



TARIFF ORDER

**True-up of FY 2021-22, Annual Performance Review of FY 2022-23,
Aggregate Revenue Requirements (ARR) for FY 2023-24 and
Determination of Tariff for FY 2023-24**

Petition No. 93/2022

For

DNH and DD Power Corporation Limited

30th March, 2023

JOINT ELECTRICITY REGULATORY COMMISSION

For the State of Goa and Union Territories,

3rd and 4th Floor, Plot No. 55-56,

Sector -18, Udyog Vihar - Phase IV

Gurugram, (122015) Haryana

Telephone: +91(124) 4684705 Telefax: +91(124) 4684706

Website: www.jercuts.gov.in

E-mail: secy.jercuts@gov.in

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List of abbreviations

Abbreviation	Full Form
A&G	Administrative and General
ACoS	Average Cost of Supply
Act	The Electricity Act, 2003
APR	Annual Performance Review
ARR	Aggregate Revenue Requirement
ATE	Appellate Tribunal of Electricity
BPL	Below Poverty Line
CAGR	Compound Annualized Growth rate
Capex	Capital Expenditure
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CGS	Central Generating Stations
COD	Commercial Operation Date
Cr	Crores
Discom	Distribution Company
DNHPDCL	DNH Power Distribution Corporation Limited
DSM	Deviation Settlement Mechanism
EA 2003	The Electricity Act, 2003
ED	Electricity Department
EHT	Extra High Tension
FAR	Fixed Asset Register
FPPCA	Fuel and Power Purchase Cost Adjustment
FY	Financial Year
Gadarwara	Gadarwara Super Thermal Power Plant
GFA	Gross Fixed Assets
HT	High Tension
IEX	Indian Energy Exchange Limited
IPP	Independent Power Producer
JERC	Joint Electricity Regulatory Commission for the state of Goa and Union Territories
JGPP or GGPP	NTPC Jhanor –Gandhar Gas Based power plants
KAPS	Kakrapar Atomic Power Station
Kawas/KGPP	NTPC Kawas Gas Based Power Station
Kharagaon/Khargone	Khargone Super Thermal Power Plant
KHSTPP	Kahalgaoon Super Thermal Power Station
KSTPP	Korba Super Thermal Power Station
Lara	Lara Super Thermal Power Plant
LT	Low Tension
MSTPL 1	Mauda Super Thermal Power Station
MU	Million Units
MOD	Merit Order Dispatch
MYT	Multi Year Tariff
NTPC	National Thermal Power Corporation Ltd
O&M	Operation and Maintenance

Abbreviation	Full Form
PGCIL	Power Grid Corporation of India Limited
PLF	Plant Load Factor
PLR	Prime Lending Rate
POSOCO	Power System Operation Corporation Limited
PPA	Power Purchase Agreement
R&M	Repair and Maintenance
REC	Renewable Energy Certificate
RLDC	Regional Load Despatch Centre
RoE	Return on Equity
RPO	Renewable Purchase Obligation
SBI PLR	SBI Prime Lending Rate
SECI	Solar Energy Corporation of India
SERC	State Electricity Regulatory Commission
Sipat	Sipat Super Thermal Power Station
SLDC	State Load Despatch Center
Solapur or SLP	Solapur Super Thermal Power Station
SOP	Standard of Performance
TAPS	Tarapur Atomic Power Station
T&D	Transmission & Distribution Loss
TVS	Technical Validation Session
UI	Unscheduled Interchange
UT	Union Territory
VSTPP	Vindhyachal Super Thermal Power Station

Before the
Joint Electricity Regulatory Commission
For the State of Goa and Union Territories, Gurugram

CORAM

Smt. Jyoti Prasad, Member (Law)

Petition No. 93/2022

In the matter of

Approval for Truing up of FY 2021-22, Annual Performance Review for FY 2022-23, Aggregate Revenue Requirement (ARR) and Tariff Proposal of DNHDDPCL for FY 2023-24.

And in the matter of

DNH and DD Power Corporation Limited (DNHDDPCL).....**Petitioner**

ORDER

1. This Order is passed in respect of a Petition filed by the DNH and DD Power Corporation Limited (DNHDDPCL) (herein after referred to as "The Petitioner" or "DNHDDPCL" or "The Licensee") for approval of True- Up of FY 2021-22, Annual Performance Review (APR) for FY 2022-23, Aggregate Revenue Requirements (ARR) for FY 2023-24 and Tariff Proposal of DNHDDPCL for FY 2023-24 before the Joint Electricity Regulatory Commission (herein after referred to as "The Commission" or "JERC").
2. The Commission scrutinized the said Petition and generally found it in order. The Commission admitted the Petition on 26th December, 2022. The Commission thereafter requisitioned further information/clarifications on the data gaps observed to take a prudent view of the said Petition. The Commission also held a Technical Validation Session on 13th March, 2023 to determine sufficiency of data and the veracity of the information submitted. Further, suggestions/comments were invited from the Public/Stakeholders. The Commission had decided to conduct the Public Hearing virtually. The virtual Public Hearing was held on 2nd March, 2023 and all the Stakeholders/Electricity Consumers present in the Public Hearing were heard.
3. The Commission based on the Petitioner's submission, relevant JERC MYT Regulations, facts of the matter and after proper due diligence has approved the True-up of FY 2021-22, APR of FY 2022-23 and ARR for FY 2023-24 along with the determination of Transmission Tariff for FY 2023-24.
4. The summary has been provided as follows:
 - (a) The Commission while truing up of FY 2020-21 in Tariff Order dated 31st March, 2022 had determined the cumulative revenue Surplus of INR 29.88 Crore at the end of FY 2020-21.
 - (b) The following table provides ARR, Revenue and Gap/(Surplus) as submitted by the Petitioner and approved by the Commission for DNHPDCL as whole in the True-up of FY 2021-22:

Table 1: Standalone Revenue Gap/ (Surplus) approved for FY 2021-22 (INR Crore)

S. No	Particulars	Petitioner's Submission	Approved by Commission
1	Net Revenue Requirement	3605.21	3563.54
2	Revenue from Retail Sales at Existing Tariff	3478.05	3,478.05

S. No	Particulars	Petitioner's Submission	Approved by Commission
3	Net Gap / (Surplus)	127.16	85.49

(c) Considering the cumulative Surplus of INR 29.88 Crore till FY 2020-21 as approved by the Commission in its Tariff Order dated 31st March, 2022 and the Gap for FY 2021-22, the closing Gap at the end of FY 2021-22 works out to be INR 56.64 Crore. The cumulative revenue Gap of INR 56.64 Crore at the end of FY 2021-22 has been amortised by the Commission in FY 2023-24.

(d) The following table provides Standalone Revenue and Gap/(Surplus) as submitted by the Petitioner and approved by the Commission in the APR of FY 2022-23:

Table 2: Standalone Revenue Gap/ (Surplus) approved for FY 2022-23 (INR Crore)

S. No	Particulars	Petitioner's submission	Approved by Commission
1	Annual Revenue Requirement	60.76	49.15
2	Revenue from Operations	62.94	62.94
3	Revenue Gap/(Surplus)	(2.18)	(13.79)

(e) The Commission has provisionally approved the revenue surplus of INR 13.79 Crore during FY 2022-23 based on provisional opening balance sheet and provisionally approved O&M expenses. As the revenue surplus for FY 2022-23 will undergo change based on the final opening balance sheet, the Commission at this stage has not adjusted the estimated revenue surplus during FY 2022-23 while approving the ARR for FY 2023-24. The Commission will consider the revenue surplus for FY 2022-23 at the time of final true-up.

(f) The total ARR approved by the Commission for FY 2023-24 including cumulative gap till FY 2021-22 is as follows:

Table 3: Aggregate Revenue Requirement for FY 2023-24 (INR Crore)

Sr. No	Particulars	Petitioner's submission	Approved by Commission
1	Annual Revenue Requirement	66.37	53.35
2	Add: Cumulative Gap till FY 2021-22	105.70	56.64
3	Net Revenue Requirement	172.07	109.98

(g) Considering the Net Revenue Requirement for FY 2023-24 and the transmission capacity, the transmission charges have been approved in "Chapter 5: Transmission Tariff for FY 2023-24" of this Order for long-term/medium-term consumers and short-term open access consumers as shown below:

Table 4: Transmission Tariff for FY 2023-24

Sr. No	Particular	Petitioner's Proposal	Approved by Commission
1	Aggregate Revenue Requirement (INR Crore)	172.07	109.98
2	Transmission System Capacity (MW)	789.03	789.03
3	Energy Required at periphery (MU)	6841.52	6821.00*
4	Long-term/Medium-term Transmission Charges (INR/MW/month)	181721	116160
5	Short-term open access Transmission Charges (INR/MW/Day)	6057	3819
6	Transmission Charges (Rs./kWh)	0.25	0.16

*Excluding provisionally approved Transmission loss of 0.30%

(h) The open access consumers shall pay charges in accordance with charges determined above and Regulation 4.1 of the Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Connectivity and Open Access in Intra-State Transmission and Distribution) Regulations, 2017 as amended from time to time.


5. This Order shall come into effect from 1st April, 2023 and shall remain applicable till further Orders. All existing provisions that are not modified by this Order shall continue to be in force.

6. The Petitioner shall publish the tariff as determined by the Commission in this Order within one week of receipt of the Order in three daily newspapers in the respective local languages of the region, besides English, having wide circulation in their respective areas of supply and also upload the Tariff Order on its website.
7. Ordered accordingly. The attached documents giving detailed reasons, grounds and conditions are integral part of this Order.

Sd/-
(Jyoti Prasad)
Member (Law)

Place: Gurugram
Date: 30th March, 2023

Certified Copy


(S.D. Sharma)
Secretary (I/c), JERC

1. Chapter 1: Introduction

1.1. About Joint Electricity Regulatory Commission (JERC)

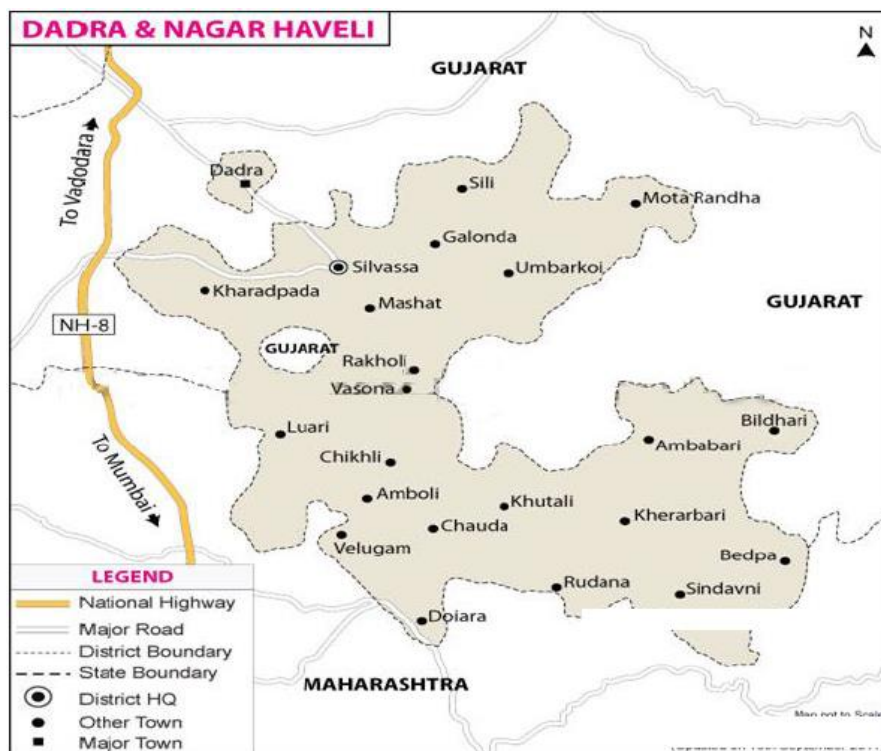
In exercise of powers conferred by the Electricity Act 2003, the Central Government constituted a Joint Electricity Regulatory Commission for all the Union Territories except Delhi to be known as the “Joint Electricity Regulatory Commission for the Union Territories” vide notification no. 23/52/2003-R&R dated 2nd May, 2005. Later with the joining of the State of Goa, the Commission came to be known as “Joint Electricity Regulatory Commission for the State of Goa and Union Territories” (hereinafter referred to as “the JERC” or “the Commission”) vide notification no. 23/52/2003-R&R (Vol. II) dated 30th May, 2008.

