	**194**
D	Means of Finance							
1	Consumer contribution	2	10	23	62	11	9	27
2	Equity	-121	122	10	220	173	-235	239
3	Debt	-125	499	215	-84	-272	240	128
4	**Total**	**-244**	**631**	**248**	**197**	**-88**	**15**	**394**
E	**Gap left in funding**	**419**	**-468**	**-154**	**-104**	**138**	**9**	**-200**

3.316 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.

3.317 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-3.17u of the Petition.

3.318 The Petitioner requested the Hon'ble Commission to allow the same in the Tariff Order for FY 2018-19.

COMMISSION'S ANALYSIS

3.319 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-B 18: CORRECTION IN OPENING BALANCE OF CONSUMER CONTRIBUTION IN OPENING RRB

PETITIONER'S SUBMISSION

3.320 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 18, 2015 submitted the data duly certified by Auditor with respect to consumer contribution. However the Commission did not assign 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.

3.321 The Petitioner has stated that the Commission has shifted from RoCE approach to ROE approach during the MYT Regime, i.e, from March 1, 2008 onwards. The actual consumer contribution and grants capitalised till FY 2006-07 is Rs. 8.71 Crore and Rs. 16.22 Crore respectively. The Petitioner has accordingly considered the same for the purpose of computation of depreciation and RoCE.

3.322 The Petitioner requested the Commission to allow the same in the Tariff Order for FY 2018-19.

COMMISSION'S ANALYSIS

3.323 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.

ISSUE-B 19: ADVANCE AGAINST DEPRECIATION UPTO FY 2015-16

PETITIONER'S SUBMISSION

3.324 The Petitioner has referred the Clause-5.18 of DERC MYT Regulations, 2007 and Clause-5.21 of DERC MYT Regulations, 2011 provides for the provision of Advance against depreciation (AAD).

3.325 Accordingly, the Petitioner in its Petition filed for Truing-up upto FY 2013-14, Review of FY 2015-16 and ARR for FY 15-16 has submitted the claim for AAD and provided the details of actual loan repaid from FY 2002-03 to FY 2013-14 in Form F3b forming part of the said ARR Petition.

3.326 The Commission in the Tariff Order dated September 29, 2015 had revised the GFA for the period upto FY 2013-14. Consequently, all capex related items, i.e., RoCE, Depreciation and Income-tax were also recomputed. However, the Commission has not allowed revised AAD, moreover had disallowed the entire provisionally allowed amount on account of AAD in the previous Tariff Orders (dated July 31, 2013 and July 23, 2014) and stated as below:

> *"As per MYT Regulations, for computation of AAD, the Petitioner is required to submit the actual debt repayment schedule for the purpose of determination of AAD during FY 2007-08 to FY 2013-14. Accordingly, the Petitioner is directed to submit the revised claim on account of AAD for the said period. Final view will be taken upon the receipt of requisite data by the Petitioner."*

3.327 Accordingly, the Petitioner in its 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 for FY 2016-17 submitted the revised claim on account of AAD along with details of actual loan repayment upto FY 2014-15. Further, the claim for FY 2015-16 was submitted in the Petition for True-up of FY 2015-16. However, the Commission has not given any finding in the Tariff Order dated August 31, 2017.

3.328 It is further submitted that prudence check of all loans availed during FY 2007-08 to FY 2013-14 was also conducted by the Commission wherein the Petitioner has submitted the audited information with respect to all loans availed during the said period. The details of loan are also being submitted by the Petitioner in the respective ARR Formats forming part of the True-up/ARR Petition.

3.329 The computation of AAD for FY 2007-08 to FY 2015-16 is tabulated as below:

Table 96: AAD for the period FY 2007-08 to FY 2015-16 (Rs. Crore)

Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
1/10 of the Opening loan (A)	72.1	90.2	100.6	109.0	112.7	109.7	88.4	94.1	105.3
Debt Repayment for capex loans (B)	21.0	100.5	138.6	246.7	162.3	166.7	218.3	194.9	201.5
Minimum of A&B	21.0	90.2	100.6	109.0	112.7	109.7	88.4	94.1	105.3
Depreciation as per ARR routed for repayment of loans	53.4	62.7	70.3	75.9	80.3	82.0	84.4	90.3	97.6
Excess of Min (A,B) over Depreciation	**-32.4**	**27.6**	**30.3**	**33.1**	**32.5**	**27.6**	**4.0**	**3.8**	**7.7**
Cumulative Repayment (C)	395.4	496.0	634.6	881.2	1043.5	1210.2	1428.5	1623.4	1824.9
Cumulative Depreciation incl. AAD (D)	249.8	312.4	382.7	458.6	538.9	620.9	705.3	795.6	893.2
Excess of (C) over (D)	**145.7**	**183.6**	**251.9**	**422.6**	**504.7**	**589.3**	**723.2**	**827.8**	**931.7**
AAD	**0.0**	**27.6**	**30.3**	**33.1**	**32.5**	**27.6**	**4.0**	**3.8**	**7.7**

3.330 The Petitioner requested the Commission to allow the AAD for the period FY 2007-08 to FY 2015-16 as computed by the Petitioner, in the Tariff Order for FY 2018-19.

COMMISSION'S ANALYSIS

3.331 The Commission has analyzed the data submitted by the Petitioner and it is observed that the computation of AAD includes one tenth of opening loan which exceed the normative loan requirement of 70% of the capitalisation for the relevant year and the same can be observed from the table below:

Particulars	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16
Opening GFA	865.50	1133.67	1447.97	1645.73	1854.31	1960.87	1984.19	2349.50	2565.48
Normative Total Loan requirement @70% of GFA	556.44	730.21	932.81	1027.77	1166.42	1234.41	1231.72	1487.44	1620.77
Opening Balance of Normative Loan after cumulative repayment	268.67	398.87	549.48	586.72	663.28	677.33	599.65	828.08	909.67
1/10 of the Opening loan (A)	26.87	39.89	54.95	58.67	66.33	67.73	59.96	82.81	90.97
Debt Repayment for capex loans (B)	21	100.5	138.6	246.7	162.3	166.7	218.3	194.9	**201.5**
Minimum of A&B	21.00	39.89	54.95	58.67	66.33	67.73	59.96	82.81	90.97
Depreciation as per ARR routed for repayment of loans	51.65	43.57	51.98	57.73	62.09	53.93	75.00	75.99	83.35
Excess of Min (A,B) over Depreciation	**-30.65**	**-3.68**	**2.97**	**0.94**	**4.23**	**13.80**	**-15.04**	**6.82**	**7.62**
Cumulative Repayment (C)	395.4	496	634.6	881.2	1043.5	1210.2	1428.5	1623.4	1824.9
Cumulative Depreciation incl. AAD (D)	249.8	312.4	382.7	458.6	538.9	620.9	705.3	795.6	893.2
Excess of (C) over (D)	**145.7**	**183.6**	**251.9**	**422.6**	**504.7**	**589.3**	**723.2**	**827.8**	**931.7**
AAD	**(30.65)**	**(3.68)**	**2.97**	**0.94**	**4.23**	**13.80**	**(15.04)**	**6.82**	**7.62**

3.332 Further, the Commission is in the process of verification of all the information required for the purpose of computation of AAD and impact, if any, shall be considered based on the prudence check in subsequent tariff order.

PETITIONER'S SUBMISSION

3.333 Based on the above submissions, the total impact claimed on account of implementation of Hon'ble APTEL Judgments is tabulated below:

Table 97: Total impact claimed on account of implementation of Hon'ble APTEL Judgment (Rs. Crore)

Sr. No	Particulars	Principal	Carrying cost upto FY 16	Total
1	Capex related issues	1,220.1	1,711.0	2,931.1
2	Impact of 11 months truing-up	159.9	232.6	392.5
3	Revision in distribution loss-FY 08 to FY 11	69.6	131.4	201.0
4	Effect of 6th pay commission for non-DVB Employees	63.4	103.7	167.2
5	AT&C Loss for FY 2011-12	95.2	83.6	178.8
6	Non-revision of AT&C Loss from FY 2012-13 to FY 2015-16	464.5	157.2	621.7
7	Increase in employee expenses corresponding to increase in consumer base	59.0	88.2	147.2
8	Payment to VRS Optees	45.3	100.8	146.1
9	R&M and A&G Expenses-FY 05 to FY 07	27.6	86.7	114.3
10	Lower rates of carrying cost		742.4	742.4
11	Efficiency factor for FY 2011-12	11.4	10.0	21.5
12	Efficiency factor from FY 13 to FY 16	49.4	13.5	62.9
13	Efficiency factor for FY 2010-11	10.8	12.3	23.0
14	Computation of AT&C Loss for FY 2009-10	21.1	30.1	51.2
15	Financing cost of LPSC based on SBI PLR	22.3	29.2	51.5
16	DVB Arrears while computing AT&C Loss for FY 09	3.9	6.8	10.7
17	Incorrect revision of R&M Expenses by revising "K" factor	20.0	12.5	32.5
18	Additional UI Charges above 49.5 Hz	2.4	0.8	3.3
19	RPO penalty	15.8	1.2	17.0
20	**TOTAL**	**2,361.8**	**3,554.1**	**5,915.8**

3.334 The Petitioner requested the Commission to allow the impact on account of the aforesaid issues in the Tariff Order for FY 2018-19.

COMMISSION'S ANALYSIS

3.335 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. "

3.336 Accordingly, the Commission has re-verified the same for the petitioner and has revised the penalty from Rs. 44.50 Cr. to Rs. 24.71 Cr.

3.337 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. 22/03/2018.

3.338 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 98: Commission Approved-Impact of APTEL Judgments & Review Order (Rs. Cr.)

Sl. No.		FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17
1	Opening balance	-	57.05	124.68	260.36	302.41	367.39	416.32	605.65	697.08	779.63
2	Error in amount billed for computation of AT&C loss for FY 2014-15 & FY 2015-16								2.66	0.84	
3	Omission of the amount of Depreciation corresponding to consumer contribution for capital works during FY 2014-15 and FY 2015-16								5.58	6.00	
4	Arithmetical error in summation of O&M Expenses for FY 2008-09 and FY 2009-10		7.26	117.86							
5	UI interest as part of NTI during FY 2013-14							21.17			
6	Revenue Adjustment on account of over-achievement of AT&C Loss for FY 2008-09		25.15								
7	Income Tax refund for FY 2013-14							34.8			
8	Efficiency Factor from FY 12 to FY15 - APTEL Judgment dtd. 31/10/2017					11.44	6.54	10.62	15.4		
9	FRSR & Non-FRSR Employee costs for MYT Period - APTEL Judgment dtd. 31/10/2017	9.5	9.9	10.4	10.9	11.4	0	0	0	0	0
10	Penalty on account of cash collection over & above Rs. 4000 for FY 2013-14							19.79			
11	Merit Order Despatch for FY 2013-14 considering Must Run Plants							47.33			
12	Impact on account of Expenses Capitalised for FY13 & FY14						3.15	3.41			
13	Payment to VRS Optees - APTEL judgment in Appeal NO. 61& 62/2012	44.6	14.9	-14.6	0.2	0.2					
14	Total	54.10	57.21	113.66	11.10	23.04	9.69	137.11	23.64	6.84	-
15	Rate of carrying cost	10.90%	12.17%	12.13%	11.64%	13.36%	10.54%	10.77%	10.98%	10.81%	10.25%
16	Carrying Cost	2.95	10.42	22.02	30.95	41.94	39.23	52.22	67.79	75.70	79.91
17	Closing Balance	57.05	124.68	260.36	302.41	367.39	416.32	605.65	697.08	779.63	**859.54**

ENERGY SALES

PETITIONER'S SUBMISSION

3.339 The Petitioner has submitted that the actual sales during FY 2016-17 was 6,115 MU (including sales on account of Enforcement) and 16 MU on account of Own Consumption. Accordingly, the Petitioner has submitted the category-wise bifurcation of Energy Sales during FY 2016-17 as follows:

Table 99: Petitioner Submission - Category wise Sales for FY 2016-17 (MU)

Sr. No	Category	Actual
A	**Domestic**	**3,517**
I	Domestic -other than A (ii)	3,500
ii	Single Delivery Point on 11 KV CGHS	17
B	**Non Domestic**	**1,772**
i	Non Domestic Low Tension (NDLT)	1,405
ii	Non Domestic High Tension (NDHT)	367
C	**Industrial**	**277**
i	Small Industrial Power (SIP)	241
ii	Industrial Power on 11kV SPD for Group of SIP Consumers	-
iii	Large Industrial Power (LIP)	35
D	**Agriculture**	**0**
E	**Mushroom Cultivation**	**0**
F	**Public Lighting**	**145**
i	Metered	89
ii	Unmetered	56
G	**Delhi Jal Board (DJB)**	**142**
i	DJB-Supply at LT	11
ii	DJB (Supply at 11 KV and above)	131
H	**Delhi International Airport Limited (DIAL)**	
I	**Railway Traction**	
J	**DMRC**	**177**
K	**Advertisement and Hoardings**	**1**
L	**Temporary Supply**	**46**
M	**Others**	**39**
i	Enforcement	23
ii	Self-consumption	16
iii	Net metering	0
N	**Total Energy Sales**	**6,115**

COMMISSION'S ANALYSIS

3.340 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.

3.341 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 verified the sales billed under own consumption.

3.342 The Commission, vide Para 2.79 of the 2nd MYT Order had decided the base self consumption as 0.25% of total sales for FY 2010-11, which shall be escalated at the rate of 2% per annum. The Commission has decided to adhere to its past methodology regarding computation of Own Consumption in line with Para 2.79 of the 2nd MYT Order that the Own Consumption shall be 0.25% of total sales for FY 2010-11 and shall be escalated at the rate of 2% per annum up to FY 2014-15 and FY 2015-16. Accordingly, the Commission has arrived at the normative Own Consumption for the Petitioner as 12.44 MU (12.20*1.02) for FY 2014-15 and 12.69 MU (12.44*1.02) for FY 2015-16 by escalating the Own Consumption approved for FY 2013-14 (12.20 MU) at the rate of 2% per annum.

3.343 It is noted that the Own Consumption over and above the normative consumption is 2.62 MU (15.56-12.94). This excess Own Consumption of 2.62 MU has to be charged at the Average Billing Rate of Rs. 10.27/kWh of Non-Domestic category assuming all installations for Non-Domestic purpose as given in Form 2.1(a) submitted by the Petitioner. The additional amount to be considered as deemed revenue billed, thus computed as Rs. 2.69 Crore (2.62*10.27/10) on account of Own Consumption excluding normative limit.

3.344 The Commission has considered the report submitted by the auditor and accordingly, approves the Sales for FY 2016-17 as follows:

Table 100: Commission Approved - Category wise Sales for FY 2016-17 (MU)

Sr. No.	Tariff Category	As per Petition (2016-2017)	As per Auditors (2016-2017)
1	Domestic	3,517	3,517.08
2	Non-Domestic	1,772	1,771.66
3	Industrial	277	276.51
4	Agriculture	0	0.22

5	Mushroom Cultivation	0	0.02
6	Public Lighting	145	145.34
7	Delhi Jal Board (DJB)	142	141.98
8	Delhi International Airport Limited (DIAL)	-	-
9	Railway Traction	-	-
10	DMRC supply at 66 KV and 220KV	177	176.58
11	Temporary Supply	46	45.90
12	Advertisement and Hoardings	1	0.68
13	BYPL Self Consumption	16	15.56
14	Theft	23	22.91
	Total	**6,116**	**6,114.44**

3.345 Further, the auditor has verified the revenue billed for FY 2016-17 as follows: -

Table 101: Trued up Revenue billed for FY 2016-17 (Rs. Cr.)

Sr. No.	Category	As per Petition	As per Auditors
1	Domestic	1,925	1,925.06
2	Non-Domestic	1,820	1,819.86
3	Industrial	252	251.84
4	Agriculture	0	0.07
5	Mushroom Cultivation	0	0.01
6	Public Lighting	109	109.25
7	Delhi Jal Board (DJB)	119	119.15
8	Delhi International Airport Limited (DIAL)	-	-
9	Railway Traction	-	-
10	DMRC supply at 66 KV and 220KV	111	111.44
11	Temporary Supply	50	50.09
12	Advertisement and Hoardings	1	1.07
13	BYPL Self Consumption	-	2.69
14	Enforcement	33	33.01
	Total	**4,421**	**4,423.54**

AT&C LOSSES

PETITIONER'S SUBMISSION

3.346 The Petitioner has computed of AT&C Loss level of 12.70% for FY 2016-17 which is summarised below:

Table 102: Petitioner Submission - AT&C Loss for FY 2016-17

Sr. No	Particulars	Approved in MYT Order July 2012	Submission
1	FY 2016-17	-	12.70%

3.347 The revenue billed for the purpose of computation of AT&C losses during FY 2016-17 is tabulated below:

Table 103: 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)	4,776.48	Note 58 of Audited Accounts
B	Less: 8% Surcharge	352.9	
D	**Revenue Billed for AT&C True-up**	**4421.0**	

3.348 The revenue collected for the purpose of computation of AT&C losses during FY 2016-17 is tabulated below:

Table 104: Petitioner Submission - Revenue Collected for AT&C Loss True-up for FY 2016-17 (Rs. Crore)

Sr. No.	Particulars	Amount
A	Total Revenue Collected	5009.9
B	Less: LPSC	19.2
C	Less: Electricity Duty	203.5
D	Less: 8% RA Surcharge	351.5
E	Less: Monthly Rebate	0
F	Revenue Collected for AT&C True up	4435.7

3.349 Accordingly, the Petitioner has computed AT&C Loss level for FY 2016-17 which is tabulated below:

Table 105: Petitioner Submission - Computation of AT&C Loss for FY 2016-17

Sr. No.	Particulars	UOM	As per Petition
			(In Rs.)
A	Energy Input	MU	7,027.70
B	Energy Billed	MU	6,114.80
C	Amount Billed	Rs. Cr	4,421.00
D	Average Billing Rate	Rs. Kwh	7.23
E	Distribution Loss	%	12.99%
F	Amount Collected	Rs. Cr	4,435.70
G	Collection efficiency	%	100.33%
H	Units Realized	MU	6,135.13
I	AT&C Loss Level	%	12.70%

COMMISSION'S ANALYSIS

3.350 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

7027.92 MU.

3.351 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 106: Commission Approved - Revenue Collection during FY 2016-17 (Rs. Crore)

Sr. No.	Particulars	Petitioner Submission	Trued Up
A	Total Revenue Collected	5009.9	5009.91
B	Less: LPSC	19.2	19.20
C	Less: Electricity Duty	203.5	203.54
D	Less: 8% RA Surcharge	351.5	351.48
E	Less: Monthly Rebate	0	0
F	**Revenue Collected for AT&C True up**	**4435.7**	**4,435.69**

Table 107: Revenue Billed during FY 2016-17 approved by Commission (Rs. Crore)

Sr. No.	Particulars	Petitioner Submission	Trued Up
A	Revenue Billed (excluding Electricity Duty)	4976.91	4,979.49
B	Less: 8% Surcharge	352.9	352.94
C	Less: Electricity Duty	203.01	203.01
D	Less: Other Adjustment	0	0
E	Add: monthly rebate	0	22.01
F	**Revenue Billed for AT&C True-up**	**4421.0**	**4,445.55**

3.352 The Commission has considered the energy input based on the data provided by SLDC and computed the Distribution Loss as under: -

Table 108: Commission Approved - Computation of Distribution Loss (in Rs.)

Sr. No	Particulars	UOM	Petitioner Submission	Trued Up
			(In Rs.)	(In Rs.)
A	Energy Input	MU	7,027.70	7,027.92
B	Energy Billed	MU	6,114.80	6,114.44
C	Distribution Loss	%	12.99%	13.00%

3.353 Accordingly, the Commission has computed the AT&C loss for FY 2016-17 as follows:

Table 109: Commission Approved - Computation of AT&C losses

Sr. No.	Particulars	UOM	Petitioner Submission	Trued Up
			(In Rs.)	(In Rs.)
A	Energy Input	MU	7,027.70	7,027.92
B	Energy Billed	MU	6,114.80	6,114.44
C	Amount Billed	Rs. Cr	4,421.00	4,445.55
D	Average Billing Rate	Rs. Kwh	7.23	7.27

E	Distribution Loss	%	12.99%	13.00%
F	Amount Collected	Rs. Cr	4,435.70	4,435.69
G	Collection efficiency	%	100.33%	99.78%
H	Units Realized	MU	6,135.13	6,100.88
I	AT&C Loss Level	%	12.70%	13.19%

3.354 It is observed that the AT&C loss level of 13.19% achieved is lower than the target AT&C loss level of 13.33% 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 110: 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 (Xi)	13.33%
B	Actual AT&C Loss level for i^{th} year (Yi)	13.19%
C	Target AT&C loss level for (i-1) year (Xi-1)	14.50%
D	Additional Return on Equity (%)	0.12%

3.355 Accordingly, additional Return on Equity of 0.12% 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

3.356 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.

3.357 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.

3.358 The Petitioner has submitted the details of station-wise power purchase cost for FY 2016-17 is tabulated below:

Table 111: Petitioner Submission - Details of Power Purchase Cost Station wise for FY 2016-17

Sr. No.	Stations	Petitioner Share	Fixed Charge	Variable Charge	Other Charges	Arrears **	Total Charges	Average Rate	Remarks/ Ref
		MU	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs./ kWh	
1	2	3	4	5	6	7	8	9	10
Central Sector Generating Stations (CSGS)									
A	**NTPC**								
I	ANTA GAS	9.5	5.5	2.4	0.0	0.1	8.0	8.37	
Ii	AURAIYA GAS	10.2	6.6	3.4	0.0	-0.2	9.9	9.63	
Iii	DADRI GAS	25.2	8.7	7.0	0.0	-0.5	15.3	6.07	
Iv	DADRI – I	226.8	41.3	74.9	0.1	-3.8	112.5	4.96	
V	DADRI – II	969.0	201.0	301.2	0.1	-8.6	493.7	5.09	
Vi	FARAKKA	25.6	3.0	6.4	0.0	0.6	10.0	3.91	
Vii	KAHALGAON – I	71.5	8.5	17.0	0.0	1.4	26.8	3.75	
Viii	KAHALGAON – II	255.3	31.5	58.0	0.0	-0.3	89.1	3.49	
Ix	RIHAND – I	141.5	13.7	22.2	0.1	2.0	38.0	2.68	
X	RIHAND – II	227.5	19.6	35.3	0.0	-1.8	53.1	2.33	
Xi	RIHAND – III	234.7	34.2	35.8	0.0	1.4	71.3	3.04	
Xii	SINGRAULI	511.3	29.4	72.2	0.2	10.3	112.2	2.19	
Xiii	UNCHAHAR – I	33.1	3.4	9.7	0.0	-0.2	12.9	3.90	
Xiv	UNCHAHAR – II	72.6	6.9	21.1	0.0	-0.6	27.4	3.78	
Xv	UNCHAHAR – III	47.2	6.7	13.8	0.0	0.7	21.2	4.49	
Xvi	ARAVALI JHAJJAR	154.7	92.3	50.2	0.0	4.8	147.3	9.52	
	SUB TOTAL	**3015.8**	**512.3**	**730.5**	**0.7**	**5.1**	**1248.7**	**4.14**	
B	**NHPC**								
I	BAIRASIUL P S	0.0	0.8	0.0	0.0	0.1	0.9		
Ii	SALAL P S	0.0	2.6	0.0	0.0	0.4	3.0		
Iii	CHAMERA I P S	0.0	1.3	0.0	0.0	0.6	1.9		
Iv	TANAKPUR P S	0.0	0.8	0.0	0.0	0.5	1.4		
V	URI P S	0.0	2.7	0.0	0.0	1.3	4.0		
Vi	DHAULIGANGA PS	0.0	1.9	0.0	0.0	2.6	4.6		
Vii	CHAMERA - II PS	0.0	2.2	0.0	0.0	-0.4	1.8		
Viii	DULHASTI PS	0.0	6.7	0.0	0.0	-4.6	2.2		
Ix	SEWA-II	0.0	0.0	0.0	0.0	0.0	0.0		
X	CHAMERA - III PS	0.0	2.9	0.0	0.0	0.0	2.9		
Xi	URI II	0.0	5.3	0.0	0.0	5.4	10.6		
Xii	PARBATI-III	0.0	1.9	0.0	0.0	-2.9	-1.0		
	NHPC REGULATION CREDIT	0.0	0.0	0.0	0.0	-10.1	-10.1		
	SUB TOTAL	**0.0**	**29.1**	**0.0**	**0.1**	**-7.1**	**22.1**		
C	**THDC**								
I	TEHRI HEP	0.0	0.0	0.0	0.0	0.0	0.0		

Sr. No.	Stations	Petitioner Share	Fixed Charge	Variable Charge	Other Charges	Arrears **	Total Charges	Average Rate	Remarks/ Ref
		MU	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs. Cr.	Rs./ kWh	
Ii	KOTESHWAR	0.0	0.0	0.0	0.0	0.0	0.0		
	SUB TOTAL	**0**	**0**	**0**	**0**	**0**	**0**		
D	**DVC**								
I	MEJIA UNITS -6 (LT-4)	162.8	23.6	35.2	0.0	1.2	60.0	3.68	
Ii	DVC CHANDRAPUR 7 & 8 (LT-3)	506.6	83.0	99.0	0.0	-0.3	181.8	3.59	
Iii	MEJIA UNITS -7	725.8	118.1	160.3	0.0	-26.5	251.9	3.47	
Iv	DVC CREDIT FROM REGULATED POWER*	0.0	0.0	0.0	0.0	-156.4	-156.4		
	SUB TOTAL	**1395**	**225**	**295**	**0**	**-182**	**337**		
E	**NPCIL**								
I	NAPS	82.4	0.0	19.3	1.7	0.6	21.6	2.62	
Ii	RAPP	80.3	0.0	27.7	1.0	0.5	29.2	3.63	
	SUB TOTAL	**163**	**0**	**47**	**3**	**1**	**51**	**3.12**	
F	**SJVNL**								
I	NAPTHA-JHAKRI	0.0	26.4	0.0	0.0	0.0	26.4		
Ii	SJVNL CREDIT	0.0	0.0	0.0	0.0	-12.0	-12.0		
	SUB TOTAL	**0**	**26**	**0**	**0**	**-12**	**14**		
G	**OTHERS**								
I	TALA HEP	24.7	0.0	5.0	0.0	0.0	5.0	2.03	
Ii	SASAN UMPP	1768.5	27.5	198.5	60.4	-26.5	259.9	1.47	
	SUB TOTAL	**1793**	**27**	**204**	**60**	**-27**	**265**	**1.48**	
H	**TOTAL CSGS**	**6367**	**820**	**1276**	**64**	**-221**	**1938**	**3.04**	(A+B+C+D +E+F+G)
I. DELHI GENERATING STATIONS									
I	BTPS	295.0	30.6	106.5	0.0	4.8	141.9	4.81	
Ii	RAJGHAT	0.0	0.0	0.0	0.0	0.0	0.0		
Iii	GAS TURBINE	56.3	16.3	16.9	0.0	0.1	33.4	5.93	
Iv	PRAGATI – I	297.4	33.7	91.1	0.0	-0.2	124.6	4.19	
V	PRAGATI -III, BAWANA	332.2	184.7	84.3	0.0	0.3	269.3	8.11	
	SUB TOTAL	**981**	**265**	**299**	**0**	**5**	**569**	**5.80**	
J. RENEWABLES									
I	**SECI**	44.3	0.0	24.3	0.0	0.0	24.4	5.50	
Ii	**EDWPCL**	7.5	0.0	0.0	0.0	0.7	0.7	0.92	
	REACTIVE ENERGY CHARGES						**0.4**		
K	**ADD: NET METERING**						**0.2**		
L	**ADD: DVC CREDIT FROM REGULATED POWER***						**121.9**		
M	**GRAND TOTAL**	**7400**	**1085**	**1599**	**64**	**-216**	**2655.0**	**3.59**	**(H+I+J)**

COMMISSION'S ANALYSIS

3.359 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 112: Auditor's Observation on AFC billed for FY 2016-17 (Rs. Crore)

a) Farakka Generating Station

Sr. No.	Month	AFC Rate as per NTPC Invoice (Rs. Crore/year)	AFC amount as per Invoice (In Rs.) (1)	AFC rate as per CERC order (Rs. Cr/yr)	AFC amount as per calculation (In Rs.) (2)	Difference (In Rs.) (1-2)	Difference (Rs. In Cr.)
1	Mar-17	918.09	32,408,711.00	911.65	32,181,245.00	227,466.00	
						227,466.00	**0.02**

b) Singrauli STPS 1D

Sr. No.	Month	AFC Rate as per NTPC Invoice (Rs. Cr./year)	AFC amount as per Invoice (In Rs.) (1)	AFC rate as per CERC order (Rs. Cr/yr)	AFC amount as per calculation (In Rs.) (2)	Difference (In Rs.) (1-2)	Difference (Rs. In Cr.)
1	Aug-16	827.33	128,132,362.00	822.24	127,344,435.49	787,926.51	
2	Sep-16	827.33	153,758,834.00	822.24	152,813,322.59	945,511.41	
3	Oct-16	827.33	179,385,306.00	822.24	178,282,209.68	1,103,096.32	
4	Nov-16	827.33	205,011,779.00	822.24	203,751,096.78	1,260,682.22	
5	Dec-16	827.33	230,619,637.00	822.24	229,219,983.88	1,399,653.12	
6	Jan-17	827.33	256,264,724.00	822.24	254,688,870.98	1,575,853.03	
7	Feb-17	827.33	281,891,196.00	822.24	280,157,758.07	1,733,437.93	
8	Mar-17	827.33	307,517,669.00	822.24	305,626,645.17	1,891,023.83	
						10,697,184.37	**1.07**

c) Kahalgaon STPS 1D

Sr. No.	Month	AFC Rate as per NTPC Invoice (Rs. Crore/year)	AFC amount as per Invoice (In Rs.) (1)	AFC rate as per CERC order (Rs. Cr/yr)	AFC amount as per calculation (In Rs.) (2)	Difference (In Rs.) (1-2)	Difference (Rs. In Cr.)
1	Aug-16	564.79	36,287,784.00	562.14	36,117,495.00	170,289.00	
2	Sep-16	564.79	43,545,340.00	562.14	43,340,994.00	204,346.00	
3	Oct-16	564.79	50,802,897.00	562.14	50,564,493.00	238,404.00	
4	Nov-16	564.79	58,060,453.00	562.14	57,787,992.00	272,461.00	
5	Dec-16	564.79	65,308,691.00	562.14	65,011,491.00	297,200.00	
6	Jan-17	564.79	72,575,567.00	562.14	72,234,990.00	340,577.00	
7	Feb-17	564.79	79,833,123.00	562.14	79,458,489.00	374,634.00	
8	Mar-17	564.79	87,090,680.00	562.14	86,681,988.00	408,692.00	
			493,504,535.00		**491,197,932.00**	**2,306,603.00**	**0.23**

d) Rihand Thermal Power stn 3

Sr. No.	Month	AFC Rate as per NTPC Invoice (Rs. Crore/year)	AFC amount as per Invoice (In Rs.) (1)	AFC rate as per CERC order (Rs. Cr/yr)	AFC amount as per calculation (In Rs.) (2)	Difference (In Rs.) (1-2)	Difference (Rs. In Cr.)
1	Feb-17	1,023.55	314,409,493.00	1,020.76	313,553,028.11	856,464.89	
2	Mar-17	1,023.55	342,992,174.00	1,020.76	342,057,848.85	934,325.15	
					655,610,876.96	1,790,790.04	0.18

3.360 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"*

3.361 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

3.362 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

3.363 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......"*

3.364 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.

3.365 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 Despatch principle is wrong and rejected.

3.366 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.

3.367 The Commission has observed that in FY 2016-17 the Petitioner has violated Merit Order Dispatch principle for few stations like NCPP Dadri II which were scheduled over and above the technical limit even after meeting the demand. During such time period when NCPP Dadri 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.

3.368 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.

3.369 The avoidable Power Purchase Cost due to scheduling of Power without considering Merit Order Dispatch Principle by the Petitioner is Rs. 2.74 Crore for FY 2016-17 which has been considered in the Trued up Power Purchase Cost.

3.370 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

3.371 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.

3.372 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.*

3.373 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.

3.374 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, Auraiya 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.

3.375 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.

3.376 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.

COMMISSION'S ANALYSIS

3.377 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. …"

3.378 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 113: Units considered by Petitioner (MU)

Power Stations	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Anta	0.10	1.35	0.61	0.21	1.89	2.57	1.23	0.04	0.00	0.00	0.38	1.16	**9.54**
Auraiya	1.13	1.34	0.89	1.64	2.10	0.62	0.82	0.00	0.00	0.00	0.51	1.18	**10.22**
Dadri Gas	2.68	4.24	3.23	3.08	1.93	1.70	1.56	1.63	1.41	1.43	0.93	1.34	**25.16**

Table 114: Cost considered by Petitioner (Rs. Crore)

Power Stations	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Anta	0.74	0.58	0.60	0.51	0.93	1.20	0.76	0.47	0.46	0.47	0.56	0.72	**7.99**
Auraiya	0.93	0.95	0.86	1.03	1.19	0.73	0.86	0.55	0.56	0.56	0.71	0.92	**9.85**
Dadri Gas	1.42	1.75	1.66	1.47	1.21	1.17	1.11	1.16	1.13	1.07	1.01	1.09	**15.26**
Total													**33.10**

Table 115: 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 116: Amount deducted by the 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	0.71	0.21	0.44	0.46	0.53	0.50	0.45	0.46	0.00	0.00	0.45	0.41	**4.62**
Auraiya	0.60	0.59	0.62	0.68	0.75	0.56	0.65	0.00	0.00	0.00	0.56	0.61	**5.62**
Dadri Gas	0.64	0.60	0.82	0.82	0.80	0.71	0.72	0.79	0.77	0.67	0.73	0.73	**8.80**
Total													**19.04**

IMPACT DUE TO REGULATION OF POWER

PETITIONER'S SUBMISSION

3.379 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 117: Petitioner Submission - Cost benefit analysis of regulated power during FY 2016-17

Particulars		FY 16-17			
		MU	Rs/Unit	Rs Cr.	Remarks
Cost of Regulated Quantum *(NHPC, SJVNL, APCPL)*	A	823	3.78	311	MU as per Draft SLDC report (to be confirmed by SLDC)
Surplus Sale from Regulated Quantum	B	725	2.44	177	MU as per SLDC less Short term exchange purchase/ minor bilateral (974-98)MU Rate as per Audit Certificate
Avoided cost	C=A-B			134	
Net Fixed Cost incurred on account of Regulated Quantum	D			50	Fixed Cost including Regulated Credit (Rs 108 Cr- Rs 57 Cr.)
Cost of Short Term Power Purchased during Regulated period	E	98	3.44	34	Short term purchase excludes Banking & UI, Rate as per Audit Certificate
Total Cost incurred on account of Regulated Quantum	F= D+E			84	
Net Avoided cost by BYPL	**G=C-F**			**50**	

b) As evident from the aforesaid table, the Petitioner has been able to avoid cost of Rs.50 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 the 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

3.380 During FY 2016-17, the Petitioner's power was regulated from various GENCOs i.e., NHPC, SJVNL & 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.

3.381 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.

3.382 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**."*

3.383 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"

3.384 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 the Tariff Order dtd. 29/09/2015.

3.385 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 487.50 MU of regulated power from NHPC, SJVNL & APCPL.

3.386 The auditor has verified the Power Purchase Cost from NHPC, SJVNL & APCPL and the credit 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, for the months where actual power purchase cost per unit is higher than the variable cost of regulated stations, on account of regulation of power as follows:

Table 118: Calculation of pro-rated Fixed Cost on account of Regulated Power

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	Fixed Cost borne on account of Regulated Power
(1)	**(2)**	**(3)**	**(4)**	**(6) = [(3)/(1)*(4)]**
487.50	51.09	46.54	436.41	41.67

Table 119: Calculation of additional power purchase cost on account of Regulated Power

Month	Short Term Purchase	Average Short-Term rate	Rate of Regulated Station	Excess rate	Additional Power Purchase Cost
	(MU)	**(B)**	**(c)**		**A*(B-C)**
	(A)			**(B-C)**	
Apr-16	1.22	3.63	2.67	0.96	0.12
Jun-16	5.31	3.46	2.15	1.31	0.70

Month	Short Term Purchase (MU) (A)	Average Short-Term rate (B)	Rate of Regulated Station (c)	Excess rate (B-C)	Additional Power Purchase Cost A*(B-C)
Jul-16	4.44	2.85	2.8	0.05	0.02
Sep-16	7.32	3.88	2	1.88	1.38
Feb-17	0.29	3.27	2.8	0.47	0.01
Total	**18.58**				**2.22**

SHORT TERM POWER PURCHASE

PETITIONER'S SUBMISSION

3.387 The source-wise details of short term power purchase & sale during FY 2016-17 is tabulated below:

Table 120: Petitioner Submission - Details of Short Term Power Purchase

Sr. No	Particulars	FY 2014-15		FY 2015-16		FY 2016-17	
		Rate per unit (Rs. / kWh)	Amount (Rs. Cr.)	Rate per unit (Rs. / kWh)	Amount (Rs. Cr.)	Rate per unit (Rs. / kWh)	Amount (Rs. Cr.)
A	Bilateral	4.09	40.9	3.99	36.1	2.88	13.4
B	Banking	3.93	248.2	3.91	183.3	3.92	209.7
C	Exchange	4.39	120.3	3.42	11.2	3.94	20.1
D	Intra-State	2.5	1.5	2.81	3.5	2.06	7.7
E	UI	3.35	44.5	3.06	38.2	2.79	16.7
F	**Total**	3.98	**455.5**	**3.73**	**272.3**	**3.67**	**267.8**

Table 121: Petitioner Submission - Details of Short Term Power Sale

Sr. No	Particulars	FY 2014-15		FY 2015-16		FY 2016-17	
		Rate per unit (Rs. / kWh)	Amount (Rs. Cr.)	Rate per unit (Rs. / kWh)	Amount (Rs. Cr.)	Rate per unit (Rs. / kWh)	Amount (Rs. Cr.)
A	Bilateral	3.18	1.0	2.95	59.4	2.98	66.7
B	Banking	3.88	302.0	3.98	222.6	3.99	75.1
C	Exchange	2.39	23.0	2.23	67.7	2.08	72.3
D	Intra-State	3.57	14.0	3.14	0.3	2.03	2.1
E	UI	1.38	18.0	0.27	0.8	14.14	-2.4
F	**Total**	3.41	**358.0**	**3.21**	**350.8**	**2.79**	**213.9**

COMMISSION'S ANALYSIS

3.388 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 122: Details of Additional UI charges

Month	Purchase (MU)	Sale (MU)	Purchase Amt (Rs. Cr.)	Additional UI Charges (Rs. Cr.)
Apr-16	0.24	(18.96)	0.34	0.07
May-16	0.91	1.25	0.72	0.40
Jun-16	2.15	4.08	1.13	0.28
Jul-16	-	3.70	-	0.14
Aug-16	8.31	-	2.97	0.48
Sep-16	10.07	-	2.36	0.21
Oct-16	2.39	0.35	0.90	0.09
Nov-16	2.20	0.12	0.71	0.07
Dec-16	4.17	-	1.78	0.10
Jan-17	8.79	3.09	1.63	0.08
Feb-17	9.61	2.17	1.75	0.07
Mar-17	11.18	2.52	2.45	0.13
Total	**60.03**	**(1.67)**	**16.73**	**2.11**

TRANSMISSION CHARGES

3.389 The auditor has verified the Transmission Charges from the books of accounts and bills raised by various parties and has accordingly submitted the Transmission Charges to be approved by the Commission of Rs. 643.60 Cr. The Commission considers the same for FY 2016-17 for the petitioner.

REBATE ON POWER PURCHASE AND TRANSMISSION CHARGES

PETITIONER'S SUBMISSION

3.390 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 123: Details of Rebate-able and Non Rebate-able amount-FY 2016-17 (Rs. Crore)

Sr. No.	Party/Company	Rebatable Amount	Non-Rebatable Amount	Actual Rebate Claimed
1	NTPC	1,231	12	-

Sr. No.	Party/Company	Rebatable Amount	Non-Rebatable Amount	Actual Rebate Claimed
2	NHPC	32	(10)	-
3	Nuclear	50	1	-
4	SJVNL	26	(12)	-
5	THDC	0	(0)	-
6	Tala HEP	5	-	-
7	DVC	337	0	-
8	**Power stations in Delhi**			
8.1	PPCL	394	-	-
8.2	IPGCL	33	-	-
9	ARAVALI	149	(2)	-
10	SASAN	260	0	-
11	SECI	-	24	-
12	EDWPCPL	1		
A	**Total Long Term Purchase**	**2,518**	**14**	**0**
11	Short Term Purchases	-	13	-
12	Short Term sale			-
13	**Transmission Charges**			
13.1	Power Grid Corp. of India Ltd.	309	-	-
13.2	Delhi Transco Ltd.	193	109	-
13.3	Bhakra Beas Management Board		0	-
13.4	NTPC	4	-	-
13.5	Arawali Power Company Private Ltd.	0	0	-
13.6	Damodar Valley Corporation	(16)		-
13.7	SECI		2	
B	Total Transmission Charges	491	111	
C	**Total**	**3,010**	**139**	**-**

3.391 Petitioner has submitted that the normative rebate ought not be applied at the time of truing-up due to the following reasons:

a) 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) 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.

c) 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 ***<u>through a letter of credit</u>*** *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.

d) 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

3.392 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"*.

3.393 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."*

3.394 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 124: Commission Approved - Rebate on Power Purchase Cost & Transmission Charges

Sr. No.	Particulars	Amount (Crore)
A	Power Purchase Cost	**2545**
I	-Rebatable Amount	**2518**
Ii	-Non-Rebatable Amount	**27**
B	Transmission Charges	**602**
I	-Rebatable Amount	**491**
Ii	-Non-Rebateable Amount	**111**
C	Rebate	**60.18**
I	Power Purchase Rebate	**50.36**
Ii	Rebate on Transmission Charges	**9.82**

TRUED-UP POWER PURCHASE COST FOR FY 2016-17

3.395 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 125: Trued-Up Power Purchase Cost for FY 2016-17 (Rs. Crore)

Sr. No.	Particulars	Submission by the company	As per Auditor's
A	**Power Purchase Cost**		
I	Gross Power Purchase Cost	2,922.80	2,922.80
Ii	Power sold to other sources	213.90	213.90
iii	**Net Power Purchase Cost**	**2,708.90**	**2,708.90**
B	**Transmission Charges**		
I	Inter-state transmission charges	299.80	299.80
Ii	Intra-state transmission charges	302.80	302.80
iii	Other Transmission charges	41.00	41.00
Iv	**Total Transmission charges**	**643.60**	**643.60**
C	**Rebate**		
I	Power Purchase Rebate		50.36
Ii	Rebate on Transmission Charges		9.82
iii	**Total rebate**		**60.18**
D	**Disallowances**		
Ii	MOD Disallowance on account of Marginal Loss of Additional Power Purchase Cost		2.74
iii	Anta, Auraiya and Dadri		19.04
Iv	Pro-rated AFC disallowance in Regulated Power		41.67
v	Marginal Loss on account of Additional Power Purchase cost in Regulated Period		2.22
vi	Additional UI Charges		2.11
vii	**Total Disallowances**		**67.78**
E	**Net Power Purchase Cost including Transmission charges net of rebate**	**3,352.50**	**3,224.54**

RENEWABLE PURCHASE OBLIGATION (RPO)

3.396 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."