JERC is a statutory body responsible for regulation of the Power Sector in the State of Goa and the Union Territories of Andaman & Nicobar Islands, Lakshadweep, Chandigarh, Dadra & Nagar Haveli and Daman & Diu and Puducherry, consisting of generation, transmission, distribution, trading and use of electricity. Its primary objective includes taking measures conducive to the development of the electricity industry, promoting competition therein, protecting interest of consumers and ensuring supply of electricity to all areas.

1.2. About Dadra and Nagar Haveli

Dadra and Nagar Haveli (hereinafter referred to as “DNH”) is spread over 491 sq. km, has 72 villages with a population of 3,42,853 as per Census 2011. The natural attractions of this region have made it a popular tourist destination in the Western region of India. Additionally, due to liberalized policies of Central Government of tax benefits, the UT has also developed into a highly industrialized area.

The rapid development of the DNH has led to a tremendous increase in the demand for power. Currently, ~92.48% of total sales are to HT and LT industrial consumers. The peak demand of this territory is expected to reach around 776 MW (By March 2023). DNH has also achieved 100% electrification which further contributes to the increasing demand for power.



1.3. DNH and DD Power Corporation Ltd.

DNH and DD Power Corporation Limited hereinafter referred to as “DNHDDPCL” or “Utility”) has been incorporated and reconstituted from the erstwhile DNHPDCL (hereinafter referred to as “DNHPDCL” or “Bundled Utility”) and engaged in the electricity transmission business from 1st April, 2022.

DNHPDCL was created from the erstwhile Electricity Department of Dadra & Nagar Haveli (ED-DNH) and started its operation from 1st April, 2013 as distribution licensee engaged in distribution of electricity in Dadra & Nagar Haveli.

On 16th May, 2020, the Government of India (GOI) announced Privatization of power departments / utilities in Union Territories (UTs) as a part of Aatmanirbhar Bharat Abhiyaan. The intent of this initiative is to provide to better service to customers, improvement in operational and financial efficiency in distribution of power and will also provide a model for emulation by other utilities across the country. Further, the Union Territory of Dadra & Nagar Haveli and Daman & Diu (DNH-DD) has been formed by merging two erstwhile UTs, namely Dadra & Nagar Haveli (DNH) UT and Daman & Diu (DD) UT, on 26th January, 2020, through an Act passed in the Parliament of India.

Pursuant to the Atmanirbhar Bharat initiative of the Government of India and unification of the UTs of DNH and DD, the Administration of UT of DNH-DD (Administration) has resolved to unbundle/reorganize power distribution business in the following manner:

- (i) A new Distribution Company, named as DNH and DD Power Distribution Corporation Limited (hereinafter referred to as “DNHDDPCL” or “New Utility”) (DNHDDPCL), has to be undertaken the business of distribution of electricity in the UT of DNH-DD.
- (ii) Network at 11 kV and below voltage level of both erstwhile DNHPDCL and EDDD has to be transferred to the said new Distribution Company.
- (iii) Residual network/assets of EDDD and erstwhile DNHPDCL would be remain with respective entities and
- (iv) DNHPDCL would be renamed as DNH and DD Power Corporation Limited (DNHDDPCL) and will function as transmission licensee.

The above restructuring and reorganization of power business in the area of UT of DNH and DD has already been notified by issuing ‘The Dadra and Nagar Haveli and Daman and Diu Electricity (Re-organisation and Reforms) Transfer Scheme 2022’ vide gazette notification no. 1(FTS-118044)/Electricity Distribution/Privatisation/2022/411 dated 09/03/2022.

Further, a Government Policy direction under Section 109 read with Section 108 of the Electricity Act 2003 has also been notified vide gazette notification no. 1(FTS-118044)/Electricity Distribution/Privatisation/2022/412 dated 09/03/2022. The above said notification has been made effective from 01/04/2022.

Existing Network

The DNHDDPCL has total sub-transmission capacity of 1000 MVA, including 520 MVA in Kharadpada and 420 MVA Khadoli sub-stations. Total installed capacity at 66/11 kV sub-stations is 782 MVA.

Table 5: Transmission & Distribution System of DNHPDCL

S. No.	Description	UOM	Length in Circuit (in km)
1	11 kV Line	Km	833.70
2	66 kV Line (Double Circuit)	Km	279.90
3	220 kV (Double Circuit)	Km	36.88

S. No.	Description	UOM	Length in Circuit (in km)
4	Sub-transmission Capacity*	MVA	1000

*including 520 MVA in Kharadpada and 420 MVA Khadoli sub-stations

1.4. Multi Year Tariff Regulations, 2018

The Commission notified the Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Generation, Transmission and Distribution Multi Year Tariff) Regulations, 2018 on August 10, 2018. These Regulations are applicable in the 2nd MYT Control Period comprising of three financial years from FY 2019- 20 to FY 2021-22. These Regulations are applicable to all the generation companies, transmission and distribution licensees in the State of Goa and Union Territories of Andaman & Nicobar Islands, Lakshadweep, Chandigarh, Dadra Nagar Haveli & Daman and Diu and Puducherry.

1.5. Multi Year Tariff Regulation, 2021

The Commission notified the Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Generation, Transmission and Distribution Multi Year Tariff) Regulations, 2021 on 22nd March, 2021. These Regulations are applicable in the 3rd MYT Control Period comprising of three financial years from FY 2022- 23 to FY 2024-25. These Regulations are applicable to all the generation companies, transmission and distribution licensees in the State of Goa and Union Territories of Andaman & Nicobar Islands, Lakshadweep, Chandigarh, Dadra Nagar Haveli & Daman and Diu and Puducherry for determination of tariff in 3rd Control Period.

1.6. Approval of Business Plan for 3rd MYT Control Period

In accordance with the Regulation 8 and 18 of the JERC MYT Regulations 2021, the Petitioner filed the Petition for approval of Business Plan for 3rd Multi-Year Control Period from FY 2022-23 to FY 2024-25 on 24th December, 2021. The Commission has issued the Business Plan Order for the MYT Control Period (hereinafter referred to as 'Business Plan Order') on 31st March, 2022 along with Corrigendum on 13th June, 2022.

Further, in accordance with the Regulation 9 of the JERC MYT Regulations, 2021 the Petitioner filed the MYT Petition for approval of True-up of FY 2020-21, Annual Performance Review for FY 2021-22, Aggregate Revenue Requirements (ARR) for 3rd MYT Control Period (FY 2022-23 to FY 2024-25) and Retail Tariff for FY 2022-23 on 28th December, 2022. The Commission has issued the MYT Order for the 3rd MYT Control Period (hereinafter referred to as 'MYT Order') on 31st March, 2022.

1.7. Policy Directions

Clause 4.5 (a) of the Policy Directions issued by the Government of India vide gazette notification no. 1(FTS-118044)/Electricity Distribution/Privatisation/2022/412 dated 09/03/2022 stipulates as follows

"In the larger public interest the Government has undertaken financial restructuring to provide a viable Opening Balance Sheet to the Distribution Company. Accordingly, the Distribution Company's ARR shall hereafter be decided based on the restructured Opening Balance Sheet and shall remain unaffected from the impact of any true-up of period prior to Transfer Dat. Any surplus/gap arising due to true-up for the past period shall be passed on to consumer by way of adjustment in the ARR for the Electricity Department/DNHPDCL in respect of its residual transmission business, in the manner as may be decided by the Commission."

Accordingly, as per provisions of Policy Directions, the true up of DNHPDCL for FY 2021-22 is to be carried out as part of DNHDDPCL Petition.

1.8. Filing and Admission of the Present Petition

In accordance with the Regulation 9.1 of the JERC MYT Regulations, 2021 and Policy Directions, the Petitioner filed the Petition for approval of Truing up for FY 2021-22 for DNHPDCL, Annual Performance Review for FY 2022-22, Aggregate Revenue Requirements (ARR) for FY 2023-24 and Transmission Tariff for FY 2023-24 vide letter No. 11-8(55)/DNDDDPCL/2022 592 dated 6th December, 2022. After initial scrutiny/analysis, the present Petition was admitted on 26th December, 2022 and marked as Petition no.93/2022.

1.9. Interaction with the Petitioner

A preliminary scrutiny/analysis of the Petition was conducted and certain deficiencies were observed. Accordingly, deficiency notes were issued to the Petitioner. Further, additional information/clarifications were sought from the Petitioner as and when required. The Commission and the Petitioner also discussed various concerns of the Petitioner and key data gaps, which included retail sales, revenue from retail tariff, capitalization, tariff proposal etc. The Petitioner submitted its response on the issues through various letters/emails.

The Commission conducted the Technical Validation Session (TVS) with the Petitioner at the Commission's office in Gurugram, during which the discrepancies in the Petition were conveyed and additional information required by the Commission was sought. Subsequently, the Petitioner submitted replies to the issues raised in this session and provided documentary evidence to substantiate its claims regarding various submissions. The following table provides the list of interactions with the Petitioner along with the dates:

Table 6: List of interactions with the Petitioner

S. No	Subject	Date
1	Receipt of Peititon by the Commission	07 December, 2022
2	Admission of the Petition by the Commission	26 December, 2022
3	First Deficiency Note issued by the Commission	07 February, 2023
4	Replies to Deficiency Note received by the Commission	16 February, 2023
5	Issuance of Second Deficiency Note	28 February, 2023
5	Replies to Second Deficiency Note received by the Commission	09 March, 2023
6	Technical Validation Session (TVS) with Petitioner at JERC Office	13 March,2023
7	Issuance of Third Deficiency Note post TVS	14 March,2023
8	Reply received from Petitioner to Third Deficiency Note and to queries raised during TVS	21 March, 2023

1.10. Notice for Public Hearing

Public notices were published by the Petitioner for inviting suggestions/comments from stakeholders on the Tariff Petition details of which are given below:

Table 7: Details of Public Notices published by the Petitioner

S. No.	Date	Name of Newspaper	Place of Circulation
1	20.01.2023	Daman Ganga Times (Gujrati)	Dadar & Nagar Haveli
2	20.01.2023	Nishpaksha Janasansar (Hindi)	

The Commission also published Public Notices in the leading newspapers as tabled below, giving due intimation to the stakeholders, consumers and the Public at large about the Virtual Public Hearing conducted by the Commission on 2nd March, 2023:

Table 8: Details of Public Notices published by the Commission

S. No.	Date	Name of Newspaper	Place of Circulation
1	08.02.2023/28.02.2023	Indian Express (English)	Dadar & Nagar Haveli
2	08.02.2023/28.02.2023	Nishpaksha Janasansar (Hindi)	
3	08.02.2023/28.02.2023	Gujarat Samachar (Gujarati)	
4	08.02.2023/28.02.2023	Samna Times (Hindi)	

During the Public Hearing, the issues and concerns raised by the stakeholders in writing and/or voiced by them have been examined by the Commission. The major issues discussed, the responses of the Petitioner thereon and the views of the Commission, have been summarized in Chapter 2.