3.397 Accordingly, the Petitioner's RPO targets and penalty on account of non-fulfillment of RPO targets for FY 2016-17 is as under:

Table 126: Petitioner Submission - Calculation of penalty on account of non-fulfillment of RPO targets

Particulars	Total	Solar	Non-Solar
Total MUs Billed	6,114.44		
Actual RP obligation for 2016-17 (%)	9%	0.35%	8.65%
Actual RP obligation for 2016-17 (MUs)	550.30	21.40	528.90
Actual RP purchase FY 2016-17	55.27	47.27	8
REC Purchased	20	0	20
Balance Obligation	500.90	0	500.90
RPO Penalty @ 10% of REC	7.51		7.51
@Rs 1.5/unit			

3.398 It is observed that the Petitioner has filed Petition No. 31 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

3.399 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 127: Petitioner Submission - O&M Expenses for FY 2016-17 (Rs. Crore)

Sr. No	Particulars	Petitioner Submission	Remarks/Reference
A	Employee Expenses	270.3	Note 35 of the Audited Accounts
B	A&G Expenses*	171.5	Note 38 of the Audited Accounts
C	R&M Expenses	105.5	Note 38 of the Audited Accounts
D	**Total O&M Expenses**	**547.3**	**A+B+C**

** Excluding provisions*

COMMISSION'S ANALYSIS

3.400 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.*

3.401 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 128: Commission Approved - O&M expenses (Rs. Cr.)

Sr. No.	Particulars	Petitioner Submission	Trued Up
A	Employee	270.3	276.95
B	A&G Expenses	171.5	86.52
C	R&M Expenses	105.5	88.59
D	Total O&M Expenses	547.3	452.06

OTHER MISCELLANEOUS EXPENSES

PETITIONER'S SUBMISSION

3.402 The Petitioner submitted the item-wise claims on account of statutory levies/Taxes and miscellaneous expenses which are uncontrollable in nature and not covered in the above mentioned O&M expenses.

a) <u>Other Borrowing Costs:</u>

3.403 The Petitioner has had to take huge loans to finance its Regulatory Assets. For the purpose of availing such loans, the banks in the ordinary course of its business have charged various bank charges. The petitioner has claimed such costs as part of its other Borrowing Cost on the basis of actual amounts paid to the bank on such loans. It also ought to be noted that the Petitioner is not claiming this other borrowing cost as a part of its capitalization. The Petitioner is seeking recovery of such charges as part of miscellaneous charges and not as a part of capitalization. Moreover, these costs are an automatic and necessary corollary to any funding from any bank. Hence, if any funding is accepted by the Hon'ble Commission, the actual cost of such funding also ought to be allowed. Further the same being uncontrollable in nature and directly linked to the increase in Regulatory Assets ought to be allowed in the ARR of the Petitioner.

Table 129: Petitioner Submission - Other Borrowing Cost (Rs. Crore)

Sr. No.	Particulars	FY 2016-17	Remarks/ Reference
A	Other Borrowing cost	6.97	Note 36 of the Audited Accounts
B	**Total**	**6.97**	

COMMISSION'S ANALYSIS

3.404 The Commission has already dealt this issue in tariff order dated 29.09.2015 as follows:

"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".

3.405 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."

3.406 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.

3.407 The Commission is of the view that only the borrowing cost will be considered at the time of final true up of capitalisation. Accordingly, the Commission has not considered the syndication and documentation charges claimed by the Petitioner. Accordingly, the Commission has not considered syndication fees etc. of Rs.31.19 Crore as part of miscellaneous expenses.

3.408 Accordingly, the Commission has not considered the Syndication fees/ Bank Charges and other borrowing costs claimed by the Petitioner and the same shall be considered at the time of final true up of capitalisation for the relevant year.

b) <u>Incremental Service tax paid:</u>

PETITIONER'S SUBMISSION

3.409 The Petitioner submitted that Service Tax rates have been increased from time to time as below:

Table 130: Service Tax Rates

Particulars	Service tax rate (%)
Upto FY 11-12	10.30
July-12	12.36
June-15	14.00
November-15	14.50
April-16	14.50
June-16	15.00

3.410 Since the expenses allowed by the Commission for FY 12-13 to FY 15-16 were based on the expenses for FY 2011-12, hence the impact of increase in cost on account of variation in service tax rate under Opex has not been allowed by the Hon'ble Commission. Further, the service tax was applicable on few services in FY 11-12 which has been extended to all services except specifically covered in negative list.

3.411 It is submitted that any addition/deletion or new enactment of statutory levy is totally uncontrollable in the hands of the Petitioner and is required to abide by the same. The said amendments in the Finance Act 2012 have impacted the Petitioner in Two ways i) due to change in Service Tax rate and ii) introduction if Reverse Charge Mechanism & Negative list.

3.412 Accordingly, the incremental Service Tax paid by the Petitioner during FY 12-13 to FY 2015-16 and claimed as part of truing-up requirement for FY 2016-17 is tabulated as below:

Table 131: Incremental Service Tax paid (in Rs. Crore)

Sr. No.	Particulars	FY 12	FY 13	FY 14	FY 15	FY 16
1	Service Tax included in base year	6.9				
2	Inflation Factor approved by DERC		8%	8%	8%	8%
3	Amount approved y-o-y		7.4	8.0	8.7	9.4
4	Efficiency Factor approved by DERC		2%	3%	4%	4%
5	Approved amount after eff. Factor		7.3	7.8	8.3	9.0
6	Service Tax actually paid		10.5	12.3	15.9	21.2
7	**Incremental Service Tax paid**		**3.2**	**4.5**	**7.6**	**12.2**
8	**Total Impact**		**27.5**			

COMMISSION'S ANALYSIS

3.332 The Commission observed that the issue has already been decided by Hon'ble High Court of Delhi vide it's order dated 29/07/2016 in W.P.(C) 2203/2012 & C.M. No.4756/2012 as follows:

"16. According to the petitioner, since the O&M expenses are required to be computed by applying a normative formula and there is no provision for truing up such expenses on account of any uncontrollable elements affecting such expenses, the impugned Regulations are violative of Section 61(b), 61(c) and 61(d) of the Act. It is also asserted that not providing for truing up of uncontrollable costs would also be contrary to paragraph 5.3(h)(4) of NTP, 2006. According to the petitioner, the O&M expenses constitutes several uncontrollable elements including (i) change in taxes, statutory levies(ii) minimum wages (iii) inflation (iv) service terms and conditions of employees transferred from erstwhile DVB; (v) increase in consumer base; (vi) costs relating to career growth and replacement of employees and inflation in repairs and maintenance expenses.

....

22. The petitioner has been unable to establish that the tariff fixed according to the impugned Regulations would render the activity of distribution unviable and that no person could possibly recover his costs in carrying out the said business. Thus, we are also unable to accept that the impugned Regulations violate Article 19(1)(g) of the Constitution of India.

23. The impugned Regulations have been framed in exercise of powers conferred under Section 181 of the Act and are in the nature of subordinate legislation. It is well settled that scope of judicial review of subordinate *legislation is very limited. And, any interference by this Court would not be warranted unless it is established that the impugned Regulations are inconsistent with the Act; are ultra vires the Constitution of India; or the due procedure for making such legislation has not been followed. In the present case, we are not persuaded that either of the said grounds have been made out."*

3.333 In view of the above, the Commission has not considered any impact due to change in service tax rate as O&M expenses have been approved on normative basis which includes statutory levies and taxes as per MYT Regulations, 2011.

c) <u>Arrears paid on account of 7th Pay Commission revision:</u>

PETITIONER'S SUBMISSION

3.334 The Petitioner has booked total expense of Rs. 62.25 Crores in the financial accounts for H1 of FY 2017-18 on account of revision in salaries of erstwhile DVB Employees, out of which Rs. 49.66 Crores pertains to the arrears upto 31st March 2017. The Petitioner has already paid Rs. 30 Crores upto September 2017. It is pertinent to mention that the said amount of Rs. 49.66 Crores pertains to the impact upto FY 2016-17 and is not included in the O&M expenses.

3.335 Since the expenses are uncontrollable in the hands of the Petitioner and are already paid to the employees, the Hon'ble Commission is requested to allow the amount of arrears paid for period upto FY 2016-17 in the current truing up exercise.

COMMISSION'S ANALYSIS

3.336 The Auditor has submitted that the Petitioner has not paid the arrears on account of 7th Pay Commission during FY 2016-17 and the same has been paid in FY 2017-18. Therefore, the amount paid on account of 7th Pay Commission shall be allowed based on prudence check and actual payment in true up of ARR from FY 2017-18.

d) <u>Impact of Revision in Minimum Wages:</u>

PETITIONER'S SUBMISSION

3.337 The Petitioner submitted that GoNCTD vide Notification No. F. Addl.LC/Lab/MW/2016/4859 dated 3rd March 2017 has notified the revised minimum wages effective from date of notification.

3.338 Accordingly, the Petitioner has paid the Rs. 2.2 Crore on account increase in cost due to revision in minimum wages for one month of FY 2016-17 i.e. March'17.

Table 132: Petitioner Submission - Other uncontrollable costs/ Miscelleneous expenses submitted by the Petitioner (Rs. Crore)

Sr. No	Particulars	Amount	Reference
1	Other Borrowing cost	7.0	
2	Incremental Service Tax Paid	27.5	
3	Arrears paid on account of 7th Pay Commission revision	49.7	
4	Impact of Revision in Minimum Wages	2.2	
5	**Total**	**86.3**	**Sum(1 to 4)**

COMMISSION'S ANALYSIS

3.339 The Auditor has submitted that the Petitioner has paid the impact of minimum wage for one month during FY 2016-17, therefore, the amount paid on account of minimum wage of Rs. 2.20 Crore is allowed based on prudence check and actual payment.

NON TARIFF INCOME

Consumer Security Deposit (CSD)

PETITIONER'S SUBMISSION

3.413 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 133: Petitioner Submission - Interest on CSD (Rs. Crore)

Sr. No	Particulars	Reference	FY 2016-17
1	Opening Balance of CSD	A	444.6
2	Closing Balance of CSD	B	457.2
3	Average Balance	C=(A+B)/2	450.9
4	Interest rate	D	14.64%
5	Interest on CSD	E=C X D	66.0
6	Interest booked in Audited Accounts	F	25.8
7	**Net Interest to be considered**	**G=E-F**	**40.2**

COMMISSION'S ANALYSIS

3.414 The Commission has considered the rate of interest @10.25% 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 134: Commission Approved - Interest on CSD

Sr. No.	Particulars	FY 2016-17
1	Opening Balance of CSD	444.58
2	Additions	12.63
3	Closing Balance of CSD	457.21
4	Average	450.895
5	Rate of Interest	10.25%
6	Interest on CSD	46.22
7	Interest already paid	25.77
8	Interest carried to NTI	**20.45**

SERVICE LINE-CUM-DEVELOPMENT (SLD) CHARGES

PETITIONER'S SUBMISSION

3.415 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:

> *"3.355 The Commission has observed from the audited financial statements (Note 8) that the service line charge received from the consumers amounting to Rs.23.76 Crore is remained unadjusted and kept in deposit account. These service line charges are collected from the consumers and by deferring and not treating as nontariff income will inflate the ARR by the same extent which tantamount to collection of the same from the consumers again through tariffs."*

3.416 The Petitioner has challenged the aforesaid issue before Hon'ble ATE in Appeal 290 of 2015. Without pre-judice to the contentions in the Appeal, the Petitioner has added the difference between the SLD Charges received during FY 2016-17 that appearing in the Other Income in the Audited Accounts for the purpose of computation of Non-Tariff Income as under

Table 135: Petitioner Submission - Difference on account of SLD (Rs. Crore)

Sr. No.	Particulars	FY 2016-17
1	Received during FY 2016-17	29.0
2	SLD appearing in Other Income	21.4

3	**Difference considered**	**7.6**

3.417 Accordingly the Petitioner has considered Rs.7.6 Crore during FY 2016-17 for the purpose of computation of Non-Tariff Income.

COMMISSION'S ANALYSIS

3.418 The Commission has considered SLD received during the year as part of Non-Tariff Income for FY 2016-17 as under:

Table 136: Commission Approved - Calculation of SLD charges (Rs. Cr.)

Sr. No.	Particulars	Amount
1	Received during FY 2016-17	29.0
2	SLD appearing in Other Income	21.4
3	**Difference considered**	**7.6**

LATE PAYMENT SURCHARGE

PETITIONER'S SUBMISSION

3.419 The Petitioner submitted that it 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.

3.420 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.

3.421 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.

3.422 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 137: Petitioner Submission - Comparison of LPSC between Delhi Gencos & Transco and Delhi DISCOMs

Sr. No	Particulars	Delhi Gencos and Transcos	Delhi DISCOMs
1	Before FY 2013-14	• 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.	• 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	• Same treatment continued.	• LPSC @ 1.5% proportional to number of days of delay; • Same formulae for computing principal amount despite of change in treatment.

3.423 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.

3.424 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

3.425 In the previous Tariff Order, the Commission has approved the rate of interest of working capital at 10.25% for FY 2015-16. The Commission considered the same rate i.e., 10.25% 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 138: Commission Approved - Funding of LPSC (Rs. Crore)

Sr. No.	Particulars	2016-2017
A	LPSC Collected @ 18%	19.19
B	Principal amount on which LPSC was collected (A/18%)	106.61
C	Interest rate for funding of principal of LPSC	10.25%
D	Interest approved on funding of principal amount of LPSC (B*C)	10.93

WRITE-BACK OF MISCELLANEOUS PROVISIONS

PETITIONER'S SUBMISSION

3.426 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:

> *"3.542 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."*

3.427 Petitioner submitted that the amount of Rs. 3.3 crore appearing as Excess provisions written back in Note -33 of the Audited Accounts is an accounting entry reversing the amount of excess Provisions (shown as "Provisions" in the Audited Accounts) created for Retirement of fixed Assets in previous years and was not forming part of A&G expenses considered by the Hon'ble Commission during previous financial years. Hence, the amount of Rs. 3.30 Crore ought not to considered as part of Non-Tariff Income for FY 2016-17.

COMMISSION'S ANALYSIS

3.428 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

3.429 The Petitioner requested the Commission to allow the interest on account of short term gain of Rs. 1.5 Crore and deduct the same for computation of Non-Tariff Income.

COMMISSION'S ANALYSIS

3.430 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 of Rs. 1.44 Cr. as verified by the auditor.

TRANSFER FROM CONSUMER CONTRIBUTION AND CAPITAL WORKS

PETITIONER'S SUBMISSION

3.431 The Petitioner requested the Commission not to consider the amount on account of transfer from consumer contribution and capital works of Rs. 7.30 Crore as Non-Tariff Income during FY 2016-17.

COMMISSION'S ANALYSIS

3.432 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

3.433 The Petitioner requested the Commission to not consider income recovered on account of bad debts of Rs.2.5 Crore as NTI as the amounts recovered on account of bad debts is nothing short of normal collection.

COMMISSION'S ANALYSIS

3.434 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

3.435 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.

3.436 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

3.437 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.

3.438 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.

3.439 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.

3.440 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.

COMMISSION’S ANALYSIS

3.441 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.

INCOME FROM OTHER BUSINESS

PETITIONER’S SUBMISSION

3.442 The Petitioner had earned total income of Rs. 1.09 Crore during FY 2016-17 on account of rent from the cable operators for using BYPL LT poles for laying their cables/set up. It is further clarified that Proper agreements have been executed between BYPL and the operator for such usage in terms of the above Order of the Hon’ble Commission.

3.443 Accordingly, the Petitioner has proposed to share the other income during FY 2016-

17 as below:

Table 139: Other Business Income for FY 2016-17 (Rs. Crore)

Sr. No	Particulars	Total Income	Petitioner's Share (2/3rd)	Consumer's Share(1/3rd)
A	Pole Rental Income	1.09	0.73	0.36
B	**Total**	**1.09**	**0.73**	**0.36**

COMMISSION'S ANALYSIS

3.444 The Commission has already decided this issue in its order dated 22/03/2018 against the review petition no. 66 of 2017 filed by the Petitioner and therefore has not considered this issue in true up of ARR for FY 2016-17.

STREET LIGHT MAINTENANCE

PETITIONER'S SUBMISSION

3.445 The Petitioner submitted that the Commission in Tariff Order dated August 31, 2017 has stated that the incentive earned on account of street light maintenance shall be allowed to be retained by the Petitioner. Accordingly, the Petitioner requests the Hon'ble Commission to allow the Petitioner to retain the amount of Rs. 0.4 Crores as incentive towards the maintenance of Street Light. It is further submitted that the total amount of maintenance charges under the head "Other Income" as appearing in Note -33 of the Audited Accounts is inclusive of the incentive amount of Rs. 0.4 Crores. Therefore, the amount of Rs. 0.4 Crore ought to be reduced from the Non Tariff income during FY 2016-17.

COMMISSION'S ANALYSIS

3.446 The Commission has not allowed the incentive on street light maintenance of Rs. 0.40 Crore to be reduced from non tariff income of the Petitioner as there is no indication of incentive on street light maintenance in note 33 of the audited financial statement of the Petitioner.

SALE OF SCRAP

PETITIONER'S SUBMISSION

3.340 The Petitioner submitted that the Commission in its Tariff Order dated August 31, 2017 did not allow the Income from sale of scrap to be retained by the Petitioner during FY 2014-15 and FY 2015-16 on the ground that the submissions of the Petitioner were contrary to the Accounting Standards as per AS 10 only gains or losses arising on disposal of fixed assets are generally recognised in the profit and loss statement and not the whole sale proceeds.

3.341 In accordance with the aforesaid submissions, the Petitioner requests the Hon'ble Commission to allow the income of Rs. 4.4 Crores from sale of scrap to be retained by the Petitioner and deduct the amount from the Non tariff Income for FY 2016-17. The Petitioner has further submitted that the Hon'ble Commission has ignored the fact that MYT Regulations, 2011 also provides for all legitimate expenses. The Petitioner understands that the MYT Regulations, 2011 cannot be read in isolation such that all costs incidental to electricity business are not recovered but all incomes incidental to electricity business are considered for the purpose of ARR. It is a settled principle that any investment on assets by the Petitioner is required to be recovered from the consumers. Any investment by the Petitioner cannot be left unrecovered as same tantamount to violation of ensured return on equity in electricity business.

COMMISSION'S ANALYSIS

3.342 As per DERC MYT Regulations 2011, clause 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 License."*

3.343 It is observed that Petitioner submission is contrary to the accounting principle specified by the Institute of Chartered Accountants of India in Accounting Standard (AS) 10 for treatment of disposal of fixed asset. As per AS 10 only gains or losses arising on disposal of fixed assets are generally recognised in the profit and loss statement and not the whole sale proceeds as follows:

> *"14.3 In historical cost financial statements, gains or losses arising on disposal are generally recognised in the profit and loss statement."*

3.344 The Petitioner has submitted the audited financial statement indicating sale of scrap under the head other income and it is also pertinent to state that the audited financial statement has been prepared by the auditors in accordance with the applicable accounting standards prescribed in the Companies (Accounting Standards) Rules 2014 issued by the Central Government. Therefore, the amount on account of sale of scrap has not been reduced from Non tariff Income.

SUMMARY OF NON TARIFF INCOME

3.447 The Non-Tariff Income as per the Petitioner and as approved by the Commission is as under:

Table 140: Commission Approved - True up of Non Tariff Income (Rs. Cr.)

Sr. No.	Particulars	Petitioner Submission	Trued Up
A	Other Operating Revenue	61.3	66.64
B	Other Income	28.6	28.56
I	**Total Income as per Accounts (A+B)**	**89.9**	**95.20**
C	Add: Interest on CSD	40.2	20.45
D	Add: Difference in SLD	7.6	7.62
II	**Total Other Income** (I+C+D)	**137.7**	**123.27**
E	Less: Income from other business		
A	*Pole Rental Income*	*1.1*	1.09
III	**Net Income to be considered (II-E)**	**136.6**	**122.18**
A	Less: LPSC	19.2	10.93
B	Less: Rebate on Power Purchase and Transmission Charges	-	-
C	Less: Write-back of misc. provisions	3.3	0.00
D	Less: Short term gain	1.5	1.44
E	Less: Transfer from Consumer contribution for capital works	7.3	7.26
F	Less: Bad debts recovered	2.5	2.53
G	Less: Incentive towards Street Light	*0.4*	
H	Less: Sale of scrap	4.4	-
I	Less: Commission on collection of Electricity Duty	6.1	-
IV	**Net Non-Tariff Income**	**91.9**	**100.02**

CAPITAL EXPENDITURE AND CAPITALISATION

PETITIONER'S SUBMISSION

3.448 The Petitioner has submitted that they have considered the Closing GFA for FY 2015-16 as opening GFA for FY 2016-17. Actual capitalization and de-capitalisation as per the Audited Accounts for FY 2016-17 has been considered to derive the closing balance of GFA as follows:

Table 141: Petitioner Submission - Gross Fixed Assets for FY 2016-17 (Rs. Crore)

Sr. No	Particulars	FY 2016-17	Remarks/ Ref.
A	Opening GFA	2,892.1	
B	Capitalisation during the year	242.2	
C	De-capitalisation	24.7	
D	Closing GFA	3,109.6	A+B-C
E	Average GFA	3,000.9	(A+D)/2

COMMISSION'S ANALYSIS

3.449 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.