1.11. Public Hearing

The Commission decided that the comments/suggestions of the stakeholders need to be heard virtually through video conferencing for seeking their opinion. Accordingly, the Virtual Public Hearing was held on 2nd March, 2023 to enable the stakeholders to raise issues, if any, related to the Petition filed by the Petitioner. The issues and concerns raised by the stakeholders in writing and as voiced by them during the Public Hearing have been examined by the Commission. The names of the stakeholders who attended the Public Hearing are provided in Annexure-I. The major issues discussed, the responses of the Petitioner thereon and the views of the Commission have been summarized in Chapter 2 of this Order.

2. Chapter 2: Summary of Suggestions/Comments received, Response from the Petitioner and the Commission's Views

2.1. Regulatory Process

On admitting the Petition, the Commission directed the Petitioner to make copies of the Petition available to the Public, upload the Petition on its website and also publish the same in the newspapers in an abridged form duly inviting comments from the Public as per the provisions of the JERC MYT Regulations, 2018 & 2021.

The Virtual Public Hearing was held on 2nd March, 2022 from 11:30 AM onwards on Petition for the True-up of FY 2021-22, Annual Performance Review (APR) of FY 2022-23 and Aggregate Revenue Requirements (ARR) for FY 2023-24. During the Public Hearing, a few of the stakeholders who had submitted their comments in writing also presented their views in person before the Commission. Other participants from the general Public, who had not submitted written comments earlier, were also given an equal opportunity to present their views/suggestions in respect to the Petition.

The list of the Stakeholders is attached as Annexure 1 to this Order.

2.2. Suggestions/ Comments, Response of the Petitioner and Commission's Views

The Commission is appreciative of the efforts of various stakeholders in providing their suggestions/comments/observations to make the Electricity Distribution Sector responsive and efficient. The Commission has noted the concerns of all the stakeholders and has tried to address them to the extent possible in the Chapters on Tariff Design and Directives. Relevant observations have been suitably considered by the Commission while finalizing the Tariff Order. The submissions of the stakeholders, response of the Petitioner and views of the Commission are summarized below:

2.2.1. Miscellaneous

Stakeholder's Comment:

1. Mr. Umesh Patel from President Youth Action Force has submitted that proper advertisements in regional languages were not published informing about the Public Hearing to the Stakeholders Petitioner to provide its response on the same.
2. Mr. Atul Shah from Federation of Industry Association has raised the issue to conduct a fresh Intra State Load Flow Study to assess if there is any further need for network augmentation given the rising instances of Load Shedding in the Area. Petitioner to provide its response on the same.

Petitioner's Response:

Regarding augmentation of transmission system, the Petitioner submitted that it is augmenting the capacity of its sub-stations as per the schemes approved in the Business Plan to minimise the instances of load shedding in the future in the UT.

Commission's View

1. The Commission is of the view that the wide publicity regarding public hearings was made in local newspapers. The Commission directs the Petitioner to publish the information regarding Public Hearing to the 2 regional language newspapers and 2 Hindi newspapers from next Petition onwards.
2. The Commission directs the Petitioner to ensure timely execution of the schemes approved by the Commission vide Business Plan order dated 31.03.2022 and take yearly reviews on the growing demand along with Distribution Licensee.

3. Chapter 3: True-up for FY 2021-22

3.1. Background

The Tariff Order determining the True-up for FY 2019-20, Annual Performance review of FY 2020-21 and Aggregate Revenue Requirement and tariff for FY 2021-22 was issued on 23rd March, 2021 (hereinafter referred to as the “ARR Order” for the purposes of True-up of FY 2021-22). The Tariff Order determining the True-up for FY 2020-21, Annual Performance review of FY 2021-22 and Aggregate Revenue Requirement and tariff for FY 2022-23 to FY 2024-25 was issued on 31st March, 2021 along with Corrigendum issued on 13th May, 2022 (hereinafter referred to as the “APR Order” for the purposes of True-up of FY 2021-22).

As per Regulation 11 of the JERC (Generation, Transmission and Distribution Multi Year Tariff) Regulations, 2018, the review and true-up of revenue and expenses of the Petitioner shall be carried out as follows:

“11. Annual Performance Review, Truing-up and tariff determination during the Control Period

“11.1 The Generating Company, Transmission Licensee and Distribution Licensee shall be subject to annual Performance review and truing up of expenses and revenue during the Control Period in accordance with these Regulations.”

“11.2 The Generating Company, Transmission Licensee and Distribution Licensee shall file an application for the annual performance review of the current year, truing up of the previous Year or the Year for which the Audited accounts are available and determination of tariff for the ensuing Year on or before 30th November of each Year, in formats specified by the Commission from time to time.”

“11.3 The scope of the annual performance review, truing up and tariff determination shall be a comparison of the performance of the Generating Company, Transmission Licensee or Distribution Licensee with the approved forecast of Aggregate Revenue Requirement and Expected Revenue from Tariff and Charges and shall comprise of the following:

- a) **True-up:** *a comparison of the audited performance of the Applicant for the Financial Year for which the true up is being carried out with the approved forecast for such previous Financial Year, subject to the prudence check
.....”*

As discussed earlier, as per the provisions of Policy Direction, the true-up of DNHPDCL for FY 2021-22 is to be carried out as part of DNHDDPCL ARR Petitions. Hence the Commission in this Order has carried out the truing up of erstwhile DNHPDCL for FY 2021-22 in this Order as per the JERC (Generation, Transmission & Distribution Multi Year Tariff) Regulations, 2018.

3.2. Approach for the True-Up of FY 2021-22

The Petitioner has submitted the audited accounts for FY 2021-22, audited by statutory auditor M/s Satyam SVG & Co. The Commission in this Chapter now carries out the true-up of FY 2021-22 for DNHDDPCL erstwhile DNHPDCL which is the third year of the second Control Period (FY 2019-20 to FY 2021-22), in accordance with the principles laid down in the JERC MYT Regulations, 2018.

3.3. Energy Sales

Petitioner’s Submission

The Petitioner has submitted the total quantum of actual energy sales for FY 2021-22 as 6648.49 MU as against approved energy sales quantum of 6660.36 MU in the APR Order, as shown in the following Table:

Table 9: Energy Sales submitted by the Petitioner for FY 2021-22 (MU)

S. No	Category	Approved in APR Order	Petitioner's Submission
1	Domestic (including LIG/Kutir Jyoti)	168.05	163.98
2	LIG/ Kutir Jyoti	7.33	7.40
3	Commercial / Non-Domestic	36.53	37.22
4	LT Industrial	236.36	241.39
5	LT Public Water Works	5.10	5.09
6	HT/EHT	6200.57	6189.72
7	Agriculture & Poultry	4.28	4.21
8	Public Lighting	2.40	2.47
9	Temp. Supply	7.07	4.42
10	Total	6660.36	6648.49

Commission's Analysis

In this regard, Regulation 12.1 of the JERC MYT Regulations, 2018 provides:

“12.1 For the purpose of these Regulations, the term “uncontrollable factors” for a Transmission or Distribution Licensee shall comprise of the following factors, which were beyond the control of the Licensee, and could not be mitigated by the Licensee:

- (a) Force Majeure events;
 - (b) Change in law;
 - (c) Variation in the number or mix of Consumers or quantities of electricity supplied to Consumers;
-”

The Commission through a deficiency note asked the Petitioner to submit the Energy audit report for FY 2021-22. The Petitioner submitted the Energy Audit Report for FY 2021-22.

The Commission had approved the energy sales of 6660.36 MU in the APR Order, against which actual energy sales of 6648.49 MU has been submitted by the Petitioner for FY 2021-22. The quantum of energy sales was verified from Energy Audit Report submitted by the Petitioner and the same were found to be in order.

The table below provides the energy sales approved by the Commission in the APR Order, the Petitioner's submission and now Trued-up by the Commission:

Table 10: Energy Sales Trued-up for FY 2021-22 (MU)

S. No	Category	Approved in APR Order	Petitioner's Submission	Trued-up by Commission
1	Domestic (including LIG/Kutir Jyoti)	168.05	163.98	163.98
2	LIG/ Kutir Jyoti	7.33	7.40	7.40
3	Commercial / Non-Domestic	36.53	37.22	37.22
4	LT Industrial (Motive Power)	236.36	241.39	241.39
5	LT Public Water Works	5.10	5.09	5.09
6	HT/EHT	6200.57	6189.72	6189.72
7	Agriculture & Poultry	4.28	4.21	4.21
8	Public Lighting	2.40	2.47	2.47
9	Temp. Supply	7.07	4.42	4.42
	Total	6660.36	6648.49	6648.49

The Commission approves Energy Sales of 6648.49 MU in true-up of FY 2021-22.

3.4. Open Access Sales

Petitioner's Submission

The Petitioner submitted NIL Open Access Sales and NIL Open Access power Purchase for FY 2021-22.

Commission's Analysis

The Energy Audit Report submitted by the Petitioner specifies that Open Access was not being used by any consumer. Hence, NIL Open Access Sales and NIL Open Access Purchase at any voltage level for FY 2021-22.

Accordingly, the Commission approves NIL Open Access sales and NIL Open Access power Purchase in the true up of FY 2021-22.

3.5. Inter-State Transmission Loss

Petitioner's Submission

The Petitioner for FY 2021-22 has submitted the Inter-State transmission loss of 4.16%, as against the approved value of 3.66% in the APR.

Commission's Analysis

The Petitioner submitted Inter State Transmission loss as 4.16% against 3.66% approved in APR order for FY 2021-22. Through deficiency note the Petitioner was directed to submit the justification for claiming 4.16% transmission losses. The Petitioner informed that the submitted losses are calculated based on actual energy received by the utility during the FY 2021-22.

The Commission during the TVS held on 13th March, 2023 directed the Petitioner to provide reasons for variation in Inter State Losses worked out as per REA Account and as provided in the Energy Audit Report. The Commission further asked the Petitioner to provide MIS for Actual Energy received by DNHDDPCL at the Periphery as recorded by Energy Meter and submitted to WRPC.

The Petitioner vide its reply dated 21st March, 2023 submitted that the actual transmission losses as submitted are based on the actual energy scheduled for the utility by the various generating stations and the actual energy received by the utility during the FY 2021-22. The computation of the same is submitted in the energy balance submitted in the true up for the FY 2021-22. The Petitioner also provided the MIS for Actual Energy received by DNHDDPCL at the Periphery as recorded by Energy Meter and submitted to WRPC. As the Petitioner has submitted that the transmission losses have been computed based on actual energy scheduled and actual energy received during FY 2021-22, the Commission has considered the actual transmission losses as submitted in Energy Balance for the purpose of truing up.

The Commission has determined the energy requirement from tied-up sources in Energy Balance approved in the *Section 3.7* of this Order. The energy available from tied-up source has been considered from the actual energy purchased as approved in *Section 3.8* of this Order. The difference between the two has been considered as the Inter-State transmission loss.

The following table provides the Inter-State transmission loss approved in the APR Order, the Petitioner's submission and as Trued-up by the Commission now:

Table 11: Inter-State Transmission Loss Trued-up for FY 2021-22 (%)

S. No	Particulars	Approved in APR Order	Petitioner's Submission	Trued-up by Commission
1	Inter-State transmission loss	3.66%	4.16%	4.16%

The Commission approves the Inter-State transmission loss of 4.16% for FY 2021-22.

3.6. Distribution Loss

Petitioner's Submission

The Petitioner has submitted that it has achieved a distribution loss of 2.89% in FY 2021-22 against an approved loss of 4.10%.

Commission's Analysis

Through deficiency note the Commission asked the Petitioner to submit Energy Audit report for FY 2021-22. As per the Energy Audit Report submitted by the Petitioner, the distribution loss is 2.89%. Accordingly, the Commission has considered the distribution loss of 2.89%.

Since, the Petitioner has achieved a lower distribution loss than approved for the FY 2021-22 as compared to loss target of 4.10%, the incentive for the same has to be shared between the Petitioner and the consumers in accordance with the JERC MYT Regulations, 2018. The calculation of the same has been discussed in detail in the *Section 3.22: Incentive/Disincentive towards over/under achievement of norms of distribution losses* of this Order.

The following table provides the distribution loss approved in the APR of FY 2021-22, the Petitioner's submission and as Trued-up by the Commission now:

Table 12: Distribution loss Trued-up by Commission for FY 2021-22 (%)

S. No	Particulars	Approved in APR Order	Petitioner's Submission	Trued-up by Commission
1	Distribution Loss	4.10%	2.89%	2.89%

The Commission approves Distribution loss at 2.89% in the true up of FY 2021-22.

3.7. Power Purchase Quantum & Cost

Petitioner's submission:

The Petitioner has submitted that it primarily procures power from the following sources:

- National Thermal Power Corporation Limited (NTPC) stations
- NSPCL Bhilai
- Nuclear Power Corporation of India Limited (NPCIL) stations
- Independent Power Producers

The plant wise details of the power purchase quantum and total power purchase cost incurred has been provided in the Petition. The Petitioner has submitted that against the power purchase cost of INR 3,389.30 Crore approved by the Commission in the APR Order, it has incurred a cost of INR 3,397.50 Crore.

The Petitioner has purchased 63.55 MU and 996.44 MU during FY 2021-22 through UI and Open Market respectively at the cost of INR 29.88 Crore and INR 493.87 Crore to meet the energy shortfall during the year. The cost of these procurement is INR 4.70 per unit (UI) and INR 4.96 per unit (Open Market).

The Petitioner also submitted that in the Annual Audited Accounts submitted to the Hon'ble Commission the power purchase cost has been given as INR 3409.17 Crore. During the FY 2021-22, the DNHPDCL's own generation of solar power was 4.81 MUs and an amount of INR 3.27 Crore has been added towards own generation of solar power based on the levelized tariff approved by the Commission for solar power. Further, the revenue earned through sale of power through exchange, Deviation Settlement Mechanism (DSM) and Security Constrained Economic Dispatch (SCED) income amounting to INR 14.94 Crore (as per Annual Audited Accounts) has been deducted from the power purchase cost to arrive at the total power purchase cost for the FY 2021-22. Hence, the total power purchase cost is INR 3397.50 Crore.

The power purchase quantum and cost for FY 2021-22, as incurred by the Petitioner has been shown in the table below:

Table 13: Plant-wise Power Purchase cost submitted by the Petitioner for FY 2021-22

S. No	Particulars	Submitted by Petitioner					Per Unit (INR/kWh)
		Energy Units (MU)	Fixed Charges (INR Crore)	Variable Charges (INR Crore)	Other Charges (INR Crore)	Total Charges (INR Crore)*^	
A	NTPC Stations						
	KSTPS	413.76	25.86	62.66	2.76	91.28	2.21
	KSTPS 3	180.43	21.87	26.98	(0.04)	48.80	2.70
	VSTPP-I	317.76	25.64	55.20	8.95	89.79	2.83
	VSTPP-II	238.97	16.65	38.80	0.54	55.99	2.34
	VSTPP- III	258.33	26.06	41.90	(0.18)	67.79	2.62
	VSTPP- IV	344.44	50.79	55.66	0.62	107.07	3.11
	KGPP	8.37	48.86	3.61	7.94	60.41	72.15
	GGPP	16.48	44.56	4.97	1.31	50.84	30.86
	Sipat-I	567.37	76.32	88.14	(0.36)	164.10	2.89
	Sipat-II	254.82	27.74	42.49	0.08	70.30	2.76
	Mauda	0.00	0.00	0.00	0.59	0.59	1,760.75
	VSTPS-V	186.23	30.07	31.24	(0.08)	61.23	3.29
	Mauda 2	340.85	63.77	117.86	2.96	184.58	5.42
	Solapur	360.24	90.35	130.47	3.46	224.28	6.23
	LARA	544.18	88.30	118.18	(0.33)	206.14	3.79
	Gadarwara	484.84	124.75	152.71	(0.71)	276.75	5.71
	BARH	-	-	-	-	-	-
	Kharagaon	393.27	89.73	117.21	(0.62)	206.32	5.25
	Dhuwaran	-	-	-	-	-	-
	FSTPS	-	-	-	-	-	-
	KhSTPS I	-	-	-	-	-	-
	RSTPS	-	-	-	-	-	-
	TSTPS	-	-	-	-	-	-
	KHSTPP-II	21.09	2.28	5.13	0.05	7.47	3.54
	Subtotal – NTPC	4,931.45	853.57	1,093.20	26.92	1,970.22	4.00
B	NSPCL – Bhilai	724.44	115.38	189.83	5.42	309.91	4.28
C	NPCIL						
	KAPS	89.98	-	20.90	(0.45)	20.45	2.27
	TAPS	305.30	-	103.87	3.51	107.38	3.52
	Total from Tied up sources	395.28	-	124.77	3.06	127.83	3.23
D	Other Sources						
	Indian E. Exchange/Bilateral	996.44	-	493.87	-	493.87	4.96

S. No	Particulars	Submitted by Petitioner					Per Unit (INR/kWh)
		Energy Units (MU)	Fixed Charges (INR Crore)	Variable Charges (INR Crore)	Other Charges (INR Crore)	Total Charges (INR Crore)*^	
	UI	63.55	-	29.88	-	29.88	4.70
	Solar Own Generation	4.81	-	-	-	-	-
	Non Solar	-	-	-	-	-	-
	Solar REC	-	-	24.07	-	24.07	-
	Non Solar REC	-	-	-	-	-	-
	Solar (SECI)	-	-	-	-	-	-
	Wind (SECI)	-	-	-	-	-	-
	Subtotal - Other Sources	1,064.79	-	547.81	-	547.81	5.14
E	Total	7,115.96	968.95	1,955.62	35.40	2,955.78	4.15
F	Availability at DNHDDPCL Periphery						
	PGCIL CHARGES					440.88	
	POSO CO					0.84	
	Reactive charges					0.24	
	Intra-state transmission charges					51.26	
	Less: Rebate received					5.78	
	Less: Revenue from Sale of Power at exchange					8.33	
	Less: DSM Receipts					3.11	
	Less: Sale through SCED					3.50	
	Add: Solar Own Generation					3.27	
G	Total Power Purchase cost	7,115.96	968.95	1,955.62	35.40	3,398.18	

* Including INR 3.48 Cr and INR 0.71 Cr of amount regarding RRAS Settlement from NTPC & NSPCL Bhilai respectively.

^ Including INR 41.21 Cr of amount regarding Rebate from Central Generating & Transmission Companies in terms of Ministry of Power Office Memorandum adjusted in FPPCA (Fuel and Power Purchase Cost Adjustment) in Quarter-II of FY- 2020-21.

Commission's Analysis

Regulation 12.1 of the JERC MYT Regulations, 2018 provides:

"12.1 For the purpose of these Regulations, the term "uncontrollable factors" for a Transmission or Distribution Licensee shall comprise of the following factors, which were beyond the control of the Licensee, and could not be mitigated by the Licensee:

- (a) Force Majeure events;
- (b) Change in law
- (c) Variation in the number or mix of Consumers or quantities of electricity supplied to Consumers;
- (d) Transmission loss;
- (e) Variation in the cost of power purchase due to variation in the rate of power purchase from approved sources, subject to clauses in the power purchase agreement or arrangement approved by the Commission;

...”

The Petitioner procures power mainly from NTPC Stations, NPCIL stations, NSPCL Bhilai and IPPs. The Petitioner submitted the overall power purchase cost as INR 3397.50 Crore inclusive of transmission cost and after adjusting revenue due to sale of surplus power and DSM receipts.

The Commission has verified the power purchase quantum and cost as per the monthly station-wise bills submitted by the Petitioner for each station. The cost has been reconciled with the audited annual accounts of FY 2021-22.

The Petitioner has deducted rebate of INR 5.78 Crore for timely payments made by DNHDDPCL from power purchase costs. The Commission has not deducted the rebate from power purchase costs and has considered the same as part of Non-Tariff income in accordance with the provisions of JERC MYT Regulations, 2018.

The Commission has verified this purchase of Solar & Non-solar renewable energy certificates from the audited annual accounts of FY 2021-22 as 208.34 MUs and NIL MUs respectively.

The Petitioner has produced 4.81 MU of physical solar power from its own Solar generation and claimed INR 3.27 Crore against the same. The Commission allows the claimed amount of INR 3.27 Crore against the purchase of 4.81 MUs during FY 2021-22 as the same is in line with the tariff for solar power approved by the Commission vide its Order dated 05.03.2021 in Petition No. 43/2021.

The Commission verified the Petitioner claims of revenue earned from sale to common pool consumers, Deviation Settlement Mechanism receipts & Security constrained Economic dispatch (SCED NLDC) from Note 21 audited balance sheet for FY 2021-22. These revenues are subtracted from the approved power purchase for FY 2021-22.

The Petitioner claimed Power Purchase through UI as 63.55 MU. The Commission verified quantum of power purchase through UI from energy audit report for FY 2021-22 and found that the Power Purchase through UI is same as per Petitioner’s submission.

Based on details of power purchase cost submitted by the Petitioner, the Commission observed that there is deviation of Rs 0.68 Crore in Power Purchase Cost as per Accounts and as per plant-wise details submitted by the DNHDDPCL. The Commission during the TVS held on 13th March, 2023 asked the Petitioner to provide the reasons for the same.

The Petitioner vide its reply dated 21st Marc, 2023 submitted that the deviation of INR 0.68 Crore in Power Purchase cost as per Accounts and as per details submitted by the DNHDDPCL during FY 2021-22 is due to RASS charges. The Petitioner requested the Commission to approve the power purchase cost for the FY 2021-22 as per the details provided in the Annual Accounts for the FY 2021-22 for the DNHDDPCL.

As the reason submitted by the Petitioner for variation in power purchase cost for FY 2021-22 as per Accounts and as per details submitted by the DNHDDPCL is reasonable, the Commission has considered the total power purchase cost for FY 2021-22 as per the Annual Accounts.