3.450 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 142: Commission Approved - Financing of Capitalisation for FY 2016-17 (Rs. Crore)

Sr. No	Particulars	Approved	Remarks/ Ref.
A	Total Capitalisation	242.23	
B	De-capitalisation	24.72	
C	Consumer Contribution	18.02	
D	**Balance Capitalisation**	**199.49**	**A-B-C**
E	Debt	139.64	70% of D
F	Equity	59.85	30% of D

3.451 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 143: Consumer Contribution and Grants for FY 2016-17(Rs. Crore)

Sr. No.	Particulars	Approved	Remarks/ Ref.
A	Opening Balance	266.35	From p.g. no. 311 TO 2017-18
B	Additions during the year	18.02	
C	Closing Balance	284.37	A+B
D	Average Consumer Contribution	275.36	(A+C)/2

DEPRECIATION

PETITIONER'S SUBMISSION

3.452 For the purpose of computing depreciation for True-up of FY 16-17, the Petitioner has submitted that they have followed the same methodology as considered by the Hon'ble Commission in the past i.e., the average rate of Depreciation based on the Audited Accounts of the Petitioner has been applied on the average GFA net of consumer contribution and grants. The average rate of Depreciation has been considered based on the Audited Accounts for FY 2016-17 and the Petitioner has computed depreciation as follows:

Table 144: Petitioner Submission - Computation of avg. rate of Depreciation for FY 2016-17 (Rs. Crore)

Sr. No.	Particulars	Actual	Remarks/ Ref.
A	Opening GFA as per audited accounts	2863.0	Note 3 of Audited Accounts
B	Closing GFA as per audited accounts	3080.5	
C	Average of GFA	2971.8	(A+B)/2
D	Depreciation as per Audited Accounts	117.6	P&L account
E	**Average depreciation rate**	**3.96%**	**(D/C)*100**

Table 145: Petitioner Submission - Depreciation for FY 2016-17 (Rs. Crore)

Sr. No.	Particulars	FY 2016-17	Remarks/ Ref.
A	Average GFA	3,000.9	
B	Average Consumer Contribution and Grants	226.4	
C	Average assets net of consumer contribution & Grants	2,774.5	A-B
D	Average rate of depreciation	3.96%	
E	**Depreciation**	**109.8**	C*D

Table 146: Petitioner Submission - Cumulative Depreciation on fixed assets upto FY 2016-17 (Rs. Crore)

Sr. No.	Particulars	FY 2016-17	Remarks/ Ref.
A	Opening balance of cumulative depreciation	893.2	
B	Additions during the year	109.8	
C	Closing balance of cumulative depreciation	1003.0	A+B

ADVANCE AGAINST DEPRECIATION

3.453 The Petitioner has requested the Hon'ble Commission to allow AAD for FY 2016-17 as follows:

Table 147: Petitioner Submission - Advance Against Depreciation (Rs. Crore)

Sr. No.	Particulars	FY 2016-17	Remarks/ Ref
1	1/10 of the Opening loan (A)	118.0	

2	Debt Repayment for capex loans (B)	112.3	
3	**Minimum of A&B**	**112.3**	
4	Depreciation as per ARR routed for repayment of loans	109.8	
5	**Excess of Min (A,B) over Depreciation**	**2.4**	
6	Cumulative Repayment (C)	1937.1	
7	Cumulative Depreciation incl. AAD (D)	1003.0	
8	**Excess of (C) over (D)**	**934.1**	
9	**AAD**	**2.4**	**Min(5 and 8)**

COMMISSION'S ANALYSIS

3.454 The Commission has considered average rate of Depreciation for FY 2016-17 based on the Audited Accounts and as considered by the Petitioner. Accordingly, the Commission has approved the depreciation after excluding consumer contribution and Grants from the Gross Fixed Assets as follows:

Table 148: Commission Approved - Depreciation for FY 2016-17 (Rs. Crore)

Sr. No	Particulars	Approved	Remarks/ Ref.
A	Average GFA	2,674.24	
B	Average Consumer Contribution and Grants	275.36	
C	Average assets net of consumer contribution & Grants	2,398.88	A-B
D	Average rate of depreciation	3.96%	
E	**Depreciation**	95.00	C*D
F	Opening balance of cumulative depreciation	791.41	
G	Closing balance of cumulative depreciation	886.41	E+F

3.455 The Commission has already analyzed the data submitted by the Petitioner for previous years claim on account of AAD and it is observed that the computation of AAD includes one tenth of opening loan which exceed the normative loan requirement of 70% of the capitalisation for the relevant year. Further, the Commission is in the process of verification of all the information required for the purpose of computation of AAD and impact, if any, shall be considered based on the prudence check in subsequent tariff order.

WORKING CAPITAL

PETITIONER'S SUBMISSION

3.456 The Petitioner has submitted Working Capital for FY 2016-17 as follows:

Table 149: Petitioner Submission - Working Capital Requirement (Rs. Crore)

Sr. No	Particulars	FY 2016-17	Remarks/ Ref
A	Annual Revenues from Tariff & Charges	4164.5	
A1	Receivables equivalent to two months average	694.1	A/6
B	Power Purchase Expenses	3352.6	
B1	Less: 1/12th of power purchase expenses	279.4	B/12
C	Working Capital	414.7	A1-B1
D	Opening Working Capital	489.6	
E	**Change in Working Capital**	**-74.9**	**D-E**

COMMISSION'S ANALYSIS

3.457 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"*

3.458 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 150: Commission Approved - Computation of Working Capital (Rs.Crore)

Sr. No.	Particulars	Approved	Remark
A	Receivables for Annual Revenue Requirement	4435.69	
B	Receivables equivalent to 2 months average billing	739.28	(A/12*2)
C	Power Purchase expenses (inclusive of Transmission charges)	3,224.54	

D	Less: 1/12th of power purchase expenses	268.71	(C/12*1)
E	Total Working Capital for the year	470.57	**(B-D)**
F	Less- Opening Working Capital	489.57	
G	Change in working capital for the year	(19)	(E-F)

REGULATED RATE BASE (RRB)

PETITIONER'S SUBMISSION

3.459 The Petitioner has submitted RRB for FY 2016-17 as follows:

Table 151: Petitioner Submission – RRB for FY 2016-17 (Rs.Crore)

Sr. No	Particulars	FY 2016-17	Remarks/ Ref
A	RRB Opening	2171.4	
B	ΔAB (Change in RRB)	102.7	C-D+E-F
C	Investments Capitalized	217.5	
D	Depreciation (incl AAD)	112.3	
E	Add: Depreciation on De-capitalised Assets	15.4	
F	Consumer Contribution	18.0	
G	Change in WC	-74.9	
H	RRB Closing	2199.2	A+B+G
I	**RRB (i)**	**2147.9**	**A+B/2+G**

COMMISSION'S ANALYSIS

3.460 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 152: Commission Approved - Computation of Regulated Rate Base for the period FY 16-17 (Rs. Crore)

Sr. No.	Particulars	Approved	Remarks
A	Opening Balance of OCFA	2565.48	Table 201 of Tariff Order Aug, 2017
B	Opening Balance of Working Capital	489.57	
C	Opening Balance of Accumulated Depreciation	734.21	
D	Opening Balance of Accumulated Consumer Contribution	266.35	
E	RRB Opening	2,054.49	A+B-C-D
F	Investment in capital expenditure during the year	217.51	Addition minus (-) decapitalised
G	Depreciation for the year	95.00	

Sr. No.	Particulars	Approved	Remarks
H	Consumer Contribution, Grants, etc. for the year	18.02	
I	Change in working capital	(19.00)	
J	RRB Closing	2,139.98	E+F-G-H+I
K	ΔAB/2+ΔWC	33.24	(Fixed Assets capitalized during the year-Dep. During the year-consumer cont. during the year)/2+ Change in Working Capital
L	RRB (i)	2,087.74	Opening RRB+AB/2+WC

DETERMINATION OF WACC & RoCE

PETITIONER'S SUBMISSION

3.461 The Petitioner submitted that they have considered the actual rate of interest of capex loans during 2016-17 i.e. 13.84% and RoE at 16% and have submitted RoCE as follows:

Table 153: Petitioner Submission - Computation of WACC (Rs. Crore)

Sr. No	Particulars	FY 2016-17	Remarks/ Ref
A	Average Debt	1153	
B	Average Equity	978	
C	Total	2131	A+B
D	Cost of Debt	13.84%	
E	Return on Equity	16%	
F	Weighted Average Cost of Capital (WACC)	14.83%	((AxD)+(BxE))/ C *100

Table 154: Petitioner Submission - Computation of ROCE (Rs. Crore)

Sr. No.	Particulars	FY 2016-17	Remarks/ Ref
A	Weighted Average Cost of Capital (WACC)	14.83%	
B	RRB (i)	2148	
C	**RoCE**	**319**	**A*B**

COMMISSON'S ANALYSIS

3.462 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 & 2nd MYT period.

3.463 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 capitalisation of the same shall be trued up and the Commission will consider the impact of Return on Equity, Interest on Loans, Depreciation and De-Capitalisation in the subsequent Tariff Orders.

3.464 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. 290/2015. Therefore, the Commission has considered the rate of interest at 10.25% 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 155: 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%

3.465 The Commission has considered additional return on equity of 0.12% as discussed in truing up of AT&C Loss incentive and accordingly, total return on equity for the purpose of WACC as 16.12% for FY 2016-17.

3.466 Accordingly, the Commission has computed the WACC & RoCE FY 2016-17 as follows:

Table 156: Commission Approved - Computation of WACC and RoCE

Sr. No.	Particulars	Approved	Remark/Ref
A	RRB (i)	2,087.74	
B	Equity (limiting to 30% net capitalization)	485.67	
	Average Equity balance as per net worth	727.36	
	Equity now considered for WACC	485.67	
C	Debt – balancing figure	1,602.07	
D	Rate of return on equity (re)	16.00%	
E`	Additional return on equity due to over achievement in AT&C loss	0.12%	As per Calculation
F	Effective return on equity	16.12%	(D+E)
G	Rate of interest on debt (rd)	10.25%	
H	WACC	11.62%	
I	RoCE	242.50	A*H

INCOME TAX

PETITIONER'S SUBMISSION

3.467 The Petitioner has submitted that the electricity business is supposed to operate on cost plus approach. In such case the income and expenses should be equal and income-tax ought to be allowed by grossing up ROE considering same as normative profit. If computation of actual income tax is to be done, a conjoint reading of the above Regulations of the Respondent Commission in the light of the ratio laid down by this Hon'ble Tribunal would clearly establish that :-

i. The Distribution Business must be treated as if in a water tight compartment;

ii. The ROE is not only the income of the Distribution Business;

iii. A 16% return on equity has been assured to the distribution business and must be given to the entity meaning thereby all other taxes payable by the distribution business computed on a normative basis must be allowed as a pass through.

3.468 Therefore the Income-tax ought to be allowed on ROE approach and not on comparative approach between ROE and actual Income-Tax basis as follows:

Table 157: Petitioner Submission - Income tax sought for FY 2016-17 (Rs.Crore)

Sr. No	Particulars	FY 2016-17	Remarks/ Reference
A	Average Equity	977.9	
B	Rate of Return on Equity	16%	
C	Return on Equity	156.5	A*B
D	Income Tax Rate	20.96%	
E	**Income Tax**	**41.5**	**(C/(1-D))-C**

COMMISSION'S ANALYSIS

3.469 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.

3.470 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.

3.471 Accordingly, the Commission has approved income tax on return on equity for FY 2016-17 as follows:

Table 158: Commission Approved - Income Tax for FY 2016-17 (Rs. Crore)

S. No.	Particulars	Approved
A	Equity	485.67
B	Rate of return	16.00%
C	Return on Equity	78.29

S. No.	Particulars	Approved
D	Income tax Rate	33.99%
E	Return on equity including income tax	118.60
F	Tax	40.31
G	Actual Tax paid	7.99
H	Tax Allowed	7.99

AGGREGATE REVENUE REQUIREMENT (ARR) for FY 2016-17

PETITIONER'S SUBMISSION

3.472 The Petitioner has submitted a total Aggregate Revenue Requirement of Rs. 6,651.16 Cr for FY 2016-17 as follows:

Table 159: Petitioner Submission - Aggregate Revenue Requirement (Rs. Crore)

Sr. No.	Particulars	Submission	Remarks/ Reference
A	Purchase of power including Transmission and SLDC Charges	3352.6	
B	O&M Expenses	547.3	
C	Other Expenses/ Statutory levies	86.3	
D	Depreciation	109.8	
E	Advance Against Depreciation (AAD)	2.4	
F	Return on Capital Employed (RoCE)	318.6	
G	Additional return on account of overachievement of AT&C loss	26.9	
H	Income Tax	41.5	
I	**Sub-total**	**4485.4**	**Sum (A to H)**
J	Less: Non-Tariff Income	91.9	
K	Less: Income from other business	0.4	
L	Less: Income from Open Access	5.3	
M	**Aggregate Revenue Requirement**	**4387.8**	**I-(J+K+L)**

COMMISSION ANALYSIS

3.473 Aggregate Revenue Requirement (ARR) approved for FY 2016-17 is as follows:

Table 160: Commission Approved - Aggregate Revenue Requirement (Rs. Crore)

Sr. No.	Particulars	Petitioner's Submission	Approved
A	Power Purchase cost (incl. Transmission charges)	3352.6	3,224.54
B	O&M Expenses	547.3	452.06
C	Other expenses/Statutory levies	86.3	2.20
D	Depreciation including AAD	112.2	95.00
E	Return on Capital Employed (RoCE)	345.5	242.50
F	Income Tax	41.5	7.99
G	Less: Non-tariff income including other business	97.6	100.02
H	Aggregate Revenue Requirement	**4387.8**	**3,924.26**

REVENUE SURPLUS /(GAP)

PETITIONER'S SUBMISSION

3.474 The Petitioner has submitted the Revenue Gap for FY 2016-17 is as under:

Table 161: Petitioner Submission - Computation of Revenue surplus/ (Gap) for FY 2016-17

(Rs. Crore)

Sr. No	Particulars	Submission
A	ARR for FY 2016-17	4387.8
B	Revenue available towards ARR	4164.5
C	**Revenue (Gap)/ Surplus**	**(223.3)**

COMMISSION'S ANALYSIS

3.475 Revenue surplus/ (gap) after true up of ARR as approved by the Commission is as follows:

Table 162: 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	4387.8	3,924.26	
B	Revenue available towards ARR	4164.5	4,435.69	
C	Revenue (Gap) / Surplus for the period	(223.3)	511.43	(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 Trend Analysis Method for the purpose of accurate projection of sales which assumes that the underlying factors which have driven the demand for electricity 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 4 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. The recent developments which have impact on the sales has also been factored in the sales projections.

4.6 The Petitioner has submitted that the Trend Analysis Method makes use of a statistical tool, namely the Compound Annual Growth Rate (CAGR) and, accordingly, 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 2012-13 to FY 2016-17. The Petitioner has projected the category-wise actual sales for the period FY 2012-13 to FY 2016-17 as follows:

Table 163: Petitioner submission - Actual Sales from FY 2012-13 to FY 2016-17 (MU)

Sr. No.	Category	FY 13	FY 14	FY 15	FY 16	FY 17
A	**Domestic**	**2,675**	**2,804**	**3,004**	**3,180**	**3,517**
i	Domestic -other than A (ii) (iii) (iv)	2,567	2,699	2,888	3,067	3,405
ii	Single Delivery Point on 11 kV CGHS	14	15	17	16	17
iii	11 kV Worship/ Hospital	69	65	74	73	75
iv	DVB Staff	25	26	26	23	20
B	**Non Domestic**	**1,540**	**1,614**	**1,639**	**1,708**	**1,772**
i	Non Domestic Low Tension	1,198	1,256	1,276	1,345	1,405
ii	Non Domestic High Tension	341	358	362	363	367
C	**Industrial**	**337**	**288**	**282**	**284**	**277**
i	Small Industrial Power	297	250	247	248	241
ii	Industrial Power (SIP) on 11 kV Single Delivery Point for Group of SIP Consumers	0	-	-	-	-
iii	large Industrial Power	39	37	35	36	35
D	**Agriculture**	**0**	**0**	**0**	**0**	**0**
E	**Mushroom Cultivation**	**0**	**0**	**0**	**0**	**0**
F	**Public Lighting**	**105**	**103**	**101**	**114**	**145**
i	Public Lighting Metered	105	39	64	93	89
ii	Public Lighting Unmetered		64	37	21	56
G	**Delhi Jal Board**	**131**	**140**	**141**	**147**	**142**
i	Delhi Jal Board LT	7	10	10	11	11
ii	Delhi Jal Board (Supply on 11 kV and above)	124	129	130	137	131
H	**Delhi Metro Rail Corporation**	**127**	**173**	**161**	**164**	**177**
I	**Temporary Supply**	**1**	**38**	**39**	**41**	**46**
J	**Advertisement & Hoardings**	**0**	**1**	**1**	**1**	**1**
K	**Self consumption**	**52**	**24**	**16**	**13**	**16**
L	Enforcement	35	29	21	24	23
M	Others				0	0
Total		**5,002**	**5,215**	**5,405**	**5,676**	**6,115**

4.7 The Petitioner has projected the category-wise CAGR for various consumer categories as follows:

Table 164: Petitioner submission - Category wise CAGR (%)

Sr.No.	Category	4 Year	3 Year	2 Year	1 Year
A	Domestic	7.08%	7.84%	8.21%	10.58%
i	Domestic -other than A (ii) (iii) (iv)	7.32%	8.06%	8.59%	11.02%
ii	Single Delivery Point on 11 kV CGHS	5.56%	3.81%	1.86%	4.20%
iii	11 kV Worship/ Hospital	1.96%	4.92%	0.94%	2.18%
iv	DVB Staff	-5.60%	-8.03%	-12.51%	-15.07%
B	Non Domestic	3.57%	3.15%	3.97%	3.75%
i	Non Domestic Low Tension	4.05%	3.79%	4.90%	4.47%
ii	Non Domestic High Tension	1.83%	0.84%	0.64%	1.08%
C	Industrial	-4.81%	-1.31%	-1.06%	-2.70%
i	Small Industrial Power	-5.10%	-1.25%	-1.23%	-2.89%
ii	large Industrial Power	-2.65%	-1.75%	0.17%	-1.39%
D	Agriculture	1.78%	1.91%	5.97%	-7.87%

Sr.No.	Category	4 Year	3 Year	2 Year	1 Year
E	Mushroom Cultivation	-2.87%	-13.54%	-5.81%	-13.43%
F	Public Lighting	8.52%	11.99%	19.89%	27.36%
i	Public Lighting Metered	-4.02%	31.55%	18.13%	-4.74%
ii	Public Lighting Unmetered		-4.33%	22.84%	171.72%
G	Delhi Jal Board	2.07%	0.57%	0.51%	-3.66%
i	Delhi Jal Board LT	12.22%	1.92%	2.84%	1.61%
ii	Delhi Jal Board (Supply on 11 kV and above)	1.42%	0.46%	0.33%	-4.06%
H	Delhi Metro Rail Corporation	8.58%	0.62%	4.70%	7.83%
I	Advertisement & Hoardings	14.30%	-1.74%	16.27%	3.61%

4.8 The Petitioner has projected the category wise number of consumers and total connected load for FY 2012-13 to FY 2016-17 as follows:

Table 165: Petitioner submission - Number of consumers from FY 2012-13 to FY 2016-17

Sr. No.	Category	FY 13	FY 14	FY 15	FY 16	FY 17
A	Domestic	958,978	1,038,375	1,084,188	1,144,581	1,194,989
i	Domestic -other than A (ii) (iii) (iv)	951,857	1,031,393	1,077,264	1,139,603	1,189,946
ii	Single Delivery Point on 11 kV CGHS	14	15	17	17	17
iii	11 kV Worship/ Hospital	24	28	29	31	33
iv	DVB Staff	7,083	6,939	6,878	4,930	4,993
B	Non Domestic	317,739	341,387	350,820	362,433	373,450
i	Non Domestic Low Tension	317,507	341,118	350,542	362,141	373,164
ii	Non Domestic High Tension	232	269	278	292	286
C	Industrial	11,663	8,232	8,021	7,836	7,730
i	Small Industrial Power	11,642	8210	8,001	7,817	7,713
ii	large Industrial Power	21	22	20	19	17
D	Agriculture	44	49	48	46	45
E	Mushroom Cultivation	9	6	4	5	2
F	Public Lighting	-	3,033	3,482	3,598	3,638
i	Public Lighting Metered	-	2,994	3,442	3,584	3,623
ii	Public Lighting Unmetered		39	40	14	15
G	Delhi Jal Board	590	831	819	806	838
i	Delhi Jal Board LT	523	761	750	737	770
ii	Delhi Jal Board (Supply on 11 kV and above)	67	70	69	69	68
H	Delhi Metro Rail Corporation	1	1	1	1	1
I	Temporary Supply	-	3,540	0	0	0
J	Advertisement & Hoardings	172	334	286	357	339
K	Self consumption	175	195	3	10	12
L	Enforcement	-	1,864	-	-	-
M	Others	-	-	-	-	-
Total		**1,289,371**	**1,397,847**	**1,447,672**	**1,519,673**	**1,581,044**

Table 166: Petitioner submission - Total connected load (MW/MVA) for FY 2012-13 to FY 2016-17

Sr. No.	Category	FY 13	FY 14	FY 15	FY 16	FY 17
A	Domestic	2,633	3,202	3,359	3,720	3,746
i	Domestic -other than A (ii) (iii) (iv)	2,567	3,118	3,279	3,645	3,669
ii	Single Delivery Point on 11 kV CGHS	12	18	16	16	16
iii	11 kV Worship/ Hospital	32	44	40	41	44
iv	DVB Staff	22	22	24	17	17
B	Non Domestic	1,362	1,790	1,621	1,708	1,683
I	Non Domestic Low Tension	1,155	1,533	1,381	1,470	1,469
ii	Non Domestic High Tension	207	256	240	237	214
C	Industrial	216	250	184	183	179
i	Small Industrial Power	197	226	164	163	160
ii	large Industrial Power	19	25	20	20	19
D	Agriculture	0	0	0	0	0
E	Mushroom Cultivation	0	0	0	0	0
F	Public Lighting	-	28	31	33	33
I	Public Lighting Metered	-	28	31	33	33
ii	Public Lighting Unmetered		0	0	0	0
G	Delhi Jal Board	76	86	81	82	82
i	Delhi Jal Board LT	7	12	11	11	11
ii	Delhi Jal Board (Supply on 11 kV and above)	69	74	69	71	71
H	Delhi Metro Rail Corporation	21	21	21	21	25
I	Temporary Supply	-	24	-	-	-
J	Advertisement & Hoardings	1	1	1	1	1
K	Self consumption	5	6	0	0	0
L	Enforcement	-	5	-	-	-
M	Others	-	-	-	-	-
Total		**4,315**	**5,414**	**5,299**	**5,748**	**5,749**

4.9 The Petitioner has submitted that for projecting the expected energy sales for FY 2018-19, the growth trend in actual sales upto 2016-17 has been analyzed. For projection of energy sales for FY 2017-18, actual figures for FY 2017-18 (upto August 2017) have been considered and the chosen growth rate is applied over the sales for FY 2016-17. The category specific methodology adopted for projection of sales for FY 2018-19 has been elaborated by the Petitioner as follows:

a. 4 year CAGR has been considered for projecting sales for Domestic category, 3 years CAGR for Group housing societies, 4 years CAGR for 11 kV Worship/Hospital, and no growth has been considered in DVB Staff category.

b. 3 years CAGR has been considered for Non Domestic Low Tension (NDLT) category and 1 Year CAGR has been considered for Non Domestic High

Tension (NDHT) category.

c. Continuous negative growth is observed in the industrial category and hence, 3 Years CAGR has been considered for SIP and LIP categories.

d. No growth has been considered for projecting sales for Agriculture and Mushroom Cultivation.

e. 1 Year CAGR is considered in DJB LT category and 2 years CAGR has been considered in DJB HT Category.

f. Due to the mass replacement of LED lights in Public lighting category, negative 40% growth is considered in this category.

g. 2 years CAGR has been considered in DMRC category.

h. 2 years CAGR has been considered for Advertisement and Hoardings Category.

i. Sale of Power under self consumption is considered @ 0.25% of projected sales as approved by the Commission in Business Plan Regulations 2017.

j. No projections have been done for Temporary Supply category and theft.

k. Impact of net metering, NGT Order for disconnection of Connections under industrial activities in non conforming areas where the consent to operate is required by DPCC and the change in other terms and condition of tariff vide tariff order dated 31st August 2017 for commercial establishment to be charged at domestic tariff is duly accounted for while estimating the energy sales for FY 2018-19.