The following table provides the summary of the power purchase quantum and the cost approved by the Commission during FY 2021-22:

Table 14: Power Purchase quantum and cost approved by the Commission for FY 2021-22

S. No	Particulars	Approved by the Commission					Per Unit (INR/kWh)
		Energy Units (MU)	Fixed Charges (INR Crore)	Variable Charges (INR Crore)	Other Charges (INR Crore)	Total Charges (INR Crore)*^	
A	NTPC Stations						
	KSTPS	413.76	25.86	62.66	2.76	91.28	2.21
	KSTPS 3	180.43	21.87	26.98	(0.04)	48.80	2.70

S. No	Particulars	Approved by the Commission					Per Unit (INR/kWh)
		Energy Units (MU)	Fixed Charges (INR Crore)	Variable Charges (INR Crore)	Other Charges (INR Crore)	Total Charges (INR Crore)*^	
	VSTPP-I	317.76	25.64	55.20	8.95	89.79	2.83
	VSTPP-II	238.97	16.65	38.80	0.54	55.99	2.34
	VSTPP- III	258.33	26.06	41.90	(0.18)	67.79	2.62
	VSTPP- IV	344.44	50.79	55.66	0.62	107.07	3.11
	KGPP	8.37	48.86	3.61	7.94	60.41	72.15
	GGPP	16.48	44.56	4.97	1.31	50.84	30.86
	Sipat-I	567.37	76.32	88.14	(0.36)	164.10	2.89
	Sipat-II	254.82	27.74	42.49	0.08	70.30	2.76
	Mauda	0.00	0.00	0.00	0.59	0.59	1,760.75
	VSTPS-V	186.23	30.07	31.24	(0.08)	61.23	3.29
	Mauda 2	340.85	63.77	117.86	2.96	184.58	5.42
	Solapur	360.24	90.35	130.47	3.46	224.28	6.23
	LARA	544.18	88.30	118.18	(0.33)	206.14	3.79
	Gadarwara	484.84	124.75	152.71	(0.71)	276.75	5.71
	BARH	-	-	-	-	-	-
	Kharagaon	393.27	89.73	117.21	(0.62)	206.32	5.25
	Dhuwaran	-	-	-	-	-	-
	FSTPS	-	-	-	-	-	-
	KhSTPS I	-	-	-	-	-	-
	RSTPS	-	-	-	-	-	-
	TSTPS	-	-	-	-	-	-
	KHSTPP-II	21.09	2.28	5.13	0.05	7.47	3.54
	Subtotal – NTPC	4,931.45	853.57	,093.20	26.92	1,964.43	3.98
B	NSPCL – Bhilai	724.44	115.38	189.83	5.42	309.91	4.28
C	NPCIL						
	KAPS	89.98	-	20.90	(0.45)	20.45	2.27
	TAPS	305.30	-	103.87	3.51	107.38	3.52
	Total from Tied up sources	395.28	-	124.77	3.06	127.83	3.23
D	Other Sources						
	Indian E. Exchange/Bilateral	996.44	-	493.87	-	493.87	4.96
	UI	63.55	-	29.88	-	29.88	4.70
	Solar Own Generation	4.81	-	-	-	-	-
	Non Solar	-	-	-	-	-	-
	Solar REC	-	-	24.07	-	24.07	-
	Non Solar REC	-	-	-	-	-	-
	Solar (SECI)	-	-	-	-	-	-
	Wind (SECI)	-	-	-	-	-	-
	Subtotal - Other Sources	1,064.79	-	547.81	-	547.81	5.14
E#	Total	7,115.96	968.95	1,955.62	35.40	2,961.56	4.15
F	Availability at ED-DNH Periphery	7,115.96	968.95	1,955.62	35.40	2,961.56	4.15
	PGCIL CHARGES					440.88	
	POSO					0.84	
	Reactive charges					0.24	
	Intra-state transmission charges					51.26	
	Less: Rebate received					41.21	-

S. No	Particulars	Approved by the Commission					Per Unit (INR/kWh)
		Energy Units (MU)	Fixed Charges (INR Crore)	Variable Charges (INR Crore)	Other Charges (INR Crore)	Total Charges (INR Crore)*^	
	Less: Revenue from Sale of Power at exchange	17.61				8.33	-
	Less: DSM Receipts					3.11	-
	Less: Sale through SCED					3.50	-
	Less: Solar Own Generation					3.27	-
	Less: RASS Charges considered by Petitioner in computations					0.68	
G	Total Power Purchase cost	7,115.96	968.95	1,955.62	35.40	3403.28	4.80
H	Net Power Purchase Cost excluding sale of power at exchange	7,098.35	968.95	1,955.62	35.40	3403.28	4.78

* Including INR 3.48 Cr and INR 0.71 Cr of amount regarding RRAS Settlement from NTPC & NSPCL Bhilai respectively.

^ Including INR 41.21 Cr of amount regarding Rebate from Central Generating & Transmission Companies in terms of Ministry of Power Office Memorandum adjusted in FPPCA (Fuel and Power Purchase Cost Adjustment) in Quarter-II of FY- 2020-21.

#Excluding Rebate of INR 5.78 Crore for timely payments made by the Petitioner and the same has been considered by the Commission in Non-Tariff Income.

The Commission approves power purchase cost of INR 3,403.28 Crore as per Annual Accounts and total power purchase quantum of 7,098.35 MU in the true-up of FY 2021-22.

3.8. Energy Balance

Petitioner's Submission

The Petitioner has submitted the energy balance as shown in the following table:

Table 15: Energy requirement submitted by the Petitioner for FY 2021-22 (MU)

Particulars	Petitioner's Submission
Sales	6,648.49
Open Access Sales	-
Less: Energy Savings	-
Total Sales	6,648.49
Add: Losses	197.84
T&D Losses	
Energy Drawn at State Periphery	6,846.33
Add: Sales to common pool consumer	-
Add: Sales through IEX	17.61
Less: Own Generation	4.81
Less: Energy Purchased through UI at Periphery	63.55
Less: Purchase from Renewable Sources	-

Particulars	Petitioner's Submission
Less: Open Access Purchase	-
Less: Power Purchased from Power Exchange*	996.44*
Total Energy Drawn at State Periphery	5,799.14
Inter State Transmission loss	252.02
Inter State Transmission loss (%)	4.16%
Total Energy to be purchased	6,051.16
Total Energy Purchased from tied up sources + UI at generator end + Renewable sources+ Energy Exchange	7,115.96

*including purchase of 189.01 MUs of Solar Power and 338.46 MUs Non-Solar Power

Commission's Analysis:

The information submitted by the Petitioner on power purchase quantum, UI over/ under drawl, IEX/ Bilateral purchase has been studied according to the Energy audit report for FY 2021-22 and accordingly the energy balance has been derived for FY 2021-22.

The following table provides the energy balance approved in the APR Order, submitted by the Petitioner and now Trued-up by the Commission:

Table 16: Energy balance Trued-up by Commission for FY 2021-22 (in MU)

Sr. No.	Particulars	Formulae	APR Order	Petitioner's Submission	Trued-up by Commission
A	Sales		6,660.36	6,648.49	6,648.49
B	Open Access Sales		-	-	-
C	Less: Energy Savings		-	-	-
D	Total Sales	D=A+B-C	6,660.36	6,648.49	6,648.49
E	T&D Losses (%)		4.10%	2.89%	2.89%
F	Add: Losses (MU)	F=G-D	284.75	197.84	197.84
G	Energy Drawn at Periphery	G=D/(1-E)	6,945.11	6,846.33	6,846.33
H	Add: Sales to common pool consumer		-	-	-
I	Add: Sales through IEX		-	17.61	-
J	Less: Own Generation		5.91	4.81	4.81
K	Less: Energy Purchased through UI at Periphery		44.64	63.55	63.55
L	Less: Purchase from Renewable Sources		-	-	-
M	Less: Open Access Purchase		-	-	-
N	Less: Power Purchased from Power Exchange		944.37	996.44	978.83
O	Total Energy Drawn at State Periphery	O=G+H+I-J-K-L-M-N	5,950.19	5,799.14	5,799.14
P	Transmission loss (%)		3.66%	4.16%	4.16%
Q	Transmission loss (MU)	Q=P-O	226.05	252.02	252.02

Sr. No.	Particulars	Formulae	APR Order	Petitioner's Submission	Trued-up by Commission
R	Total Energy Purchased from tied-up sources at generator end (MU)	$R=O/(1-Q)$	6,176.24	6,051.16	6,051.17
S	Total Required from Tied-up sources at generator end & UI/Traders/Banking/within State (MU)	$S=R-(J+K+N)$	7,171.16	7,115.96	7,098.35

The Commission approves the Total Energy Requirement from tied sources at the generator end (including own generation) as 7,098.35 MU in the True- Up for FY 2021-22.

3.9. Renewable Purchase Obligation (RPO)

Petitioner's Submission

For FY 2021-22, the Petitioner purchased 4.81 MUs of electricity from its own Solar Generation plant, and 48.76 MUs from Solar Generation by Consumers and purchased renewable power from exchange as 527.47 MUs (189.01 MUs of Total Solar Power and 338.46 MUs of Total Non-Solar Power along with purchase of Solar REC equivalent to 208.34 MUs.

Commission's Analysis

In this regard, Regulation 1.1 of the JERC for the State of Goa and UTs (Procurement of Renewable Energy) Regulations, 2010 provides:

"(1.1) Each distribution licensee shall purchase electricity (in kWh) from renewable energy sources, at a defined minimum percentage of the total consumption of all the consumers in its area during a year."

Further, the Commission notified the JERC (Procurement of Renewable Energy), (Third Amendment) Regulations, 2016 on August 22, 2016 and revised the RPO targets, according to which the Petitioner had to purchase 17.10% (Solar-8.00% and non-Solar-9.00%) of its total consumption (excluding hydro) from renewable sources for FY 2021-22.

As per the above Regulations for FY 2021-22, the Petitioner had a standalone RPO target of 1130.24 MUs quantum of energy comprising of 531.88 MUs to be purchased from Solar and 598.36 MUs to be purchased from on-Solar. Against the target, the Petitioner has fulfilled Solar RPO of 242.58 MUs (generating 4.81 MUs of solar power from its own plants and meeting 48.76 MUs of solar RPO from solar generation done by consumers and purchasing Solar power from Exchange as 189.01 MU). The Petitioner also purchased Solar REC equivalent to 208.34 MUs

Further, the Petitioner has purchased Non-Solar power from Exchange as 338.46 MUs.

The RPO target compliance up to FY 2021-22 has been provided in the following table:

Table 17: Summary of Renewable Purchase Obligation (RPO) for FY 2021-22 (MU)

Sr. No.	Particulars	Formulae	FY2019-20	FY2020-21	FY2021-22
A	Solar Target		4.70%	6.10%	8.00%
B	Non Solar Target		6.80%	8.00%	9.00%
C	Total Target	$C=A+B$	11.50%	14.10%	17.00%
D	Sales Within UT		6,288.00	5297.50	6648.49

Sr. No.	Particulars	Formulae	FY2019-20	FY2020-21	FY2021-22
	RPO Target				
E	Solar	$E=D*A$	295.54	323.15	531.88
F	Non Solar	$F=D*B$	427.58	423.80	598.36
G	Total RPO Target	$G=E+F$	723.12	746.95	1130.24
	RPO Compliance (Actual Purchase)				
H	Solar		6.18	54.85	242.58
I	Non Solar		0.00	26.28	338.46
J	Total RPO Compliance (Actual Purchase)	$J=H+I$	6.18	81.13	581.04
	RPO Compliance (REC Certificate Purchase)				
K	Solar		109.60	0.00	208.34
L	Non Solar		711.69	0.00	0.00
M	Total RPO Compliance (REC Certificate)	$M=K+L$	821.29	0.00	208.34
	RPO Compliance (REC+ Actual)				
N	Solar	$N=H+K$	115.78	54.85	450.92
O	Non Solar	$O=I+L$	711.69	26.28	338.46
P	Total RPO Compliance	$P=N+O$	827.47	81.13	789.38
	Cumulative Requirement till current year				
Q	Solar		850.18	1173.33	1705.20
R	Non Solar		1731.83	2155.63	2753.99
S	Total	$S=Q+R$	2582.01	3328.95	4459.20
	Cumulative Compliance till current year				
T	Solar		586.47	641.32	1092.24
U	Non Solar		1320.21	1346.49	1684.95
V	Total	$V=T+U$	1906.68	1987.81	2777.19
	Net Shortfall in RPO Compliance till current year				
V	Solar	$V=Q-T$	263.71	532.01	612.97
W	Non Solar	$W=R-U$	411.62	809.14	1069.04
X	Total	$X=V+W$	675.33	1341.15	1682.01

Since, the Petitioner could not meet the current year targets of RPO the cumulative shortfall for Solar and Non-Solar up to FY 2021-22 now stands at 1682.01 MUs.

3.10. Operation & Maintenance Expenses

The Operation & Maintenance Expenses comprises of the Employee Expenses, Administrative and General Expenses (A&G) and the Repair & Maintenance (R&M) Expenses. As per the JERC MYT Regulations, 2018 variation in Expenses is controllable. Regulation 12.2 and Regulation 14 of the JERC MYT Regulation, 2018 states the following:

“12. Uncontrollable and Controllable factors

.....