4.10 The Petitioner has applied the above growth rates on the actual category-wise sales to estimate energy sales during FY 2018-19 as follows:

Table 167: Petitioner Submission- Projected Sales (MU) for FY 2018-19

Sr. No.	Category	Growth rate for FY 2018-19	FY 2018-19 (Projections)
A	Domestic	7.55%	4,053
i	*Domestic -other than A (ii) (iii) (iv)*	*7.73%*	*3,937*
ii	*Single Delivery Point on 11 kV CGHS*	*3.81%*	*18*
iii	*11 kV Worship/ Hospital*	*1.89%*	*78*
iv	DVB Staff	0.00%	20
B	Non Domestic	0.53%	1,839
i	*Non Domestic Low Tension*	*0.51%*	*1,465*
ii	*Non Domestic High Tension*	*0.60%*	*373*
C	Industrial	-1.31%	269
i	*Small Industrial Power*	*-1.25%*	*235*
ii	*Industrial Power (SIP) on 11 kV*		
iii	*Large Industrial Power*	*-1.75%*	*34*
D	Agriculture	0.00%	0

Sr. No.	Category	Growth rate for FY 2018-19	FY 2018-19 (Projections)
E	Mushroom Cultivation	0.00%	0
F	Public Lighting	-40.00%	87
i	*Public Lighting Metered*	*-40.00%*	*53*
ii	*Public Lighting Unmetered*	*-40.00%*	*34*
G	Delhi Jal Board	0.43%	143
i	*Delhi Jal Board LT*	*1.61%*	*11*
ii	*Delhi Jal Board (Supply on 11 kV & above)*	*0.33%*	*132*
H	Delhi Metro Rail Corporation	4.70%	194
I	Advertisement & Hoardings	16.27%	1
J	Self consumption	0.25% of energy sales	16
Total			6,603

4.11 The Petitioner has projected number of consumers and connected load during FY 2018-19 as follows:

Table 168: Petitioner submission -Projected consumers, connected load & Sales for FY 2018-19

Sr. No.	Category	FY 2018-19		
		No. of Consumers	Connected Load (MW)	Sales (MU)
A	**Domestic**	**1,328,123**	**3,761**	**4,053**
i	Domestic -other than A (ii) (iii) (iv)	1,323,076	3,680	3,937
ii	Single Delivery Point on 11 kV CGHS	17	16	18
iii	11 kV Worship/ Hospital	37	48	78
iv	DVB Staff	4,993	17	20
B	**Non Domestic**	**389,084**	**1,646**	**1,839**
i	Non Domestic Low Tension	388,790	1,432	1,465
ii	Non Domestic High Tension	294	214	373
C	**Industrial**	**7,730**	**179**	**269**
i	Small Industrial Power	7,713	160	235
iii	large Industrial Power	17	19	34
D	**Agriculture**	**45**	**0**	**0**
E	**Mushroom Cultivation**	**2**	**0**	**0**
F	**Public Lighting**	**3,638**	**34**	**87**
i	Public Lighting Metered	3,623	34	53
ii	Public Lighting Unmetered	15	0	34
G	**Delhi Jal Board**	**844**	**83**	**143**
i	Delhi Jal Board LT	776	12	11
ii	Delhi Jal Board (Supply on 11 kV and above)	68	72	132
H	**Delhi Metro Rail Corporation**	1	27	194
I	**Advertisement & Hoardings**	402	1	1
J	**Self consumption**	-	-	16
Total		**1,729,869**	**5,732**	**6,603**

COMMISSION'S ANALYSIS

4.12 The Petitioner has submitted audited Form 2.1a for FY 2016-17 and actual Sales from Apr'17 to Dec'17.

4.13 The Commission has approved sales for FY 2018-19 considering trued 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 169: 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	2404	2466	2581	2714	2904	3084	3422	3603
2	Non-Domestic	1367	1421	1540	1614	1639	1708	1772	1842
3	Industrial	443	434	337	288	282	284	277	295
4	Agriculture	0	0	0	0	0	0	0	0
5	Mushroom	0	0	0	0	0	0	0	0
6	Public Lighting	91	100	92	104	101	114	145	141
7	DJB	119	121	131	140	141	147	142	145
8	DMRC	92	125	127	173	161	164	177	184
9	Adv. & Hoardings	0	0	0	0	0	0	1	1
10	Others	166	155	102	90	127	164	158	176
11	Total	**4605**	**4794**	**4972**	**5191**	**5405**	**5676**	**6115**	**6388**

4.14 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 170: Various Years CAGR (FY 2010-11 to FY 2017-18) (%)

Sr. No	Category	7 Years	6 Years	5 Years	4 Years	3 years	2 years	1 year
1	Domestic	5.95%	6.52%	6.90%	7.34%	7.45%	8.09%	5.28%
2	Non-Domestic	4.35%	4.42%	3.65%	3.35%	3.96%	3.84%	3.94%
3	Industrial	-5.66%	-6.25%	-2.64%	0.57%	1.41%	1.81%	6.53%
4	Agriculture	-	-	2.20%	5.24%	7.27%	0.64%	9.93%
5	Mushroom	-	-	-	-	-10.15%	-15.87%	-18.25%
6	Public Lighting	6.50%	5.91%	8.92%	8.01%	11.68%	11.09%	-3.10%
7	DJB	2.82%	3.01%	2.02%	0.88%	0.94%	-0.96%	1.81%

Sr. No	Category	7 Years	6 Years	5 Years	4 Years	3 years	2 years	1 year
8	DMRC	10.40%	6.64%	7.67%	1.49%	4.51%	5.96%	4.12%
9	Adv. & Hoardings	-	-	6.38%	-6.07%	2.80%	-8.76%	-19.65%
10	Others	10.40%	5.91%	1.80%	3.20%	0.68%	1.37%	-0.15%

ESTIMATED SALES FOR FY 2018-19

4.15 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.

4.16 The trend based approach has to be adjusted based on judgment of the characteristics of the specific consumer groups/categories.

4.17 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

4.18 The consumption of energy under Domestic category constitutes about 56% of total sales in FY 2017-18. The Petitioner has projected sales of 4053 MU for FY 2018-19 at a growth rate of (4 years CAGR) 7.55%. The growth rate for this category ranges from 5.28% to 8.09% from FY 2010-11 to FY 2017-18. Thus, the Commission considers a growth rate of 7.34% (4 Year CAGR of FY 2013-14 to FY 2017-18) for projecting the sales of 3867 MU for FY 2018-19 as it is considered to be realistic for Domestic consumers category.

NON-DOMESTIC CONSUMERS

4.19 The consumption of energy by Non-Domestic category constitutes about 29% of total sales in FY 2017-18. The Petitioner has projected sales of 1839 MU for FY 2018-19 at a growth rate of 0.53% (3 Year CAGR). The growth rate for this category ranges from 3.35% to 4.42% from FY 2010-11 to FY 2017-18. The Commission considers the growth rate of 3.35% 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

1903 MU for FY 2018-19 for Non-Domestic consumer category by escalating the sales for FY 2017-18.

INDUSTRIAL CONSUMERS

4.20 The consumption of energy by Industrial consumer's category constitutes 5% of total sales in FY 2017-18. The Petitioner has projected the sales as 269 MU for FY 2018-19. 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, however, there is slight increasing trend since FY 2014-15 in this category which is due to new connections & increase in consumption of existing consumers. Thus, the Commission has considered 4 year CAGR of 0.57% for projection of sales in this category and approves the sales of 296 MU for FY 2018-19.

PUBLIC LIGHTING

4.21 The consumption in Public Lighting category constitutes about 2% of the total sales during FY 2017-18. The Petitioner has projected the sales of 87 MU for FY 2018-19 considering -40% growth rate based on the decline trend in sales under this category due to replacement of Halogen Street Lights with energy efficient LED lights. It is observed that consumption of this category is on declining trend due to replacement of Halogen Street Lights with energy efficient LED lights, however, the Petitioner has considered abnormal declining growth rate as the actual sales in this category for the 9 months period from Apr'17 to Dec'17 is 78 MU. Therefore, the Commission has considered reasonable negative growth rate of 3% and approves the sale at 136 MU for FY 2018-19.

AGRICULTURE & MUSHROOM CULTIVATION

4.22 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 0.26 MU.

DELHI METRO RAIL CORPORATION (DMRC)

4.23 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 194 MU for FY 2018-19 at a growth rate of 4.70% in view of the proposed metro lines in Petitioners licensed area.

4.24 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 179 MU during FY 2018-19. Thus, the Commission has considered the quantum of sale at 179 MU as projected by DMRC for FY 2018-19.

DELHI JAL BOARD (DJB)

4.25 The consumption of energy by DJB constitutes 2% of total sales in FY 2017-18. The Petitioner has projected the sales at 143 MU during FY 2018-19 at a growth rate of 0.43% (2 year CAGR for DJB HT & 1 year CAGR for DJB LT).

4.26 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 appropriate growth rate of 0.88% as 4 Year CAGR for projection of sale at 146 MU for FY 2018-19.

OTHER CATEGORIES

4.27 Other categories consist of places of worship, hospitals (domestic category), DVB staff, Enforcement, Own Consumption (0.25% of Sales as per provisions of Business Plan Regulations), Temporary Connections, Charging Stations for E-Rickshaw/ E-Vehicle on Single Delivery Point and Advertisement & Hoardings. The nature of sales in other categories may not follow the past CAGR trends in the future. Therefore, the Commission has considered the quantum of sales to such other categories at 180 MU at the same level of FY 2017-18 including 44 MU under Temporary Connections.

4.28 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 171: Commission Approved - Sales for FY 2018-19 (MU)

Category	Petitioner's Submission	Approved
Domestic	4053	3867
Non-Domestic	1839	1903
Industry	269	296
Public Lighting	87	136

Category	Petitioner's Submission	Approved
Agriculture and Mushroom	0	0.26
Delhi Metro Rail Corporation	194	179
Delhi Jal Board	143	146
Others* (Petitioner has included sales of 11kV Worship/Hospital & DVB Staff in Domestic & has not projected sales under Temporary)	17	180
Total	**6602**	**6708**

* Places of Worship, Hospitals (domestic category), DVB Staff, Enforcement, Own Consumption, Temporary Connections, E-Rickshaw/ E-Vehicle and Advertisement & Hoardings.

REVENUE ESTIMATED FOR FY 2018-19 AT EXISTING TARIFF
PETITIONER'S SUBMISSION

4.29 The Petitioner has estimated the revenue on account of sales to various consumer categories during FY 2018-19 as follows:

Table 172: Petitioner submission - Revenue estimated during FY 2018-19 (Rs. Crore)

Sr. No	Category	Fixed charges	Energy charges	Other charges	Total revenue
A	Domestic	156.1	2,096.1	-	2,252.2
i	Domestic -other than A (ii) (iii) (iv)	149.1	2,012.6	-	2,161.7
ii	Single Delivery Point on 11 kV CGHS	0.8	11.1	-	11.9
iii	11 kV Worship/ Hospital	5.8	68.1	-	73.9
iv	DVB Staff	0.4	4.4	-	4.8
B	Non Domestic	250.1	1,659.0	-1.7	1,907.4
i	Non Domestic Low Tension	214.9	1,324.0	-	1,538.9
ii	Non Domestic High Tension	35.2	335.0	-1.7	368.4
C	Industrial	29.0	233.3	-0.2	262.1
i	Small Industrial Power	26.0	207.1	-	233.1
ii	large Industrial Power	3.0	26.2	-0.2	29.0
D	Agriculture	0.0	0.1	-	0.1
E	Mushroom Cultivation	0.0	0.0	-	0.0
F	Public Lighting	-	65.4	-	65.4
i	Public Lighting Metered	-	39.0	-	39.0
ii	Public Lighting Unmetered	-	26.4	-	26.4
G	Delhi Jal Board	14.5	117.5	-	132.0
i	Delhi Jal Board LT	1.8	9.7	-	11.5
ii	Delhi Jal Board (Supply on 11 kV and above)	12.7	107.8	-	120.5
H	Delhi Metro Rail Corporation	4.1	120.1	-3.0	121.3
I	Advertisement & Hoardings	0.3	1.1	-	1.4
J	Self consumption				-
Total		454.1	4,292.6	-4.9	4,741.8

4.30 The Petitioner has estimated other charges (i.e., Voltage wise rebate) of Rs. (-) 5 Crore and revenue from existing tariff has been estimated as Rs. 4,742 Crore during

FY 2018-19.

COMMISSION'S ANALYSIS

4.31 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.

4.32 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.

4.33 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.

4.34 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 173: Summary of Power Factor

Consumer slab	Power Factor
Non Domestic LT 10 kW to 140 kW	0.95
Non Domestic LT above 140 kW	0.94
Non Domestic HT	0.95
Small Industrial power 10 KW to 140 kW	0.96
Small Industrial Power above 140 kW	0.93
Large Industrial Power	0.98

Consumer slab	Power Factor
DJB LT 10 kW to 140 kW	0.86
DJB LT 10 kW to 140 kW	0.98
DJB Supply at 11 KV and above	0.93
DMRC	1.00
Advertisement & Hoardings	0.93
Non Domestic LT10 kW to 140 kW	0.95
Non Domestic LT above 140 kW	0.94
Non Domestic High Tension	0.95
Small Industrial power 10 kW to 140 kW	0.96

4.35 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. 4483.19 Crore to be billed in FY 2017-18. The category-wise break up of revenue estimated by the Commission on sales of 6708 MU & sanctioned load of 5880 MW (as submitted by the Petitioner) for FY 2018-19 is indicated in the table as follows:

Table 174: Revenue estimated at Existing Tariff for FY 2018-19 (Rs. Crore)

Category	Fixed Charges	Energy Charges	Total Revenue
Domestic	151.57	2,044.51	2,196.08
Non-Domestic	230.33	1,692.00	1,922.33
Industrial	29.18	250.86	280.05
Agriculture	0.01	0.07	0.07
Mushroom	0.00	0.01	0.01
Public Lighting	0.00	99.63	99.63
DJB	14.01	113.95	127.96
DMRC	4.39	106.52	110.91
Others	5.04	196.15	201.19
Total Revenue	**434.54**	**4,404.06**	**4,838.60**
Revenue at 99.5% Collection Efficiency			**4,814.41**

DISTRIBUTION LOSS AND COLLECTION EFFICIENCY TARGET

PETITIONER'S SUBMISSION

4.36 The Petitioner has considered the Distribution Loss @ 11.69% and Collection Efficiency @ 99.50% for FY 2018-19 as per Business Plan Regulations, 2017.

COMMISSION'S ANALYSIS

4.37 The Commission has fixed the targets for Distribution Loss and Collection Efficiency in its Business Plan Regulations, 2017 as 11.69% 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

4.38 The Petitioner has estimated the energy requirement based on the sales projected for FY 2018-19 and Distribution loss as specified for FY 2018-19 in DERC Business Plan Regulations, 2017 as follows:

Table 175: Petitioner Submission - Energy Requirement for FY 2018-19

Sr.No.	Particulars	Unit	Quantity
A	Energy sales	MU	6603
B	Distribution Loss	%	11.69
C	Energy Requirement	MU	7477
D	Distribution Loss	MU	874

COMMISSION'S ANALYSIS

4.39 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 176: Commission Approved - Energy requirement for FY 2018-19

Sr.No.	Particulars	Unit	Approved Energy requirement	Remarks
1	Energy Sales	MU	6708.07	Table
2	Distribution Loss	MU	887.98	3-1
		%	11.69%	
3	Energy Requirement	MU	7596.05	1/(1-2)

POWER PURCHASE

PETITIONER'S SUBMISSION

4.40 The Petitioner has submitted that the power sources through mix of long term and short term sources to meet the demand in its licensed area. Long term sources include Central Generating Stations which are owned by Central Government, State Generating Stations which are owned by State Government, IPP and JVs. 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.

4.41 The firm share, unallocated share, petitioner share (%, MW & MU) is summarized in the table as follows:

Table 177: Petitioner Submission - Energy Purchase during FY 2018-19

Sr. No.	Stations	Installed Capacity	Firm & un-allocated share of Delhi		Share Allocation to Petitioner		Petitioner Share
		(MW)	(%)	(MW)	(%)	(MW)	(MU)
A	**NTPC**						
1	Anta Gas Power Project	419	10.50%	44	2.67%	11	0
2	Auraiya Gas Power Station	663	10.86%	72	2.76%	18	0
3	Badarpur Thermal Power Station	420	100.00%	420	16.10%	114	0
4	Dadri Gas Power Station	830	10.96%	91	2.78%	23	0
5	Feroze Gandhi Unchahar TPS 1	840	5.71%	643	1.45%	12	37
6	Feroze Gandhi Unchahar TPS 2	420	11.19%	47	2.84%	12	77
7	Feroze Gandhi Unchahar TPS 3	210	13.81%	29	3.51%	7	49
8	Farakka STPS	1600	1.39%	22	0.35%	6	31
9	Kahalgaon Thermal Power Station 1	840	6.07%	51	1.54%	13	77
10	National Capital Thermal Power	630	90.00%	567	8.54%	72	245
11	Rihand Thermal Power Station 1	1000	10.00%	100	2.54%	25	156
12	Rihand Thermal Power Station 2	1000	12.60%	126	3.20%	32	227
13	Singrauli STPS	2000	7.50%	150	3.72%	74	538
14	Kahalgaon Thermal Power Station 2	1500	10.49%	157	2.66%	40	232
15	Dadri TPS-II	980	75.00%	735	19.05%	187	1010
16	Rihand Thermal Power Station 3	1000	10.80%	108		52	360
	Sub Total	**14352**		**3362**		**698**	**3037**
B.	**NHPC**						
1	Bairasiul	180	11.00%	20	2.79%	5	19
2	Salal	690	11.62%	80	2.95%	20	79
3	Chamera I	540	7.90%	43	2.01%	11	29
4	Tanakpur	120	12.81%	15	3.25%	4	13
5	Uri	480	11.04%	53	2.80%	13	63
6	Dhauliganga	280	13.21%	37	3.36%	9	33
7	Chamera - II	300	13.33%	40	3.39%	10	44
8	Dulhasti	390	12.83%	50	3.26%	13	54
9	Chamera - III	231	12.73%	29	3.23%	7	31
10	Uri II	240	13.45%	32	3.42%	8	33
11	Parbati-III	520	12.73%	66	3.23%	17	20
12	Sewa-II	120	13.33%	16	3.39%	4	18
	Sub Total	**4091**		**482**		**122**	**437**
C.	**NPCL**						
1	Nuclear Power Corp. of India Ltd. Narora	440	10.68%	47	2.71%	12	78

Sr. No.	Stations	Installed Capacity	Firm & un-allocated share of Delhi		Share Allocation to Petitioner		Petitioner Share
2	Nuclear Power Corp. of India Ltd. Kota UNIT - 5&6 RAPP	440	12.69%	56	3.22%	14	89
	Sub Total	**880**		**103**		**26**	**167**
D.	**SJVNL**						
1	Satluj Jal Vidyut Nigam Ltd.- Nathpa Jhakri	1500	9.47%	142	2.41%	36	0
2	SJVNL Regulation credit						
	Sub Total	1500		142		36	0
E.	**Solar Rooftop**	0.3			0.00%	-	1
F.	**Damodar Valley Corporation**						
1	Mejia Units 6	250	40.00%	100	10.16%	25	190
2	CTPS 7 & 8	500	60.00%	300	15.24%	76	555
3	MTPS 7	500	22.23%	111	22.23%	111	789
	Sub Total	1250		511		213	1534
G.	**Power stations in Delhi**						
1	Indraprastha Power Generation Co. Ltd. RPH	135	100%	135	0.00%	-	0
2	Indraprastha Power Generation Co.Ltd. GT	270	100%	281	8.60%	23	56
3	Pragati Power Corp.Ltd. Pragati I	330	100%	330	17.61%	53	297
4	Pragati Power Corp.Ltd. Pragati III (Bawana)	1371			18%	247	332
	Sub Total	2106		746		323	686
H.	**Aravali Power Corporation Ltd - Jhajjar**	1500	46.20%	693	5.28%	79	235
I.	Sasan	3960	11.25%	446	6.50%	257	1785
J.	SECI	700	8.57%	60		20	36
K.	Solar New					125	52
L.	MSW	24	100%	24	24%	6	30
M.	EDWPCL	12	100%	12	50%	6	33
N.	Tala	1020	2.94%	30	0.78%	8	24
O.	New Stations						
1	NHPC Kishanganga	330				8	14
2	NHPC Parbati II	800				17	9
3	NHPC Subansiri Lower HEP	2000					0
4	THDC Tehri Pump Storage	1000				152	137
	Sub Total	**4130**				**177**	**161**
P.	**TOTAL QUANTUM FROM FIRM SOURCES**	**34481**				**2097**	**8218**

COMMISSION'S ANALYSIS

4.42 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.

4.40 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.

4.41 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.

4.42 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.

4.43 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.

4.44 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., 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 Power Corporation Ltd. & Nathpa Jhakri Hydro Power station (NJHPS) being regulated. However, the Commission observes that SJVNL vide its letter dtd. 15/03/2018 has informed NRLDC that they have withdrawn Regulation of

Power Supply for the Petitioner and accordingly NJHPS will supply power to the Petitioner. Therefore, the Commission has considered the power from NJHPS.

4.45 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.

4.46 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.

4.47 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 (MW)	Delhi's Share (%)	Delhi's Share (MW)	Petitioner's Share (%)	Petitioner's Share (MW)	Delhi Energy (MU)	BYPL Energy (MU)
NTPC							
BTPS	705	100%	705	18.99%	133.88	808.00	166.00
FARAKKA	1600	1%	22	25.40%	5.65	109.00	37.00
KAHALGAON STAGE-I	840	6%	51	25.40%	12.95	293.00	88.00
NCPP - DADRI	840	90%	756	8.06%	60.91	3462.00	188.52
RIHAND -I	1000	10%	100	0.00%	0.00	677.00	0.00
RIHAND -II	1000	13%	126	25.40%	32.00	835.00	221.00
Rihand-III	1000	13%	132	40.74%	53.74	678.00	248.00
SINGRAULI	2000	8%	150	49.56%	74.34	1031.00	538.00
UNCHAHAR-I	420	6%	24	25.39%	6.09	128.00	43.00
UNCHAHAR-II	420	11%	47	25.40%	11.94	261.00	85.00
UNCHAHAR-III	210	14%	29	25.40%	7.37	163.00	52.00
KAHALGAON STAGE-II	1500	10%	157	25.41%	39.98	1007.00	282.00
DADRI EXTENSION	980	75%	730	24.03%	175.50	3559.00	661.32

Station	Plant Capacity (MW)	Delhi's Share (%)	Delhi's Share (MW)	Petitioner's Share (%)	Petitioner's Share (MW)	Delhi Energy (MU)	BYPL Energy (MU)
ARAVALI POWER CORPORATION LTD	1500	46%	693	9.74%	67.48	2932.00	0.00
ANTA GAS	419	11%	44	25.40%	11.17	190.50	52.00
AURAIYA GAS	663	11%	72	25.40%	18.30	140.20	39.00
DADRI GAS	830	11%	91	25.39%	23.09	296.38	81.00
NTPC TOTAL	**15927**		**3930**		**734.38**	**16570.08**	**2781.85**
NHPC							
BAIRA SIUL	180	11%	20	25.40%	5.03	76.00	18.00
CHAMERA-I	540	8%	43	25.41%	10.84	166.00	46.00
CHAMERA-II	300	13%	40	25.40%	10.16	205.00	53.00
CHAMERA-III	231	13%	29	25.40%	7.47	136.00	34.00
DHAULIGANGA	280	13%	37	25.40%	9.39	149.00	38.00
DULHASTI	390	13%	50	25.40%	12.71	275.00	73.00
SALAL	690	12%	80	25.40%	20.36	284.00	104.00
TANAKPUR	94	13%	12	21.67%	2.61	50.00	12.00
URI	480	11%	53	25.40%	13.46	277.00	69.00
SEWA-II	120	13%	16	25.40%	4.06	65.00	16.00
URI-II	240	13%	32	25.40%	8.20	166.00	44.00
PARBATI III	520	13%	66	25.40%	16.81	100.00	23.00
NHPC TOTAL	**4065**		**479**		**121.11**	**1949.00**	**530.00**
OTHERS CSGS							
TEHRI HEP	1000	6%	63	0.00%	0.00	191.00	0.00
NJPC (SJVNL)	1500	9%	135	25.40%	34.29	588.92	121.92
KOTESHWAR	400	10%	39	0.00%	0.00	121.00	0.00
MEJIA UNIT-6	750	23%	170	25.40%	43.18	702.00	190.00
MEJIA UNIT-7	500	24%	119	100.00%	119.00	789.00	789.00
CHANDRAPUR (EXT. 7 & 8)		23%	230	25.40%	58.42	2049.00	550.00
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	0.00
TALA	1020	3%	30	25.40%	7.62	112.00	19.00
SASAN	3960	11%	446	54.49%	242.74	3196.00	1785.00
OTHERS CSGS TOTAL	**11500**		**1636.93**		**505.25**	**10407.92**	**4014.92**
NUCLEAR							
RAPS - 5 & 6	440	13%	56	25.40%	14.18	361.00	98.00
NPCIL - NAPS	440	11%	47	0.00%	0.00	322.00	0.00
NUCLEAR TOTAL	**880**		**103**		**14.18**	**683.00**	**98.00**
Power stations in Delhi (SGS)							
GAS TURBINE	270	100%	270	8.59%	23.19	508.00	43.00
PRAGATI -I	330	100%	330	16.07%	53.03	1486.00	150.00
PRAGATI-III, BAWANA	1371	80%	1097	22.50%	246.82	1681.00	326.00
TOWMCL	16		14.00		0.00	110.00	0.00
SECI SOLAR RAJASTHAN			60.00		20.00	125.00	40.00
TYAGRAJ			0.00		0.00	0.00	
MSW BAWANA			24.00		7.00	115.00	20.00
EAST DELHI MCW			3.00		3.00	10.25	5.00
OWN SOLAR			2.00		0.00	4.00	2.00
SMALL HYDRO POWER			41.00		0.00		

Station	Plant Capacity (MW)	Delhi's Share (%)	Delhi's Share (MW)	Petitioner's Share (%)	Petitioner's Share (MW)	Delhi Energy (MU)	BYPL Energy (MU)
SGS TOTAL	1987.2		1841		353.04	4199.25	586.00
TOTAL PURCHASE FROM LONG TERM	34359.54		7989.04		1727.96	33809.25	8010.77

POWER PURCHASE COST

PETITIONER'S SUBMISSION

4.43 The Petitioner has estimated the power purchase cost in the following manner:

i. ISGS/SGS Stations:

- Annual fixed Charges (AFC) are considered as per CERC/DERC Orders of various generating stations/ latest available rates in bills/petitions and applying the petitioner's allocation
- Fixed cost of BTPS, Anta, Auraiya and Dadri gas stations has been considered, pending the decision in various courts/forums.
- The energy charges have been considered as per FY 2016-17 rate and no escalation has been considered.
- Further energy charges in case of Hydro Power Plants have been calculated in accordance with the formula given in Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014.
- Cost of Sasan plant in Rs/unit has been considered same as billed in FY 16-17.

ii. RE Sources:

- Cost of procurement from RE Sources has been considered as per the PPA's signed/ billed.

iii. New Generating Stations:

- The Cost of power from new stations have been considered same as the average power purchase cost of similar stations and as indicated by various generating stations
- For Tehri Pump Storage expected to be commissioned in FY 2018-19, the tentative fixed cost as per allocated share has been considered.

iv. No arrears or other charges have been projected during FY 2018-19.

4.44 The Petitioner has submitted the power purchase cost during FY 2018-19 as follows:

Table 179: Petitioner Submission - Power Purchase Cost proposed for FY 2018-19

Sr. No.	Stations	Petitioner Share (MU)	Fixed Charges (Rs Cr)	Variable Charge (Rs Cr)	Total Charges (Rs Cr)	Average Rate (Rs./kWh)
A	**NTPC**					
1	Anta Gas Power Project	0	5.8	0.0	5.8	
2	Auraiya Gas Power Station	0	8.5	0.0	8.5	
3	Badarpur Thermal Power Station	0	62.6	0.0	62.6	
4	Dadri Gas Power Station	0	9.8	0.0	9.8	
5	Feroze Gandhi Unchahar TPS 1	37	4.5	10.7	15.2	4.16
6	Feroze Gandhi Unchahar TPS 2	77	7.3	22.3	29.7	3.86
7	Feroze Gandhi Unchahar TPS 3	49	6.8	14.4	21.2	4.30
8	Farakka STPS	31	3.3	7.6	10.9	3.56
9	Kahalgaon Thermal Power Station 1	77	9.3	18.1	27.5	3.59
10	National Capital Thermal Power	245	48.2	81.0	129.2	5.27
11	Rihand Thermal Power Station 1	156	15.0	24.4	39.4	2.53
12	Rihand Thermal Power Station 2	227	16.0	35.3	51.2	2.25
13	Singrauli STPS	538	33.9	75.9	109.8	2.04
14	Kahalgaon Thermal Power Station 2	232	30.8	52.6	83.3	3.60
15	Dadri TPS-II	1010	189.7	314.0	503.7	4.99
16	Rihand Thermal Power Station 3	360	53.5	54.8	108.4	3.01
	Sub Total	**3037**	**505.1**	**711.1**	**1,216.2**	**4.00**
B.	**NHPC**					
1	Bairasiul	19	2.2	2.0	4.2	2.21
2	Salal	79	6.5	4.9	11.4	1.44
3	Chamera I	29	4.1	3.4	7.5	2.57
4	Tanakpur	13	2.9	2.1	5.0	3.90
5	Uri	63	7.1	5.3	12.4	1.96
6	Dhauliganga	33	3.3	4.1	7.4	2.24
7	Chamera – II	44	5.4	4.5	9.9	2.25
8	Dulhasti	54	18.1	15.1	33.3	6.15
9	Chamera – III	31	8.3	6.6	14.9	4.79
10	Uri II	33	10.2	7.9	18.2	5.45
11	Parbati-III	20	5.9	8.9	14.8	7.48
12	Sewa-II	18	4.4	4.1	8.6	4.64
	Sub Total	**437**	**78.5**	**69.0**	**147.5**	**3.37**
C.	**NPCL**					
1	Nuclear Power Corp. of India Ltd. Narora	78	-	20.2	20.2	2.58
2	Nuclear Power Corp. of India Ltd. Kota UNIT - 5&6 RAPP	89	-	31.3	31.3	
	Sub Total	**167**	**-**	**51.5**	**51.5**	**3.09**
D.	**SJVNL**					
1	Satluj Jal Vidyut Nigam Ltd.-Nathpa Jhakri	0	22.2	0.0	22.2	
2	SJVNL Regulation credit		-	0.0	-	
	Sub Total	**0**	**22.2**	**0.0**	**22.2**	
E.	**Solar Roof Top**	**1**	**-**	**0.6**	**0.6**	**5.50**
F.	**Damodar Valley Corporation**					
1	Mejia Units 6	190	24.1	46.1	70.2	3.70

Sr. No.	Stations	Petitioner Share (MU)	Fixed Charges (Rs Cr)	Variable Charge (Rs Cr)	Total Charges (Rs Cr)	Average Rate (Rs./kWh)
2	CTPS 7 & 8	555	80.9	108.6	189.4	3.41
3	MTPS 7	789	113.3	174.3	287.6	3.64
	Sub Total	**1534**	**218.2**	**329.0**	**547.2**	**3.57**
G.	**Power stations in Delhi**					
1	Indraprastha Power Generation Co.Ltd. RPH					
2	Indraprastha Power Generation Co.Ltd. GT	56	10.9	16.9	27.8	4.94
3	Pragati Power Corp.Ltd. Pragati I	297	23.8	91.1	115.0	3.86
4	Pragati Power Corp.Ltd. Pragati III (Bawana)	332	194.9	84.3	279.2	8.41
	Sub Total	**686**	**229.7**	**192.3**	**422.0**	**6.15**
H.	Aravali Power Corporation Ltd – Jhajjar	235	91.0	76.1	167.1	7.12
I.	Sasan	1785	-	262.3	262.3	1.47
J.	SECI	36	-	19.8	19.8	5.50
K.	Solar New	52		15.6	15.6	3.00
L.	MSW	30	-	21.0	21.0	7.03
M.	EDWPCL	33	-	10.6	10.6	3.21
N.	Tala	24	-	5.1	5.1	2.08
O.	New Stations					
1	NHPC Kishanganga	14	-	10.0	10.0	7.10
2	NHPC Parbati II	9	-	5.7	5.7	6.01
3	NHPC Subansiri Lower HEP		-	0.0	-	
4	THDC Tehri Pump Storage	137	61.2	61.7	122.9	8.97
	Sub Total	**161**	**61.2**	**77.4**	**138.6**	**8.63**
P.	**TOTAL QUANTUM FROM FIRM SOURCES**	**8218**	**1,206.0**	**1841.4**	**3,047.3**	**3.71**

COMMISSION'S ANALYSIS

4.45 The following methodology has been adopted by the Commission for estimation of Power Purchase Cost for FY 2018-19:

(a) 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, SJVNL and DVC for FY 2018-19 as per *Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014*.

(b) 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.

4.46 The total Power Purchase Cost approved by the Commission is summarized in the table as follows:

Table 180: 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						
BTPS	166.00	18.38	3.65	60.60	78.99	4.76
FARAKKA	37.00	3.26	2.50	9.27	12.52	3.39
KAHALGAON STAGE-I	88.00	9.31	2.36	20.81	30.12	3.42
NCPP - DADRI	188.52	35.97	3.17	59.77	95.74	5.08
RIHAND -I	0.00	0.00	1.29	0.00	0.00	-
RIHAND -II	221.00	15.89	1.29	28.42	44.31	2.00
RIHAND-III	248.00	54.76	1.35	33.53	88.29	3.56
SINGRAULI	538.00	33.70	1.35	72.74	106.43	1.98
UNCHAHAR-I	43.00	4.08	2.76	11.85	15.94	3.71
UNCHAHAR-II	85.00	7.31	2.76	23.42	30.73	3.62
UNCHAHAR-III	52.00	6.27	2.75	14.28	20.55	3.95

Particulars	Energy	Fixed Cost	V.C/unit	Variable Cost	Total Charges	Avg. Rate
	(MU)	(Rs. Cr.)	(Rs./kWh)	(Rs. Cr.)	(Rs. Cr.)	(Rs./kWh)
KAHALGAON STAGE-II	282.00	30.63	2.28	64.19	94.82	3.36
DADRI EXTENSION	661.32	165.58	2.98	197.06	362.64	5.48
ARAVALI POWER CORPORATION LTD	0.00	76.90	2.98	0.00	76.90	-
ANTA GAS	52.00	5.82	2.56	13.32	19.15	3.68
AURAIYA GAS	39.00	8.52	3.15	12.28	20.81	5.34
DADRI GAS	81.00	9.77	3.03	24.55	34.32	4.24
NTPC TOTAL	**2781.85**	**486.16**		**646.09**	**1132.26**	4.07
NHPC						
BAIRA SIUL	18.00	3.14	0.96	1.73	4.88	2.71
CHAMERA-I	46.00	6.63	1.06	4.87	11.50	2.50
CHAMERA-II	53.00	8.87	0.99	5.25	14.13	2.67
CHAMERA-III	34.00	7.64	2.12	7.22	14.86	4.37
DHAULIGANGA	38.00	8.04	1.51	5.74	13.78	3.63
DULHASTI	73.00	29.71	2.57	18.77	48.48	6.64
SALAL	104.00	9.76	0.58	6.06	15.82	1.52
TANAKPUR	12.00	3.60	1.57	1.88	5.48	4.57
URI	69.00	10.37	0.81	5.58	15.95	2.31
SEWA-II	16.00	4.77	2.16	3.46	8.23	5.14
URI-II	44.00	15.66	2.42	10.63	26.29	5.97
PARBATI III	23.00	4.91	2.74	6.30	11.21	4.87
NHPC TOTAL	**530.00**	**113.11**		**77.50**	**190.61**	**3.60**
OTHERS CSGS						
TEHRI HEP	0.00	0.00	2.70	0.00	0.00	
NJPC (SJVNL)	121.92	13.27	1.19	14.47	27.73	2.27
KOTESHWAR	0.00	0.00	1.95	0.00	0.00	
MEJIA UNIT-6	190.00	13.64	2.38	45.20	58.84	3.10
MEJIA UNIT-7	789.00	121.29	2.19	172.73	294.02	3.73
CHANDRAPUR (EXT.-7 AND 8)	550.00	30.55	1.87	102.78	133.33	2.42
HARYANA CLP JHAJJAR	0.00	0.00	3.20	0.00	0.00	
MPL DVC	0.00	0.00	1.94	0.00	0.00	
TALA	19.00	0.00	2.16	4.10	4.10	2.16
SASAN	2345.00	0.00	1.29	302.57	302.57	1.29
OTHERS CSGS TOTAL	**4014.92**	**178.74**		**641.85**	**820.59**	2.04
NUCLEAR						
RAPS - 5 & 6	98.00		3.41	33.40	33.40	3.41
NPCIL - NAPS	0.00		2.37	0.00	0.00	
NUCLEAR TOTAL	**98.00**	**0.00**		**33.40**	**33.40**	3.41
POWER STATIONS IN DELHI (SGS)						
GAS TURBINE	43.00	11.64	3.20	13.74	25.38	5.90
PRAGATI -I	150.00	27.14	4.31	64.70	91.84	6.12
PRAGATI-III, BAWANA	326.00	87.56	3.77	123.05	210.60	6.46
TOWMCL	0.00		2.75	0.00	0.00	
SECI SOLAR RAJASTHAN	40.00		5.50	22.00	22.00	5.50
TYAGRAJ			5.50	0.00	0.00	
MSW BAWANA	20.00		7.03	14.06	14.06	7.03
EAST DELHI MCW	5.00		3.20	1.60	1.60	3.20
OWN SOLAR	2.00		5.90	1.18	1.18	5.90
SMALL HYDRO POWER			4.20	0.00	0.00	
SGS TOTAL	**586.00**	**126.35**		**240.32**	**366.66**	6.26
TOTAL PURCHASE FROM LONG TERM	**8010.77**	**904.36**		**1639.17**	**2543.52**	3.18

SHORT TERM PURCHASE/SALE

PETITIONER'S SUBMISSION

4.47 The Petitioner has submitted that the Commission in its previous Tariff Orders had 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 primarily during day time. Further the Hon'ble Commission directed the Licensee to 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 Licensee. Accordingly, the Licensee is required to procure power from short term sources to meet the demand as follows:

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			
1	IEX/ Bilateral	395	3.40	135.7
2	Banking	307	4.00	122.6
	Total	702	3.70	258.3

COMMISSION'S ANALYSIS

4.48 It is observed that the Petitioner is in Surplus of 219.77 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.

4.49 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."

4.50 In view of above, the Commission has appropriately considered the Sale of Surplus Power as Rs. 3.00/kWh as follows for FY 2018-19:

Table 182: Commission Approved - Sale of Surplus Power for FY 2018-19

Sr. No.	Source	Surplus Power (MU)	Rate (Rs./unit)	Total (Rs. Cr.)
A	Sale of Surplus Power	219.77	3.00	65.93

RENEWABLE PURCHASE OBLIGATION (RPO)

PETITIONER'S SUBMISSION

4.51 The Petitioner has submitted that as per DERC Business Plan Regulations, 2017, the Petitioner is required to meet its RPO obligation of 14.25% of total energy sales during FY 2018-19 through procurement of either Solar Energy or combination of Solar energy and Non-Solar energy with a minimum purchase of 4.75% of Solar energy. In absence of adequate availability of Solar energy, the Petitioner has proposed to achieve the RPO Target through purchase of Renewable Energy Certificates (RECs).

4.52 The Petitioner has stated that the energy generated from Rooftop solar has been considered for meeting RPO Target.

4.53 For calculation of cost through RECs, the Petitioner has considered the REC rate as considered by the Commission in Tariff Order dated August 31, 2017. The unmet RPO obligation for FY 16-17 is proposed to be carried forward in FY 2018-19.