12.2 For the purpose of these Regulations, the term “controllable factors” for a Transmission or Distribution Licensee shall comprise of the factors which were within the control of the Licensee, shall inter-alia include:

...

(h) Variation in O&M Expenses, except to the extent of inflation

...”

Therefore, any variation in O&M Expenses is attributable to the Petitioner and is not passed on in the ARR, other than any cost, which is beyond the control of the Petitioner.

“14. Mechanism for sharing of gains or losses on account of controllable factors

14.1 Approved aggregate gain to the Transmission Licensee or Distribution Licensee on account of controllable factors shall be shared equally between Licensee and Consumers:

Provided that the mechanism for sharing of gains or losses on account of controllable factors for a Generating Company shall be as specified in the prevalent CERC Tariff Regulations.

14.2 Approved aggregate loss, if any to the Transmission Licensee or Distribution Licensee on account of controllable factors shall be on account of the Licensee, and shall not be passed to the Consumers.”

Therefore, any approved gain to the Distribution Licensee on account of controllable factors shall be shared equally between Licensee and Consumers in accordance with the JERC MYT Regulations, 2018. Further Regulations 51.6 provides as follows:

“51. Operation and Maintenance (O&M) expenses for Distribution Wires Business

“

51.6 For the purpose of estimation, the same value of factors – CPI inflation and WPI inflation shall be used for all Years of the Control Period. **However, the Commission shall consider the actual values of the factors – CPI inflation and WPI inflation during the truing up exercise for the Year for which true up is being carried out and true up the O&M Expenses for that Year, only to the extent of inflation.” (Emphasis supplied)**

....”

3.10.1. Employee Expenses

Petitioner’s Submission

The actual Employee expenses of INR 14.00 Crore have been incurred against approved expenses of INR 14.86 Crore in the APR Order. The employee expenses comprise of Salaries, Dearness allowance, Bonus, Terminal benefits in the form of Pension and Gratuity, Leave encashment and staff welfare expenses.

Commission’s Analysis

The Commission had approved employee expenses of INR 14.86 Crore in the APR Order. The actual employee expenses for FY 2021-22 as per audited accounts are INR 14.00 Crore.

In accordance with the clause 51.6 of the JERC MYT Regulations, 2018, the Commission has determined the revised Normative Employee Expenses for FY 2021-22. The revised normative employee expenses are calculated based on the approved employee expenses (INR 14.01) for FY 2020-21 approved in order dated 21st March, 2022 and CPI inflation (5.13%) & actual Gn (Employee growth, i.e., 0%) for the FY 2021-22 with respect to FY 2020-21. Accordingly, the Commission has determined the revised normative employee expenses as INR 14.73 Crore for FY 2021-22 as shown below:

Table 18: Revised Normative Employee Expenses approved by Commission for FY 2021-22 (INR Crore)

S. No	Particulars	Approved in APR Order	Petitioner's Submission	Revised Normative Values
1	Employee Expenses	14.86	14.00	14.73

Further, in accordance with the JERC MYT Regulations, 2018, the O&M expenses are controllable expenses. Hence, the Commission has considered the revised normative Employee Expenses as determined above for FY 2021-22. Accordingly, the employee expenses approved for FY 2021-22 is shown in the table below.

Table 19: Employee Expenses approved by Commission for FY 2021-22 (INR Crore)

S. No	Particulars	Approved in APR Order	Petitioner's Submission	Revised Normative Values	Now Approved by Commission
1	Employee Expenses	14.86	14.00	14.73	14.73

The Commission approves Employee Expenses of INR 14.73 Crore in the true-up of FY 2021-22.

3.10.2. Administrative and General (A&G) Expenses

Petitioner's Submission

The Petitioner has submitted the actual A&G expenses of INR 5.59 Crore against the approved expenses of INR 8.93 Crore in the APR Order.

Commission's Analysis

A&G expenses mainly comprises of rents, telephone and other communication expenses, professional charges, conveyance and travelling allowances, etc. As per the audited accounts submitted by the Petitioner, the A&G expenses for FY 2021-22 are reflected as INR 5.59 Crore, excluding the provision for Bad and doubtful debt of INR 1.43 Crore. Similar to the approach followed while approving the revised normative Employee expenses the Commission has determined revised Normative A&G expenses which is based on the approved A&G expenses (INR 6.60 Cr) of FY 2020-21 and actual CPI Inflation (5.13%) for FY 2021-22 with respect to FY 2020-21. Accordingly, the Commission has determined the revised A&G expenses as INR 6.94 Crore.

Further the Commission has observed that the Petitioner has considered the following expenses as part of R&M expense which ideally pertains to A&G expenses.

Table 20: Shifting of expenses from R&M Expenses to A&G Expenses for FY 2021-22 (INR Crore)

S. No	Particulars	A&G Expenses
1	Electricity Charges	0.33
2	Man Power Charges - For Security Services	0.83
3	Reimbursement of Expenses of WRPC/JERC Secretariat	0.21
4	Vehicle Hire Charges for office	1.46
Total Charges		2.83

The Commission has noted that the Petitioner has considered Incremental License Fees of INR 2.44 Crore (from INR 2.92 Crore of FY 2019-20 to INR 5.36 Crore of FY 2021-22) as a part of R&M expense. The Commission is of the view that the Incremental License Fees of INR 2.44 Crore should be considered as a part of A&G Expense. As the License fees is uncontrollable, the Commission has allowed as a part of A&G Expenses. **Hence, the Commission again directs the Petitioner to consider the License Fees as a part of A&G Expenses from the next year.**

In accordance with the clause 51.6 of the JERC MYT Regulations, 2018, the Commission has determined the revised normative A&G expenses for FY 2021-22 as follows.

Table 21: Revised Normative A&G Expenses approved by Commission for FY 2021-22 (INR Crore)

S. No	O&M Expenses	Approved for FY 2020-21 [A]	CPI [B]	Revised Normative Values [C=A*(1-B)]
1	A&G Expenses	6.60	5.13%	6.94

In accordance with the JERC MYT Regulations, 2018, variation in O&M expenses are controllable. Hence, the Commission has considered the revised normative Employee Expenses as determined above for FY 2021-22. along with incremental license fees. Accordingly, the A&G expenses Trued-up for FY 2021-22 is shown in the table below.

Table 22: A&G Expenses Trued-up for FY 2021-22 (INR Crore)

S. No	Particulars	Approved in APR Order	Petitioner's Submission	Actual after Shifting components of A&G Expenses from R&M to A&G	Revised Normative A&G	Trued-up by Commission
1	A&G Expenses	8.93	5.59	10.87	6.94	9.38

The Commission approves the Administrative & General (A&G) expenses of INR 9.38 Crore in the true-up of FY 2021-22 including Incremental License Fees.

3.10.3. Repair & Maintenance (R&M) Expenses

Petitioner's Submission

Actual R&M expenses of INR 20.22 Crore have been incurred against approved expenses of INR 13.11 Crore in the APR Order. The Petitioner submitted that the increase in R&M expenses is due to increase in License fees and Recoupment of Office expenditure for the office of Ombudsman. The Petitioner submitted that Power Load Management of DNHDDPCL is higher by 150% as compared to EDDD and distribution area of DNHDDPCL is greater than the EDDD. Also, line length maintained by DNHDDPCL is materially higher than as compared to EDDD. Accordingly, the R&M expenses should be higher for DNHDDPCL as compared to EDDD.

Commission's Analysis

Similar to the approach followed while approving the revised normative Employee expenses, the Commission has determined revised Normative R&M expenses which is based on the approved closing GFA of FY 2020-21, actual WPI Inflation for FY 2020-21 (13.00%) with respect to FY 2020-21 and 'K' factor (2.03%) which was approved in MYT order dated 20th May, 2019, for the second (FY 2019-20 to FY 21-22) control period. Accordingly, the Commission determined the revised R&M expenses as INR 14.47 Crore as shown below:

Table 23: Revised Normative R&M Expenses approved by Commission for FY 2021-22 (INR Crore)

S. No	O&M Expenses	Approved for FY 2020-21 [A]	WPI [B]	Revised Normative Values [C=A*(1-B)*k-factor]
1	R&M Expenses	9.60	13.00%	14.47

As the O&M expenses are controllable expenses as per the JERC MYT Regulations, 2018, similar to the approach followed while approving the Employee expenses and A&G expenses above, the Commission approves the revised R&M Expenses of INR 14.47 Crore.

The R&M Expenses Trued-up by the Commission are as follows:

Table 24: R&M Expenses Trued-up by Commission for FY 2021-22 (INR Crore)

S. No	Particulars	Approved in APR Order	Petitioner's Submission	Actual after Shifting components of A&G Expenses from R&M to A&G	Revised Normative R&M	Trued-up by Commission
1	R&M Expenses	13.11	20.22	14.95	14.47	14.47

The Commission approves the Repair & Maintenance (R&M) Expenses of INR 14.47 Crore in the true-up of FY 2021-22.

3.10.4. Total Operation and Maintenance (O&M) Expenses

The following table provides the O&M expenses, approved by the Commission in the APR Order, Petitioner's submission and O&M expenses now Trued-up by the Commission.

Table 25: O&M Expenses Trued-up for FY 2021-22 (INR Crore)

S. No	Particulars	Approved in APR Order	Petitioner's Submission	Actual after Shifting components of A&G Expenses from R&M to A&G	Revised Normative	Trued-up by Commission
1	Employee Expenses	14.86	14.00	14.00	14.73	14.73
2	A&G Expenses	8.93	5.59	10.87	6.94	9.38
3	R&M Expenses	13.11	20.22	14.95	14.47	14.47
	Total O&M Expenses	36.90	39.82	39.82	36.14	38.58

The Commission approves the Operation & Maintenance (O&M) expenses of INR 38.58 Crore in the true-up of FY 2021-22 including the incremental license fees.

3.11. Gross Fixed Assets (GFA) and Capitalization

Petitioner's submission

The Petitioner has achieved capitalization of INR 9.61 Crore during the year against INR 8.60 Cr capitalization approved in the APR Order. The capital expenditure during the same period was INR 9.61 Crore against approved capital expenditure of INR 10.00 Crore.

Commission's Analysis:

The Commission observes that the Petitioner has capitalized the assets of INR 9.61 Crore as per FAR and de-capitalized the assets of INR 26.32 Crore during FY 2021-22.

The Commission has verified the figures of asset capitalisation and de-capitalisation from the Fixed Assets Register and found the same to be in order. The Commission accordingly approves the capitalization as shown in the table below:

Table 26: Capitalization Trued-up for FY 2021-22 (INR Crore)

S. No	Particulars	Approved in APR Order	Petitioner's Submission	Trued-up by Commission
1	Capitalization	8.60	9.61	9.61

S. No	Particulars	Approved in APR Order	Petitioner's Submission	Trued-up by Commission
2	Adjustment/Retirement During the FY	-	(26.32)	(26.32)
3	Net Capitalization	8.60	(16.71)	(16.71)

The Commission approves capital expenditure and decapitalization of INR 9.61 Crore and INR 26.32 Crore respectively.

3.12. Capital Structure

Petitioner's Submission

The Petitioner has considered the funding of capitalization through normative debt:equity ratio of 70:30. Further, the Petitioner has also submitted that no assets were created through consumer contribution, nor any grants were received from the Government during FY 2021-22.

Commission's Analysis

The JERC MYT Regulations 2018, specify that if the equity actually deployed is more than 30% of the capital cost, then equity in excess of 30% would be considered as normative loan. Regulation 26.2 of the JERC MYT Regulations 2018 states the following:

"26.2 For New Projects, the debt-equity ratio as on the Date of Commercial Operation shall be 70:30 of the amount of capital cost approved by the Commission under Regulation 23, after prudence check for determination of tariff:

Provided that where equity actually deployed is less than 30% of the capital cost of the capitalised asset, the actual equity shall be considered for determination of tariff:

Provided also that if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as a normative loan for the Licensee for determination of tariff:

....."