4.54 The cost of REC Purchase for meeting solar & Non-Solar RPO during FY 2018-19 is as follows:

Table 183: Petitioner Submission - Cost of REC Purchase for meeting Solar RPO during FY 2018-19

Sr. No.	Particulars	UoM	FY 2018-19
A	Energy Sales	MU	6156
B	RPO Target- Solar	%	4.75%
C	RPO Target- Solar	MU	292
D	Availability from SECI & Rooftop Solar	MU	89
E	Required to be met through RECs	MU	203
F	Past unmet brought forward	MU	-26
G	Total	MU	177
H	REC Rate	Rs./unit	2.4
I	Cost of REC Purchase	Rs. Cr.	43

Table 184: Petitioner Submission - Cost of REC Purchase for meeting Non-Solar RPO during FY 2018-19

Sr. No.	Particulars	UoM	FY 2018-19
A	Energy Sales	MU	6156
B	RPO Target- Non Solar	%	9.50%
C	RPO Target- Non Solar	MU	585
D	Availability from EDWPCL and MSW	MU	63
E	Required to be met through RECs	MU	522
F	Past unmet brought forward	MU	501
G	Total	MU	1023
H	REC Rate	Rs/unit	1.5
I	Cost of REC Purchase	Rs Crore	154

COMMISSION'S ANALYSIS

4.55 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 185: Commission Approved - Targets for Renewable Purchase Obligation

Sr. No.	Particulars	FY 2018-19
1	Solar Target (Minimum)	4.75%
2	Total	**14.25%**

4.56 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.

4.57 The Commission has approved the total energy sales of 6708 MU for FY 2018-19 for the Petitioner. Based on the sales approved, the Petitioner has to purchase a minimum of 956 MU from renewable energy sources for FY 2018-19 indicated in the table as follows:

Table 186: Commission Approved - Renewable Energy to be Procured

Power Source	Approved Energy Sales (MU)	% of Total approved energy sales in Regulations	Renewable Energy to be Procured
Solar	6708.27	4.75%	318.63
Non-solar		9.50%	637.27
Total		**14.25%**	**955.90**

4.58 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.

4.59 The Commission, therefore, considers the balance of Renewable Energy procurement for RPO compliance through purchase of Renewable Energy Certificates during FY 2018-19.

4.60 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 187: 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

4.61 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.

4.62 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).

4.63 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., Dadri-II. 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 Dadri-II which is Rs. 2.98/kWh.

4.64 Accordingly, the Power Purchase Cost allowed by the Commission towards RPO compliance is indicated in the table as follows:

Table 188: 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	Own Solar	2.00	5.50	1.10
2	Solar (SECI)	40.00	5.50	22.00
3	Balance Solar Energy to be purchased	276.63	2.40	66.39
	Sub Total	**318.63**		**89.49**
NON SOLAR				
4	MSW Bawana	20.00	7.03	14.06
5	East Delhi MSW	5.00	3.20	1.60
7	Balance Non Solar RECs to be purchased	612.27	1.50	91.84
8	**Sub Total**	**637.27**		**107.50**
9	**TOTAL RPO**	**955.90**		**196.99**

TRANSMISSION LOSS AND CHARGES

PETITIONER'S SUBMISSION

4.65 The Petitioner has projected the Intra & Inter State Transmission Loss & Charges equivalent to that estimated for FY 2017-18 (excluding Pension Trust amount) by the Commission in Tariff Order dated 31st August, 2017 as follows:

Table 189: Petitioner Submission - Transmission loss, charges for FY 2018-19

Sr. No	Particulars	FY 2018-19
A	**Transmission losses (MU)**	
I	Inter-State Transmission	169
Ii	Intra-State Transmission	79
Iii	Total Transmission losses (MU)	248
B	**Transmission Charges (Rs. Crore)**	
I	Inter-State Transmission*	313.0
Ii	Intra-State Transmission (including SLDC)	249.3
iii	**Total Transmission Charges (Rs. Crore)**	**561.8**

COMMISSION'S ANALYSIS

TRANSMISSION LOSS

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 2 months of FY 2017-18 and considered the same for FY 2018-19 amounting to Rs. 312.73 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. 2.57 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 190: 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) @ 1.65% on Total energy available excluding BTPS, SGS & RE Plants	119.77
2	Intra-State Transmission (DTL) @ 0.98%	75.18
	Total Transmission Losses (MU)	**194.95**
B	**Transmission Charges (Rs Crore)**	
1	Inter-State Transmission (PGCIL)	312.73
2	Intra-State Transmission (DTL)	254.08
3	SLDC Charges	2.57
C	**Total Transmission Charges (Rs. Crore)**	**569.38**

ENERGY BALANCE

PETITIONER'S SUBMISSION

4.73 The energy balance submitted by the Petitioner for FY 2018-19 is summarised in the table as follows:

Table 191: Petitioner Submission - Energy Balance for FY 2018-19

Sr. No.	Particulars	FY 2018-19 Quantity (MU)
1	**Power Purchase @ ex bus**	**8218**
2	Inter-State Losses	169
3	**Power Available at Delhi Periphery**	**8048**
4	Intra-state Loss & Charges (Including SLDC charges)	79
5	Power Available to DISCOM	7970
6	Banking Import	307
7	Shortfall to be met at DISCOM Periphery	395
8	**Total Available**	**8671**
9	Sales	6603
10	Distribution Loss	874
11	**Energy Requirement at Distribution Periphery**	**7477**
12	Sale of Surplus power	873
13	Sale of Power through banking	322
14	**Total Sale of Surplus**	**1195**

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 192: Commission Approved - Energy Balance for FY 2018-19

Sr. No.	Particulars	Unit	FY 2018-19
	Energy Availability		
1	Total energy available (Excluding BTPS, SGS & RE Plants)	MU	7258.77
2	Inter-State Transmission Losses	%	1.65%
		MU	119.77
3	Energy available from BTPS, SGS & RE Plants	MU	752.00
4	**Energy available at State Transmission Periphery (1-2+3)**	**MU**	**7891.00**
	Energy Requirement		
5	Energy Sales	MU	6708.07
6	Distribution Loss	%	11.69%
		MU	887.98
7	Energy requirement at distribution periphery	MU	7596.05
8	Intra-State Transmission Loss	%	0.98%
		MU	75.18
9	**Energy Requirement at State Transmission Periphery (7+8)**	**MU**	**7671.22**
10	**Surplus/(Deficit) Energy (4-9)**	**MU**	**219.77**

REBATE ON POWER PURCHASE AND TRANSMISSION CHARGES

PETITIONER'S SUBMISSION

4.75 The Petitioner does not propose any rebate on power purchase and Transmission

Charges during FY 2018-19 and therefore, the normative rebate has not been considered in power purchase cost.

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 projected the total power purchase cost during FY 2018-19 as tabulated below:

Table 193: Petitioner submission - Total Power Purchase Cost for FY 2018-19

Sr. No	Source	Quantity (MU)	Amount (Rs. Crore)	Average Cost (Rs./ kWh)
1	2	3	4	5
A	Power Purchase from CSGS	7,462	2,531.8	3.39
B	Inter-State Loss & Charges	169	312.5	
C	Cost towards REC		196.1	
D	Power Available at Delhi Periphery	7,293	3,040.4	4.17
E	Power Purchase from SGS*	756	515.5	6.82
F	Intra-State Losses & Charges including SLDC Charges	79	249.3	
G	Banking Import	307	122.6	4.00
H	Shortfall to be met at Discom Periphery	395	135.7	3.44
I	Total Power available to DISCOM	8,671	4,063.6	4.69
J	Sales	6,603		
K	Distribution Loss	874		
L	Power Required at Discom periphery	7,477	3,752.9	5.02
M	Sale of Surplus power	873	181.9	2.08

Sr. No	Source	Quantity (MU)	Amount (Rs. Crore)	Average Cost (Rs./ kWh)
1	2	3	4	5
N	Sale of Power through Banking	322	128.8	4.00
O	Total Sale of Surplus Power	1,195	310.7	2.60

** includes SGS/BTPS/Renewable etc.*

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 194: Commission Approved – Total Power Purchase Cost for FY 2018-19

Sr. No.	Source	Approved		
		Quantity (MU)	Amount (Rs. Crore)	Average cost (Rs./kWh)
1	Power Purchase from CSGS except BTPS, SGS and RE Plants	7258.77	2097.87	**2.89**
2	PGCIL Losses & Charges	119.77	312.73	
3	Power Purchase from SGS including BTPS excluding RE Plants	685.00	406.81	**5.94**
4	Renewable Energy Plants	67.00	38.84	**5.80**
5	Cost towards Renewable Energy Certificates (RECs)		158.23	
6	Power Available at Delhi Periphery (cost excluding RECs)	**7891.00**	**2856.25**	**3.62**
7	DTL Loss & Charges including SLDC charges	75.18	256.65	
8	Power Purchase Rebate @ 2%		50.87	
9	Rebate on Transmission Charges @ 2%		11.34	
10	**Power Available to DISCOM**	**7815.82**	**3050.70**	**3.90**
11	Sales	6708.07		
12	Distribution Loss	**887.98**		
13	Net Power Purchase cost including Transmission charges, RECs & Sale of Surplus Power	**7596.05**	**3143.00**	**4.14**
14	Sale of Surplus Power	**219.77**	**65.93**	**3.00**

POWER PURCHASE COST ADJUSTMENT CHARGES (PPAC)

4.80 As per Regulation 135 of the *DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017*, the Commission has to specify the detailed formula for PPAC in the Tariff Order for the relevant year.

4.81 Further, as per Regulation 134 of the *DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017* only Price of Fuel from long term sources of Generation, Variation in Fixed Cost on account of Regulatory Orders from long term sources of Generation and Variation in Transmission Charges shall be allowed to be recovered in PPAC. The relevant Regulation is as follows:

> *" 134. The Distribution Licensee shall be allowed to recover the incremental Power Procurement Cost on quarterly basis, over and above the Power Procurement Cost approved in the Tariff Order of the relevant year, incurred due to the following:*
> *(a) Variation in Price of Fuel from long term sources of Generation;*
> *(b) Variation in Fixed Cost on account of Regulatory Orders from long term sources of Generation;*
> *(c) Variation in Transmission Charges. "*

4.82 Accordingly, the Commission has specified the PPAC formula for FY 2018-19 by considering the base Power Purchase Cost from various generating stations over which any increase has to be taken for the purpose of PPAC during FY 2018-19 indicated as follows:

Power Purchase Cost Adjustment (PPAC) formula

$$\text{PPAC for nth Qtr. (\%)} = \frac{(A-B)*C + (D-E)}{\left\{Z * \left(1 - \frac{\text{Distribution losses in \%}}{100}\right)\right\} * ABR}$$

Where,

A = Total units procured in $(n-1)_{th}$ Qtr (in kWh) from power stations having long term PPAs – (To be taken from the bills of the GENCOs issued to distribution licensees)

B = Proportionate bulk sale of power from Power stations having long term PPAs in $(n-1)_{th}$ Qtr (in kWh)

$$= \frac{\text{Total bulk sale in } (n-1)_{th} \text{ Qtr (in kWh)} * A}{\text{Gross Power Purchase including short term power in } (n-1)_{th} \text{ Qtr (in kWh)}}$$

Total bulk sale and gross power purchase in (n-1)th Qtr to be taken from provisional accounts to be issued by SLDC by the 10th of each month.

C = Actual average Power Purchase Cost (PPC) from power stations having long term PPAs in (n-1)th Qtr (Rs./ kWh) – Projected average Power Purchase Cost (PPC) from power stations having long term PPAs (Rs./ kWh) (from tariff order)

D = Actual Transmission Charges paid in the (n-1)th Qtr

E = Base Cost of Transmission Charges for (n-1)th Qtr = (Approved Transmission Charges/4)

Z = [{Actual Power purchased from Central Generating Stations having long term PPA in (n-1)th Qtr (in kWh)*(1 – INTERSTATE

TRANSMISSION LICENSEE losses in %) + Power from Delhi GENCOs

100

including BTPS (in kWh)}*(1 – Intra state losses in %) – B] in kWh

100

ABR = Average Billing Rate for the year (to be taken from the Tariff Order)

Distribution Losses (in %) = Target Distribution Losses (from Tariff Order)

INTER STATE TRANSMISSION LICENSEE Losses = 100* Approved INTER STATE TRANSMISSION LICENSEE losses in Tariff Order (kWh)

Approved long term power purchase from central generating stations having long term PPA in the Tariff Order (kWh)

(in %) DTL Losses (in %) = 100 * Approved DTL Losses (from the Tariff Order) Power

available at Delhi periphery (from energy balance table tariff order)

4.83 The Commission has specified the methodology for recovery of PPAC in its Business Plan Regulations, 2017 as follows:

" The mechanism for recovery of Power Purchase Cost Adjustment Charges

(PPAC) in terms of the Regulation 134 of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017 from FY 2017-18 to FY 2019-20 of the Distribution Licensees shall be as follows:

(1) The Commission shall specify the detailed formula for computation of PPAC in the Tariff Order for the relevant year.

(2) The Distribution Licensee shall compute the PPAC for any quarter as per the specified formula for the relevant year:

Provided that a quarter refers to one-fourth of a year i.e., January, February and March (Q1); April, May and June (Q2); July, August and September (Q3); and October, November and December (Q4).

(3) The PPAC computation of any quarter shall be equally spread and adjusted over subsequent quarter only:

Provided that the Commission may allow to carry forward PPAC to more than one quarter in order to avoid the tariff shock for consumers in terms of Regulation 136 of the DERC (Terms and Conditions for Determination of Tariff) Regulations, 2017.

(4) The treatment of PPAC computation as per the specified formula shall be as follows:

(a)in case PPAC does not exceed 5% for any quarter, the Distribution Licensee may levy PPAC at 90% of computed PPAC with prior intimation to the Commission without going through the regulatory proceedings.

(b) in case PPAC exceeds 5% for any quarter, the Distribution Licensee may levy PPAC of 4.50% without going through the regulatory proceedings and shall file an application for prior approval of the Commission for the differential PPAC claim (Actual PPAC % – 4.50%).

(5) The Distribution Licensee shall upload the computation of PPAC on its

website before the same is levied to the consumers' electricity bills.

(6) Revenue billed on account of PPAC by the Distribution Licensee, without going through the regulatory proceedings, shall be trued up along-with the Power Purchase Cost of the relevant year and no Carrying Cost shall be allowed due to under-recovery of revenue for the same year.

(7) Revenue billed on account of PPAC by the Distribution Licensee, without going through the regulatory proceedings, shall be trued up along-with the Power Purchase Cost of the relevant year and Carrying Cost shall be recovered at 1.20 times of interest rate on the excess revenue recovered for the same year."

4.84 PPAC on quarterly basis shall be charged as per the following:

(a) The PPAC will be charged to all categories of consumers.

(b) The weighted average base cost as approved in this Tariff shall be Rs. 3.18/kWh.

(c) The Distribution licensee shall submit to the Commission the details in respect of changes in power purchase cost of plants having long term PPAs, as listed above for (n-1)th quarter. Further, Auditor's Certificate indicating plant-wise details of fixed charges, variable charges, other charges and units purchased from each plant having long term PPAs, as listed above, for (n-1)th quarter and actual transmission charges for (n-1)th quarter shall be furnished along with the proposal of PPAC surcharge submitted for the Commission's approval. Further, similar information in respect of current bills shall also be furnished in the Auditor's certificate.

(d) The percentage of PPAC will be rounded off to two decimal places.

(e) The percentage increase on account of PPAC will be applied as a surcharge on the total energy and fixed charges (excluding short term arrears, LPSC, Electricity Duty etc.) billed to a consumer of the utility. Further, PPAC surcharge shall not be levied on the 8% surcharge and also the 8% surcharge towards recovery of past accumulated deficit shall not to be levied on PPAC.

(f) The bill format shall clearly identify the PPAC percentage and amount of PPAC billed as separate entries.

(g) This PPAC formula shall remain applicable till it is reviewed, revised or otherwise amended.

OPERATION AND MAINTENANCE (O&M) EXPENSES

PETITIONER'S SUBMISSION

4.85 The Petitioner has projected the normative O&M expenses for FY 2018-19 as follows:

Table 195: Petitioner Submission - O&M Expenses during FY 2018-19

Particulars	Capacity as on 31.03.2019	O&M expenses per unit		O&M expenses
66 kV Line (ckt km)	216	Rs. Lakh/ckt. km	4.669	10.1
33 kV Line (ckt km)	371	Rs. Lakh/ckt. km	4.669	17.3
11kV Line (ckt km)	2659	Rs. Lakh/ckt. km	1.961	52.2
LT Line system (ckt km)	5133	Rs. Lakh/Ckt. km	8.756	449.4
66/11 kV Grid S/s (MVA)	1699	Rs. Lakh/MVA	1.104	18.8
33/11 kV Grid S/s (MVA)	2003	Rs. Lakh/MVA	1.104	22.1
11/0.415 kV DT (MVA)	3386	Rs. Lakh/MVA	2.425	82.1
Total O&M Expenses				**652.0**

4.86 Further, the Petitioner has projected the additional O&M expenses estimated during FY 2018-19 as follows:

Table 196: Petitioner Submission - Additional O&M Expenses during FY 2018-19

Sr.No.	Particulars	Amount
A	Increase in salary on account of 7th Pay Commission	69.2
B	Minimum Wage revision	36.8
C	GST	8.8
D	Short Code 1912	4.6
E	DSM Initiative	7.0
E	**Total**	**126.4**

COMMISSION'S ANALYSIS

4.87 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.

4.88 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 approved by the Commission for FY 2018-19

Particulars	Capacity as on 31.03.2019	O&M Expenses Per Unit (Rs.)	O&M Expenses FY 2018-19 (Rs. Crore)

Particulars	Capacity as on 31.03.2019	O&M Expenses Per Unit (Rs.)		O&M Expenses FY 2018-19 (Rs. Crore)
66 kV Line (kms)	216	Rs. Lakh/Ckt. Km	4.669	10.09
33 kV Line (kms)	371	Rs. Lakh/Ckt. Km	4.669	17.32
11 kV Line (kms)	2659	Rs. Lakh/Ckt. Km	1.961	52.14
LT Lines system (kms.)	5133	Rs. Lakh/Ckt. Km	8.756	449.45
66/11 kV Grid sub-station (MVA)	1699	Rs. Lakh/MVA	1.104	18.76
33/11 kV Grid sub-station (MVA)	2003	Rs. Lakh/MVA	1.104	22.11
11/0.4 kV DT (MVA)	3386	Rs. Lakh/MVA	2.425	82.11
Total				**651.98**

4.89 The Commission has considered impact of any Statutory Pay revision on employee's cost i.e., Rs. 53 Cr. & Rs. 26.4 Cr. for Increase in salary on account of 7th Pay Commission & Minimum Wage revision respectively as specified in the Business Plan Regulations, 2017. The Minimum Wage revision has been considered without escalation. The Commission has not considered the impact of 7th Pay Commission for Non-FRSR employees as they are not covered under Statutory Pay revision.

4.90 The Commission has not considered any expenses on account of GST, Short Code 1912 and DSM initiatives as the Petitioner has not submitted any details of such scheme-wise expenses under DSM and impact of GST & Short code compared with earlier expenditure on these account.

4.91 Accordingly, the Commission approves Rs. 731.38 Cr. as O&M Expenses for FY 2018-19.

CAPITALISATION

PETITIONER'S SUBMISSION

4.92 The Petitioner has proposed the gross capitalisation of Rs. 409 Cr. during FY 2018-19 as approved in the Business Plan Regulations, 2017.

COMMISSION'S ANALYSIS

4.93 The Commission has considered the gross capitalisation of Rs. 409 Cr. during FY 2018-19 as approved in the Business Plan Regulations, 2017.

CONSUMER CONTRIBUTION

PETITIONER'S SUBMISSION

4.94 The Petitioner has considered the actual Consumer contribution capitalised upto FY 2016-17 and for FY 2017-18 & FY 2018-19 as approved in the Business Plan Regulations, 2017 as follows:

Table 198: Petitioner Submission - Consumer contribution capitalised for FY 2018-19 (Rs. Crore)

Sr. No	Particulars	FY 18-19
1	Consumer Contribution & Grants capitalised upto FY 16-17	235.4
2	Consumer Contribution Capitalized for FY 17-18	11.0
3	Opening Balance of Consumer Contribution capitalised	246.4
4	Consumer Contribution Capitalized for FY 18-19	11.0
5	Closing Consumer Contribution and Grants	257.4
6	Average Consumer Contribution and Grants	251.9

COMMISSION'S ANALYSIS

4.95 The Commission has projected the capitalization of consumer contribution during FY 2018-19 as per the projection of the Petitioner. Accordingly, the consumer contribution used for means of finance is as follows:

Table 199: Commission Approved - Consumer Contribution Capitalized Approved by the Commission (Rs Cr)

Particulars	FY 2018-19
Opening balance of Consumer Contribution already capitalised	295.37
Consumer Contribution Capitalized	11.00
Closing Consumer Contribution and Grants	306.37
Average Consumer Contribution and Grants	300.87

DEPRECIATION

PETITIONER'S SUBMISSION

4.96 The Petitioner has projected the revised depreciation for each asset as per the books of accounts and derived the average rate of depreciation for FY 2018-19 as follows :

Table 200: Petitioner Submission - Computation of rate of Depreciation for FY 2018-19

Sr. No.	Particulars	Submission
1	Opening GFA for FY 16-17 as per Audited Accounts (Rs. Cr.)	2862.7
2	Closing GFA for FY 16-17 as per Audited Accounts (Rs. Cr.)	3080.2
3	Average GFA as per Books of Accounts (Rs. Cr.)	2971.5
4	Revised depreciation computed based on Tariff Regulations 2017 (Rs. Cr.)	166.7
5	Average rate of depreciation	5.61%

Table 201: Petitioner Submission - Depreciation for FY 2018-19 (Rs. Crore)

Sr.No.	Particulars	Submission
A	Closing GFA for FY 2016-17	3,109.6
B	Addition during FY 2017-18	395.0
C	Opening GFA for FY 2018-19	3,504.6
E	Additions during the year	409.0
F	Closing GFA	3,913.6
G	Average GFA	3,709.1
H	Less: Average Consumer Contribution	251.9
I	Average GFA net of CC	3,457.2

Sr.No.	Particulars	Submission
J	Average rate of depreciation	5.61%
K	**Depreciation for FY 2018-19**	**193.9**
L	Opening Depreciation including AAD upto FY 17-18	1,371.0
M	Accumulated Depreciation	1,564.9

COMMISSION'S ANALYSIS

4.97 The Commission has indicated in its Order dtd. 22/03/2018 against Review Petition No. 66/2017 filed by BYPL on Tariff Order dated 31/08/2017 that details submitted by the Petitioner for revision in depreciation for FY 2017-18 is not in line with the provisions of the DERC Tariff Regulations, 2017. Accordingly, for FY 2018-19 the Commission has provisionally considered the rate of depreciation as approved for FY 2017-18 on provisional basis and approves depreciation as follows:

Table 202: Commission Approved - Depreciation approved for FY 2018-19 (Rs. Crore)

Particulars	Amount
Opening GFA	3177.99
Net Additions to Asset during the year	409.00
Closing GFA	3,586.99
Average GFA	3,382.49
Less: Average Consumer Contribution	300.87
Average GFA net of CC	3,081.62
Average rate of depreciation	3.96%
Depreciation	**122.03**

WORKING CAPITAL

PETITIONER'S SUBMISSION

4.98 The Petitioner has computed the Working Capital requirement for FY 2018-19 as follows:

Table 203: Petitioner Submission - Working Capital for FY 2018-19 (Rs. Crore)

Sr.No.	Particulars	Submission
A	Annual Revenue Requirement	5126.9
B	Receivables equivalent to 2 months average billing	854.5
C	Net Power Purchase expenses	3752.9
D	Power purchase expenses for 1 Month	312.7
E	Total Working Capital	541.7
F	Opening Working Capital	427.8
G	Change in WC	113.9

COMMISSION'S ANALYSIS

4.99 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: "

4.105 Accordingly Working Capital requirement computed for FY 2018-19 is as follows:

Table 204: Commission Approved - Working Capital for FY 2018-19 (Rs. Crore)

Sr.No.	Particulars	Commission Approved
A	Annual Revenue	4319.32
B	Receivables equivalent to 2 months average billing	719.89
C	Power Purchase expenses	3143.00
D	power purchase expenses for 1 Month	261.92
E	Total Working Capital	457.97
F	Opening Working Capital (Working Capital requirement for FY 2017-18 approved in Tariff Order dtd. 31/08/2017)	427.81
G	Change in WC (E-F)	30.16

REGULATED RATE BASE (RRB)

PETITIONER'S SUBMISSION

4.100 The Petitioner has computed the RRB for FY 2018-19 tabulated as below:

Table 205: Petitioner Submission - Regulated Rate Base for FY 2018-19 (Rs. Crore)

Sr. No.	Particulars	Submission
A	Opening GFA	3,504.6
B	Opening Accumulated Depreciation	1,371.0
C	Opening Consumer Contribution	246.4
D	Opening Working Capital	427.8
E	Accumulated Depreciation on De-capitalised Assets	109.3
F	Opening RRB	2,424.4
G	Investment during the year	102.0
H	Net Capitalisation	409.0

Sr. No.	Particulars	Submission
I	Depreciation	193.9
J	Consumer Contribution	11.0
K	Change in Working Capital	113.9
L	Regulated Rate Base - Closing	2,742.4
M	RRB (i)	2,640.3

4.101 The Petitioner has submitted that Equity and Debt upto FY 2018-19 has been considered based on the closing equity and debt upto FY 2016-17 and addition during FY 2017-18 and FY 2018-19 based on capitalisation net of consumer contribution in the ratio of 30:70.

4.102 The Petitioner has considered the Working capital entirely debt financed in accordance with Regulation 70 of Tariff Regulations, 2017. Debt repayment during the year has been considered as 1/10th of the opening balance.

4.103 The Petitioner has projected the average equity and average debt for FY 2018-19 as tabulated below:

Table 206: Petitioner Submission -Equity and Debt for FY 2018-19 (Rs. Crore)

Sr.No.	Particulars	Submission
	Equity	
A	Closing Balance upto FY 2016-17	1007.8
B	Addition during FY 2017-18	115.2
C	Opening Balance for FY 2018-19	1123.0
D	Addition during FY 2018-19	119.4
E	Closing Balance for FY 2018-19	1242.4
	Debt	
F	Closing Balance upto FY 2016-17	1126.7
G	Addition during FY 2017-18	281.9
i	*Capex*	*268.8*
ii	*Working Capital*	*13.1*
H	Repayment	112.7
I	Opening Balance for FY 2018-19	1295.9
J	Addition during FY 2018-19	392.5
i	*Capex*	278.6
ii	*Working Capital*	113.9
K	Repayment	129.6
L	Closing Balance for FY 2018-19	1558.9

WEIGHTED AVERAGE COST OF CAPITAL

4.104 The Petitioner has computed the Weighted Average Cost of Capital (WACC) during FY 2018-19 tabulated as below:

Table 207: Petitioner Submission - Weighted Average Cost of Capital (WACC) for FY 2018-19

Sr. No.	Particulars	Submission

Sr. No.	Particulars	Submission
A	Average Equity (Rs. Cr)	1182.7
B	Average Debt (Rs. Cr)	1427.4
C	Return on equity	16.00%
D	Rate of Interest	14.00%
E	Weighted average cost of Capital	14.91%

RETURN ON CAPITAL EMPLOYED (ROCE)

4.105 The Petitioner has projected the RoCE for FY 2018-19 as tabulated below:

Table 208: Petitioner Submission - RoCE for FY 2018-19 (Rs. Crore)

Sr. No.	Particulars	Submission
A	WACC	14.91%
B	RRB (i)	2,640.3
C	RoCE	393.6

INCOME-TAX

4.106 The Petitioner has calculated the Income-tax during FY 2018-19 as tabulated below:

Table 209: Petitioner Submission - Income Tax for FY 2018-19 (Rs. Crore)

Sr.No.	Particulars	Submission
A	Equity considered for Tax	1182.7
B	RoE @16%	189.2
C	Corporate tax rate	34.61%
D	Gross up Tax by corporate tax rate	289.4
E	Income Tax	100.2

COMMISSION'S ANALYSIS

4.107 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 14% based on the Regulation 77 of DERC Tariff Regulations 2017 considering that in no case the rate of interest on loan shall exceed approved rate of return on equity. 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 210: Commission Approved - Weighted Average Cost of Capital (WACC) for FY 2018-19

Sr. No.	Particulars	Commission Approved
A	Equity	662.62
B	Debt	1,903.82
C	Return on Equity	16%
D	Income Tax Rate	33.99%
E	Grossed up Return on Equity	24.24%
F	Rate of Interest	14.00%
G	Weighted average cost of Capital	16.64%

4.108 The Commission has computed the opening RRB, RRB for the year and closing balance of the RRB as per the formula specified in Tariff Regulations, 2017 as follows:

Table 211: Commission Approved - RRB for FY 2018-19 (Rs. Crore)

Sr. No.	Particulars	Commission Approved
A	Opening RRB	2,373.31
C	Investments Capitalized	409.00
D	Depreciation	122.03
E	Consumer Contribution	11.00
F	Change in Working Capital	30.16
G	Regulated Rate Base - Closing	2,679.43
H	RRB (i)	2,541.45

4.109 The Commission has approved WACC based on normative equity of 30% for capital asset as the Petitioner has available equity more than 30%, normative debt of 70% for funding of capital assets, 100% debt funding for working capital, rate of return on equity at 16%, rate of interest on loan at 14%, income tax rate of 33.99%. Accordingly RoCE has been approved as follows:

Table 212: Commission Approved - Return on Capital Employed

Sr. No.	Particulars	Now Approved
A	WACC	16.64%
B	RRB (i)	2,541.45
C	RoCE	422.94

NON-TARIFF INCOME

PETITIONER'S SUBMISSION

4.110 The Petitioner has submitted that the Non-Tariff Income during FY 2018-19 has been considered same as submitted for FY 2016-17 i.e; Rs. 92 Crore.

COMMISSION'S ANALYSIS

4.111 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. 100.02 Crore.

COMPUTATION OF CARRYING COST

PETITIONER'S SUBMISSION

4.112 The Petitioner has calculated the carrying cost during FY 2018-19 by applying rate of 14% as tabulated below:

Table 213: Petitioner Submission - Carrying Cost on revenue gap

Sr. No	Particulars	Submission
A	Opening (Gap) for FY 2016-17	(11689.7)
B	Revenue Requirement for FY 2016-17	(4387.8)
C	Revenue during FY 2016-17	4164.5
D	(Gap)/ Surplus for FY 2016-17	(223.3)
E	Rate of carrying cost for FY 2016-17	14.64%
F	Carrying cost on RA for FY 2016-17	(1727.1)
G	Less: 8% Surcharge recovered for FY 2016-17	351.5
H	Less: Carrying cost recovered through tariffs during FY 2016-17	271.2
I	Closing (Gap) upto FY 2016-17	(13017.4)
J	Rate of carrying cost for FY 2017-18	14%
L	Carrying cost on RA for FY 2017-18	(1822.4)
M	Less: 8% Surcharge recovered for FY 2017-18	358.7
N	Less: Carrying cost recovered through tariffs during FY 2017-18	278.2
O	Closing Revenue (Gap) upto FY 2017-18	(14203.0)
P	Rate of carrying cost for FY 2018-19	14%
Q	Carrying cost for FY 2018-19	(1988.4)

COMMISSION'S ANALYSIS

4.113 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% on pre-tax basis in its Business Plan Regulations, 2017. Further, the rate of interest has been considered at 14% based on weighted average rate of interest submitted by the Petitioner.

4.114 Accordingly, the Commission has computed Carrying Cost based on weighted average cost of rate of return on equity for equity and interest on loan available to fund the revenue gap as follows:

Table 214: 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	14.00%

Sr. No.	Particulars	FY 2018-19
C	Rate of Carrying Cost	14.00%
D	Opening Revenue Gap	2631.60
E	Surplus at existing tariff and Surcharge @ 8%	385.15
F	Carrying Cost	306.81

AGGREGATE REVENUE REQUIREMENT

PETITIONER'S SUBMISSION

4.115 The Petitioner has submitted the Aggregate Revenue Requirement for FY 2018-19 as tabulated below:

Table 215: Petitioner Submission - Aggregate Revenue Requirement for FY 2018-19 (Rs. Crore)

Sr.No.	Particulars	Submission
A	Power Purchase Cost including Transmission Charges	3752.9
B	O&M Expenses	652.0
C	Additional O&M Expenses	126.4
D	Depreciation	193.9
E	Return on Capital Employed (RoCE)	393.6
F	Income Tax	100.2
G	Less: Non-Tariff income	92.3
H	Aggregate Revenue Requirement excl. Carrying Cost on RA	5126.6
I	Add: Carrying Cost on RA	278.2
J	**Aggregate Revenue Requirement Incl. Carrying Cost on RA**	**5404.8**

COMMISSION'S ANALYSIS

4.116 The ARR based on various component as approved by the Commission for FY 2018-19 is summarised as follows:

Table 216: Commission approved - ARR for Wheeling and Retail Business for FY 2018-19 (Rs. Crore)

Particulars	Commission
Power Purchase Cost including Transmission Charges	3,143.00
O&M Expenses	731.38
Depreciation	122.03
Return on Capital Employed (RoCE)	422.94
Less: Non-Tariff income	100.02
Aggregate Revenue Requirement	**4,319.32**
Carrying cost for FY 2018-19	306.81
Carrying Cost upto FY 2016-17 of past period true up subsumed	343.46
Revised Aggregate Revenue Requirement	4969.59

REVENUE (GAP)/ SURPLUS FOR FY 2018-19

PETITIONER'S SUBMISSION

4.117 The Petitioner has calculated the Revenue Gap of Rs. 686.7 Crore for FY 2018-19 as follows:

Table 217: Petitioner Submission - Revenue (Gap)/ Surplus for FY 2018-19 (Rs. Crore)

Sr. No.	Particulars	Submission
A	Aggregate Revenue requirement for the year	5404.8
B	Revenue available for the year	4718.1
C	**Revenue (Gap)/ Surplus for the year**	**(686.7)**

COMMISSION'S ANALYSIS

4.118 The Commission has calculated the Revenue Gap of Rs. 155.18 Crore for FY 2018-19 at Existing Tariff as follows:

Table 218: Commission Approved - Revenue (Gap)/ Surplus for FY 2018-19 (Rs. Crore)

Sr. No.	Particulars	Submission
A	Aggregate Revenue requirement for the year with Carrying Cost	4969.59
B	Revenue available for the year at Existing Tariff	4,814.41
C	**Revenue (Gap)/ Surplus for the year**	**(155.18)**

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: Petitioner Submission - Allocation for wheeling and retail business- FY 2018-19 (Rs. Crore)

Particulars	Wheeling	Retail
Cost of Power Procurement	0.0	3752.9
Operation and Maintenance expenses	482.6	295.8
Depreciation	157.1	36.8
Return on Capital Employed	283.4	110.2
Income Tax	72.1	28.0
Less: Non-Tariff Income	13.8	78.5
Add: Carrying Cost on RA		278.2
Aggregate Revenue Requirement	**981.3**	**4,423.5**

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	453.45
Depreciation	98.85
Return on Capital Employed (RoCE)	304.51
Carrying Cost on Revenue Gap/Regulatory asset	126.73
Less: Non-tariff income	15.00
Aggregate Revenue Requirement	**968.54**

Table 221: Commission Approved - ARR for Retail Business for FY 2018-19 (Rs. Crore)

Particulars	Amount
Cost of Power Procurement	3,143.00
O&M Expenses	277.92
Depreciation	23.19
Return on Capital Employed (RoCE)	118.42
Carrying Cost on Revenue Gap/Regulatory asset	523.53
Less: Non-Tariff Income	85.02
Aggregate Revenue Requirement	**4001.05**

A5: TARIFF DESIGN

COMPONENTS OF TARIFF DESIGN

5.1 The Commission has considered the following components for designing tariff of the Distribution Licensees.

a. Consolidated Sector Revenue (Gap)/Surplus.

b. Cost of service

c. 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 Tariff Order 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 Tariff Order 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
G	Rate of Carrying Cost	11.23%	11.18%	

Sr. No.	Particulars	Approved in Tariff Order dated Aug 31, 2017 upto FY 2015-16	FY 2016-17	Remarks
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 Tariff Order 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			
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
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			
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

Sr. No.	Category	Fixed Charges	Energy Charges	Total Revenue
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)
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

Particulars	BRPL	BYPL	TPDDL
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 ±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
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

Sr. No.	Category	ACoS	ABR at Revised Tariff	ABR at Revised Tariff to AcoS (%)
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:

a. ToD tariff shall be applicable on all consumers (other than Domestic) whose sanctioned load/MDI (whichever is higher) is 10kW/11kVA and above.
b. Optional for all three phase (3ø) 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.
c. 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

<table>
<tr><th>Sr. No.</th><th>CATEGORY</th><th>FIXED CHARGES</th><th colspan="5">ENERGY CHARGES</th></tr>
<tr><td>1</td><td colspan="7">DOMESTIC</td></tr>
<tr><td rowspan="2">1.1</td><td colspan="2" rowspan="2">INDIVIDUAL CONNECTIONS</td><td>0-200</td><td>201-400</td><td>401-800</td><td>801-1200</td><td>>1200</td></tr>
<tr><td>Units</td><td>Units</td><td>Units</td><td>Units</td><td>Units</td></tr>
<tr><td>A</td><td>Upto 2 kW</td><td>125 Rs./kW/month</td><td rowspan="5">3.00 Rs./kWh</td><td rowspan="5">4.50 Rs./kWh</td><td rowspan="5">6.50 Rs./kWh</td><td rowspan="5">7.00 Rs./kWh</td><td rowspan="5">7.75 Rs./kWh</td></tr>
<tr><td>B</td><td>> 2kW and ≤ 5 kW</td><td>140 Rs./kW/month</td></tr>
<tr><td>C</td><td>> 5kW and ≤ 15 kW</td><td>175 Rs./kW/month</td></tr>
<tr><td>D</td><td>>15kW and ≤ 25 kW</td><td>200 Rs./kW/month</td></tr>
<tr><td>E</td><td>> 25kW</td><td>250 Rs./kW/month</td></tr>
<tr><td>1.2</td><td>Single Point Delivery Supply at 11kV for GHS</td><td>150 Rs./kW/month</td><td colspan="5">4.50 Rs./kWh</td></tr>
<tr><td>2</td><td>NON-DOMESTIC</td><td>250 Rs./kVA/month</td><td colspan="5">8.00 Rs./kVAh</td></tr>
<tr><td>3</td><td>INDUSTRIAL</td><td>250 Rs./kVA/month</td><td colspan="5">7.25 Rs./kVAh</td></tr>
<tr><td>4</td><td>AGRICULTURE & MUSHROOM CULTIVATION</td><td>125 Rs./kW/month</td><td colspan="5">1.50 Rs./kWh</td></tr>
<tr><td>5</td><td>PUBLIC UTILITIES</td><td>250 Rs./kVA/month</td><td colspan="5">5.75 Rs./kVAh</td></tr>
<tr><td>6</td><td>DELHI INTERNATIONAL AIRPORT LTD. (DIAL)</td><td>250 Rs./kVA/month</td><td colspan="5">7.25 Rs./kVAh</td></tr>
<tr><td>7</td><td>ADVERTISEMENTS AND HOARDINGS</td><td>250 Rs./kVA/month</td><td colspan="5">8.00 Rs./kVAh</td></tr>
<tr><td>8</td><td colspan="7">TEMPORARY SUPPLY</td></tr>
<tr><td>8.1</td><td>Domestic Connections including Group Housing Societies</td><td>Same rate as that of relevant category</td><td colspan="5">Same as that of relevant category without any temporary surcharge</td></tr>
<tr><td>8.2</td><td>For threshers during the threshing season</td><td>Electricity Tax of MCD : Rs. 270 per connection per month</td><td colspan="5">Flat rate of Rs. 5,400 per month</td></tr>
<tr><td>8.3</td><td>All other connections including construction projects</td><td>Same rate as that of the relevant category</td><td colspan="5">1.30 times of the relevant category of tariff</td></tr>
<tr><td>9</td><td colspan="7">CHARGING STATIONS FOR E-RICKSHAW/ E-VEHICLE ON SINGLE POINT DELIVERY</td></tr>
</table>

Sr. No.	CATEGORY	FIXED CHARGES	ENERGY CHARGES
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**
   a. ToD tariff shall be applicable on all consumers (other than Domestic) whose sanctioned load/MDI (whichever is higher) is 10kW/11kVA and above.
   b. Optional for all three phase (3ø) 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.
   c. 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.
   e. 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 it's 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

1. 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.

2. 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

3. INDUSTRIAL

Available to Industrial consumers & Hospitals (other than that covered in Domestic Category) including lighting, heating and cooling load.

4. 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.

5. **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.

6. **DELHI INTERNATIONAL AIRPORT LIMITED**: Available to DIAL for Aviation activities.

7. **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.

8. **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.

9. **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.

Annexure-I

DELHI ELECTRICITY REGULATORY COMMISSION

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

F.11(1545)/DERC/2017-18/6010

Petition No. 69/2017

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

BSES Yamuna Power Limited,
Through its: CEO
Shakti Kiran Building,
Karkardooma,
Delhi-110 09. **...Petitioner/Licensee**

Coram:

Sh. B.P. Singh, Member

ORDER

(Date of Order: 26.12.2017)

1. M/s. BSES Yamuna Power Ltd. (BYPL) has filed the instant Petition for approval of 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

S. No.	R. No.	Name	Address	Date of Receipt
13.	13	Sh. Harmeet Singh President	Koshish Resident's Welfare Association (regd.) 2462, Basti Punbian, Roshnara Road, Subzi Mandi Delhi 110 0017	29.01.2018
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

S. No.	R. No.	Name	Address	Date of Receipt
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, Delhi 110 085 Vipin.bfi@gmail.com	20.02.2018
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	Sh. D.M. Narang	R-Block Welfare Assocaition	26.02.2018

S. No.	R. No.	Name	Address	Date of Receipt
	38A	President	R-599, New Rajinder Nagar, New Delhi 110 060	
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 Assocaition, Control Romm Gate No. 1 Pocket B, Dilshad Garden, Delhi 110 095	28.02.2018
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, Ist 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,	05.03.2018

S. No.	R. No.	Name	Address	Date of Receipt
			Chandni Chowk, Delhi 110 006	
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, Babarpur, Shahdara, Delhi 110 032	05.03.2018
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 Assocaition 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 Assocaition 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,	28.02.2018

S. No.	R. No.	Name	Address	Date of Receipt
			New Rajinder Nagar, New Delhi	
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 Assocaition 40/240, New Chauhanpur, Karawal Nagar Road, Delhi 110 094	06.03.2018
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 Assocaition 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 Raod 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 Assocaition Gate No. 2, Satyam Enclave, Delhi 110 095	09.03.2018

S. No.	R. No.	Name	Address	Date of Receipt
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 Assocaition 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 SIta 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, Bazar Sita Ram, Delhi 110 006	09.03.2018
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 Delhi110 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 Gourp 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

S. No.	R. No.	Name	Address	Date of Receipt
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 Bagh, New Delhi-110026	19.03.2018
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

Sr. No.	Name	Address
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. Gyanedra	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
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

Sr. No.	Name	Address
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
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