In accordance with the JERC MYT Regulations, 2018, the Commission has determined the Capital Structure for FY 2021-22. The closing GFA approved in FY 2020-21 has been considered as the opening GFA for FY 2021-22. The opening debt for FY 2021-22 has been considered as closing debt approved in true-up of FY 2020-21.

The Petitioner has submitted the equity opening balance of INR 189.23 Crore in the True Up of FY 2021-22 instead of approved Closing equity balance for FY 2021-21 which is INR 153.60 Crore. The Commission is considering the opening equity for FY 2021-22 as per the closing balance of true-up of FY 2020-21.

The addition in debt and equity has been normatively considered as 70% and 30% respectively of the capitalization during the year in accordance with the JERC MYT Regulations, 2018.

As discussed in previous section, there was de-capitalisation of assets of Rs 26.32 Crore in FY 2021-22. Based on the details submitted by the Petitioner, the Commission observed that the Petitioner has reduced the equity equivalent to 30% of value of de-capitalisation.

The Commission during the TVS held on 13th March, 2023 asked the Petitioner to provide the reasons for not reducing the loan corresponding to the de-capitalisation. The Petitioner submitted that as the assets decapitalized during FY 2021-22 has been fully depreciated and the said depreciation has already been adjusted treating the same as full repayment of normative loan, hence, there would not be any adjustment for the outstanding normative loan on these assets.

The Commission agrees with the views of the Petitioner that as the assets decapitalized during FY 2021-22 has been fully depreciated and the said depreciation has been adjusted treating the same as full repayment of normative loan. Hence, in opening loan balance, the loan appearing corresponding to de-capitalised assets is nil. Accordingly, the Commission has also considered the adjustment of de-capitalisation of asset in equity and reduced the equity corresponding to 30% of the value of de-capitalisation.

Accordingly, the Commission approves the addition to capital structure for FY 2021-22 as shown in the following tables:

Table 27: Funding Plan Trued-up for additions in FY 2021-22 (INR Crore)

S. No	Particulars	Approved in APR Order	Petitioner's Submission	Trued-up by Commission
1	Capitalization	8.60	9.61	9.61
2	Debt (%)	70.00%	70.00%	70.00%
3	Equity (%)	30.00%	30.00%	30.00%
4	Normative Loan	6.02	6.73	6.73
5	Normative Equity	2.58	(5.01)	(5.01)

Table 28: GFA addition Trued-up by Commission for FY 2021-22 (INR Crore)

S. No	Particulars	Approved in APR Order	Petitioner's Submission	Trued-up by Commission
1	Opening Gross Fixed Assets	630.76	630.76	630.76
2	Addition During FY	8.60	9.61	9.61
3	Adjustment/Retirement During FY	-	(26.32)	(26.32)
4	Closing Gross Fixed Assets	639.02	614.05	614.05

Table 29: Normative Loan addition Trued-up by the Commission for FY 2021-22 (INR Crore)

S. No	Particulars	Approved in APR Order	Petitioner's Submission	Trued-up by Commission
1	Opening Normative Loan	116.32	116.32	116.32
2	Add: Normative Loan During the year	5.78	6.73	6.73
3	Less: Normative Repayment equivalent to Depreciation	20.82	13.73	20.85
4	Closing Normative Loan	101.28	109.31	102.19

Table 30: Normative Equity addition Trued-up by the Commission for FY 2021-22 (INR Crore)

S. No	Particulars	Approved in APR Order	Petitioner's Submission	Trued-up by Commission
1	Opening Equity	153.60	189.23	153.60
2	Net change on account of new capitalization and de-capitalisation	2.48	(5.01)	(5.01)
3	Closing Equity	156.07	184.21	148.59

3.13. Depreciation

Petitioner's Submission

The Petitioner has submitted that for computation of depreciation, the opening GFA as per the annual accounts for FY 2021-22 have been considered at INR 630.76 Crore. Further, the Petitioner has submitted that the

depreciation for the year has been worked out after applying the Depreciation rates as per the JERC (Multi Year Tariff) Regulations, 2018.

Commission's Analysis

Regulation 30 of the JERC MYT Regulations 2018, states the following:

“30. Depreciation

30.1 The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission:

Provided that the depreciation shall be allowed after reducing the approved original cost of the retired or replaced or decapitalized assets:

Provided also that the no depreciation shall be allowed on the assets financed through consumer contribution, deposit work, capital subsidy or grant.

30.2 The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to a maximum of 90% of the capital cost of the asset

30.3 Land other than the land held under lease shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the assets.

30.4 In case of existing assets, the balance depreciable value as on April 1, 2019, shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to March 31, 2018, from the gross depreciable value of the assets.

30.5 The depreciation shall be chargeable from the first Year of commercial operations. In case of projected commercial operation of the assets during the Year, depreciation shall be computed based on the average of opening and closing value of assets:

Provided that depreciation shall be re-calculated during truing-up for assets 37apitalized at the time of truing up of each Year of the Control Period, based on documentary evidence of asset 37apitalized by the Applicant, subject to the prudence check of the Commission.

...”

As per the norms specified in the JERC MYT Regulations, 2018, the Commission has verified the asset wise capitalization of the Petitioner and has accordingly derived the weighted average rate of depreciation based on the asset wise depreciation rate prescribed in the JERC MYT Tariff Regulations, 2018, provided in the following table:

Table 31: Depreciation Rate (%)

Description	Rate
Plant & Machinery	3.60%
Underground cables	2.57%
Buildings	1.80%
Vehicles	18.00%
Furniture & Fixtures	6.00%
Computers & Others	6.00%
Land	0.00%
Software-Intangible assets	15.00%

The Commission has calculated the depreciation on average Gross Fixed Assets (GFA) considering the opening and closing values approved in *Section 3.12* of this Order. The net addition during the year has been calculated after deducting the value of retired assets. The following table provides the calculation of depreciation during the year FY 2021-22:

Table 32: Depreciation Trued-up for FY 2021-22 (INR Crore)

S. No	Particulars	Approved in APR Order	Petitioner's Submission	Trued-up by Commission
1	Opening Gross Fixed	630.76	630.76	630.76
2	Addition During FY	8.60	9.61	9.61
3	Adjustment/Retirement During FY	-	(26.32)	(26.32)
4	Closing Gross Fixed Assets	639.02	614.05	614.05
5	Average Gross Fixed Assets	634.89	622.40	622.40
6	Rate of Depreciation (%)	3.28%	2.24%	3.35%
7	Depreciation	20.82	13.73	20.85

The Petitioner while calculating the Depreciation used incorrect Depreciation rates of various assets groups such as Plant & Machinery, Underground Cables & Computers & Others. This has resulted in less estimation of depreciation by the Petitioner as shown in the above table. Hence the significant difference is observed in the depreciation as claimed by the Petitioner & as approved by the Commission for FY 2021-22.

The Commission approves depreciation of INR 20.85 Crore in the true-up of FY 2021-22.

3.14. Interest on Loan

Petitioner's submission

The Petitioner has submitted the Interest on Loan on normative basis. The normative loan addition in FY 2021-22 has been computed as 70% of the capitalization for FY 2021-22. The repayment of loans has been considered equal to the depreciation during FY 2021-22.

Further, the rate of interest has been considered as the State Bank of India Prime Lending Rate (SBI PLR) as on April 1, 2021 plus 100 basis point, i.e., 8.00%.

Commission's Analysis

In this regard, Regulation 28 of the JERC MYT Regulations, 2018 provides:

"28. Interest on Loan

28.1 The loans arrived at in the manner indicated in Regulation 26 on the assets put to use, shall be considered as gross normative loan for calculation of interest on the loan:

Provided that interest and finance charges on capital works in progress shall be excluded:

Provided further that in case of De-capitalisation or retirement or replacement of assets, the loan capital shall be reduced to the extent of outstanding loan component of the original cost of the de-capitalised or retired or replaced assets, based on documentary evidence.

28.2 The normative loan outstanding as on April 1, 2019, shall be worked out by deducting the cumulative repayment as admitted by the Commission up to March 31, 2018, from the gross normative loan.

28.3 Notwithstanding any moratorium period availed by the Transmission Licensee or the Distribution Licensee, as the case may be, the repayment of loan shall be considered from the first Year of commercial operation of the project and shall be equal to the annual depreciation allowed in accordance with Regulation 30.

28.4 The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each Year applicable to the Transmission Licensee or the Distribution Licensee:

Provided that at the time of truing up, the weighted average rate of interest calculated on the basis of the actual loan portfolio during the Year applicable to the Transmission Licensee or the Distribution Licensee shall be considered as the rate of interest:

Provided also that if there is no actual loan for a particular Year but normative loan is still outstanding, the last available weighted average rate of interest for the actual loan shall be considered:

Provided further that if the Transmission Licensee or the Distribution Licensee does not have actual loan, then one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the relevant Year plus 100 basis points shall be considered as the rate of interest for the purpose of allowing the interest on the normative loan.

28.5 The interest on loan shall be calculated on the normative average loan of the Year by applying the weighted average rate of interest:

Provided that at the time of truing up, the normative average loan of the Year shall be considered on the basis of the actual asset capitalisation approved by the Commission for the Year.

28.6 For new loans proposed for each Financial Year of the Control Period, interest rate shall be considered as lower of (i) one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the relevant Year plus 100 basis points, and (ii) weighted average rate of interest proposed by the Distribution Licensee.”

As per the above Regulation, the rate of interest to be considered while determining the ARR shall be the weighted average interest rate of the actual loan portfolio. However, the Petitioner has submitted that the complete capitalization during the year has been funded by the equity and no loan has been taken against any of the capitalized assets. Accordingly, the Commission for the purpose of calculation of Interest on Loan has considered the interest rate equivalent to SBI MCLR as on April 1, 2021 plus 100 basis points i.e, (8.00%).

Further, in accordance with the JERC MYT Regulations 2018, the interest has been calculated on the average normative loan during the year with the opening and closing values for loan as approved in Section 3.12 of this Order. The repayment has been considered equal to depreciation allowed for FY 2021-22.

The following table provides the Interest on Loan approved by the Commission in the APR Order, Petitioner's submission and now Trued-up by the Commission.

Table 33: Interest on Loan Trued-up for FY 2021-22 (INR Crore)

S. No	Particulars	Approved in APR Order	Petitioner's Submission	Trued-up by Commission
1	Opening Normative Loan	116.32	116.32	116.32
2	Add: Normative Loan During the year	5.78	6.73	6.73
3	Less: Normative Repayment = Depreciation	20.82	13.73	20.85
4	Closing Normative Loan	101.28	109.31	102.19
5	Average Normative Loan	108.80	112.82	109.26
6	Rate of Interest (%)	8.00%	8.00%	8.00%
	Interest on Loan	8.70	9.03	8.74

The Commission approves the Interest of Loan of INR 8.74 Crore in the true-up of FY 2021-22.

3.15. Return on Equity (RoE)

Petitioner's submission

The RoE is calculated in accordance with the JERC MYT Regulations 2018 and is computed on 30% of the capital base. The equity addition has been considered to the tune of 30% of assets capitalized during the year. The Petitioner has segregated the approved average equity (average of opening and closing equity) into average equity for Distribution Wires Business and Retail Supply Business based on the Allocation Statement provided in the MYT Regulations, 2018 i.e. 90% allocation for the Distribution Wires Business and 10% allocation for the Retail Supply Business. Petitioner further submitted that the Commission has considered a rate of 15.50% for the Distribution Wires Business (as per the prevalent CERC Regulations) and a rate of 16% for the Retail Supply Business. The equity component has been determined in accordance with the Regulation 26 of the MYT Regulations, 2018.

Commission's Analysis

Regulation 27.2 and 27.3 of the JERC MYT Regulations, 2018 specifies the following:

“27. Return on Equity

.....

27.2 The return on equity for the Distribution Wires Business shall be allowed on the equity capital determined in accordance with Regulation 26 for the assets put to use at post-tax rate of return on equity specified in the prevalent CERC Tariff Regulations for transmission system.

27.3 The return on equity for the Retail Supply Business shall be allowed on the equity capital determined in accordance with Regulation 26 for the assets put to use, at the rate of sixteen (16) per cent per annum.

.....”

Further, in this regard, the Regulation 30(2) of the CERC (Terms and Conditions of Tariff) Regulations, 2019 stipulates the following:

“30. Return on Equity:

.....

*30.2 Return on equity shall be computed at the base rate of **15.50%** for thermal generating station, **transmission system** including communication system and run-of river hydro generating station, and at the base rate of 16.50% for the storage type hydro generating stations including pumped storage hydro generating stations and run-of river generating station with pondage:*

.....” (Emphasis supplied)

The Commission has segregated the approved average equity (average of opening and closing equity) into average equity for Distribution Wires Business and Retail Supply Business based on the Allocation Statement provided in the JERC MYT Regulations, 2018, i.e., 90% allocation for the Distribution Wires Business and 10% allocation for the Retail Supply Business. The Commission has considered a rate of 15.50% for the Distribution Wires Business (as per the prevalent CERC Regulations mentioned above) and a rate of 16% for the Retail Supply Business.

The RoE has been calculated on the average of opening and closing of equity for FY 2021-22 at the rate of 16% on post-tax basis for Retail Supply Business and 15.50% on post-tax basis for wires business, with the opening equity considered equivalent to the closing equity of FY 2020-21 approved in the True-up of the same and after adjusting decapitalization done in FY 2021-22 to arrive at closing equity for FY 2021-22. The following table provides the Return on Equity approved by the Commission in the APR Order, Petitioner's submission and now approved by the Commission.

Table 34: Return on Equity approved by Commission for FY 2021-22 (INR Crore)

S. No	Particulars	Approved in ARR order	Petitioner's Submission	Now Approved by Commission
1	Opening Equity	153.60	189.23	153.60
2	Change on account of new capitalization /de-capitalization	2.48	(5.01)	(5.01)
3	Closing Equity	156.07	184.21	148.59
4	Average Equity	154.84	186.72	151.09
5	Avg. Equity for wire business (90%)	139.35	168.05	135.98
6	Avg. Equity for Retail Supply Business (10%)	15.48	18.67	15.11
7	Return on Equity for Wire Business (%)	15.50%	15.50%	15.50%
8	Return on Equity for Retail Supply Business (%)	16.00%	16.00%	16.00%
9	Return on Equity for Wire Business	21.60	26.05	21.08
10	Return on Equity for Retail Supply Business	2.48	2.99	2.42
11	Return on Equity	24.08	29.03	23.50

The Commission approves a Return on Equity of INR 23.50 Crore in the true-up of FY 2021-22.

3.16. Additional ROE for FY 2016-17, FY 2017-18, FY 2018-19, FY 2019-20 and FY 2020-21

Petitioner's Submission

The Petitioner submitted that Regulation 27 of MYT Regulations, 2014 provide as follows:

“27. Return on equity

- a) *The Return on equity shall be computed on 30% of the capital base or actual equity, whichever is lower:*

Provided that assets funded by consumer contribution, capital subsidies/grants and corresponding depreciation shall not form part of the capital base. Actual equity infused in the Distribution Licensee as per book value shall be considered as perpetual and shall be used for computation in this Regulation.

- b) *The return on the equity invested in working capital shall be allowed from the date of start of commercial operation.*
- c) *16% post-tax return on equity shall be considered irrespective of whether the Distribution Licensee has claimed return on equity in the ARR Petition*

The Petitioner submitted that “the Opening Gross Fixed Assets as on 01/04/2016 of DNHDDPCL was INR 385.27 Crore. Hence, as per the applicable regulation, the equity ought to be INR 115.58 Crore (i.e., 30% of the capital base / Gross Fixed Assets). Whereas, the Commission has been considered the Opening Equity (on 01/04/2016) as INR 80.00 Crore by taking the value of equity share capital in place of equity as provided in the regulation. The less consideration of equity by INR 35.60 Crore (i.e., INR 115.60 Crore less INR 80.00 Crore) has resulted into lower allowance of return of equity.

The Petitioner further submitted that in the true up order of FY 2016-17, FY 2017-18, FY 2018-19 & FY 2019-20, the Commission had allowed ROE on the basis of paid-up equity share capital whereas the Regulations specifically provides that ROE should be allowed on the basis of equity and not on the basis of paid-up equity capital. The Petitioner further submitted that Regulation specifically states that ROE should be allowed irrespective of whether the Distribution Licensee has claimed return on equity in the ARR Petition.

Accordingly, the Petitioner has claimed a total of INR 28.19 Cr as additional ROE for FY 2016-17, FY 2017-18 FY 2018-19, FY 2019-20 and FY 2020-21 (INR 5.54 Crore for FY 2021-22, INR 5.54 Crore for FY 2019-20 and INR 17.11 Crore for the period FY 2016-17 to FY 2018-19).

Commission's Analysis

The Petitioner had also raised the same issue of variation in Opening Equity for FY 2017-18 in the Review Petition filed on the Commission's Order dated 20th May, 2019. In this regard, the Commission in its Order dated 24th September, 2019, on the Review Petition ruled as follows:

"The Review Petitioner's contention is about difference in equity base upon which return on equity is allowed. The opening level of equity base for FY 2017-18 is the same as approved closing value of equity for FY 2016-17. The Review Petitioner did not file any Review Petition on the True-up Order for FY 2016-17 regarding the closing equity value of FY 2016-17. There is no merit in changing the opening value of equity for FY 2017-19 as per 30% of opening value of GFA. The Commission has considered the equity addition @30% for the approved capitalization for FY 2017-18 which is in line with the extant MYT Regulations.

As can be seen above, due to the Review Petitioner's inability to submit the project wise equity infusion details, the Commission was forced to consider opening equity value for FY 2017-18 equal to approved closing value of equity for FY 2016-17 as the part of methodology followed. The Commission is of the opinion that this issue does not warrant a review as there is no error in impugned order."

The Petitioner has filed an Appeal in the APTEL against the aforesaid order of the Commission and the matter is sub-judice. The Commission in the true up orders of FY 2016-17, FY 2017-18, FY 2018-19, FY 2019-20 & FY 2020-21 had allowed Return on equity on the basis of paid-up equity share capital instead of entire equity.

Accordingly, in line with the approach followed by the Commission, the Commission has not considered the Petitioner's submission to allow additional Return on equity for true up of FY 2016-17, FY 2017-18, FY 2018-19, FY 2019-20 and FY 2020-21 as the matter is sub-judice.

3.17. Interest on Security Deposits

Petitioner's Submission

Payments of INR 3.40 Crore were released to the consumers towards interest on security deposits during FY 2020-21 as against INR 3.20 Crore which was approved by the Commission in the APR Order.

Commission's Analysis

As per Regulation 5.135 of the JERC Electricity Supply Code Regulations, 2018-

"5.135 The Licensee shall pay interest to the consumer at the State Bank of India Base Rate prevailing on the 1st of April for the year, payable annually on the consumer's security deposit with effect from date of such deposit in case of new connections energized after the date of this notification, or in other cases, from the date of notification of this Supply Code, 2018. The interest accrued during the year shall be adjusted in the consumer's bill for the first billing cycle of the ensuing financial year. If the Security Deposit is submitted in the form of Bank Guarantee or by providing lien against fixed deposits, no interest shall be payable to the consumer."

The Commission observed that Petitioner has not submitted the Security Deposits maintained in the form of Bank Guarantee.

The Petitioner submitted the Petitioner has paid the interest on Security Deposit at the interest rate of 4.25%. The Opening for Consumer Deposits and Closing for Consumer deposits is considered as per accounts and the Commission calculated Interest on Consumer Deposits as shown below:

Table 35: Interest on security deposit calculation for FY 2021-22 (INR Crore)

Opening Security Deposit	Add: Deposits During the year	Less: Deposits refunded During the year	Closing Security Deposit	Average Security Deposit	Rate of Interest (%)	Interest on Security Deposit
76.13		8.56	84.68	80.40	4.25%	3.42

As the Petitioner has claimed actual interest on security deposit of INR 3.46 Crore, it appears that it may include the interest on security deposit of the previous years. The Commission at this stage has considered the actual interest on consumer security deposit of INR 3.46 Crore as per Annual Accounts.

The Commission directs the Petitioner to submit reconciliation of actual interest on security deposit paid and computation of security deposit considering the opening and closing values of security deposit for the last 5 years i.e., FY 2017-18 to FY 2021-22 within 3 months of issuance of this order.

The interest on consumer's Security Deposits approved by the Commission in APR Order, Petitioner's submission and now Trued-up by the Commission are shown in the following Table:

Table 36: Interest on security deposit Trued-up for FY 2021-22 (INR Crore)

S. No	Particulars	Approved in APR Order	Petitioner's Submission	Trued-up by Commission
1	Interest on Security Deposit	3.20	3.46	3.46

The Commission approves Interest on Security Deposit of INR 3.46 Crore in the true-up of FY 2021-22.

3.18. Interest on Working Capital

Petitioner's Submission

The interest on working capital has been calculated based on the normative principles outlined by the Commission in the JERC (Multi Year Tariff) Regulations, 2018.

The working capital requirement for the Control Period has been computed considering the following parameters:

- O&M expense for one month
- Maintenance spares at 40% of R&M for one month
- Receivables for 2 months
- Less consumer security deposit but excluding Bank Guarantee/Fixed Deposit Receipt

DNHDDPCL has computed interest on working capital at 9.00% (SBI base rate as on 1st April, 2021 plus 200 basis points) as has been shown in the table below:

Table 37: Interest on Working Capital submitted by Petitioner for FY 2021-22 (INR Crore)

S. No	Particulars	Approved in ARR Order	Petitioner's Submission
1	O&M expense for one month	3.07	3.32

S. No	Particulars	Approved in ARR Order	Petitioner's Submission
2	Maintenance spares at 40% of R&M for one month	0.44	0.67
3	Receivables for 2 months	574.35	579.67
4	Total	577.86	583.67
5	Less consumer security deposit but excluding Bank Guarantee/Fixed Deposit Receipt	76.13	83.88
6	Net Working Capital required after deduction of Security Deposit	501.73	499.79
7	Rate of Interest (%)	9.00%	9.00%
8	Interest on Working Capital	45.16	44.98

Commission's Analysis

The computation of working capital requirements and the rate of interest to be considered are stipulated in the JERC MYT Regulations, 2018. Regulation 52.1 & 31 of the JERC MYT Regulations 2018 states the following:

"52.1 The Distribution Licensee shall be allowed interest on the estimated level of working capital for the Distribution Wires Business for the Financial Year, computed as follows:

- (a) O&M Expense for 1 month; plus
- (b) Maintenance spares at 40% of R&M expenses for one (1) month; plus
- (c) Receivables equivalent to two (2) months of the expected revenue from charges for use of distribution wires at the prevailing tariff;
Less
- (d) Amount, held as security deposits

.....

31.4 The rate of interest on working capital shall be equal one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the Financial Year in which the Petition is filed plus 200 basis points."

As above, the Commission for determination of working capital requirements of the Petitioner during the year, has considered the receivables equivalent to two months of the expected revenue requirement, the consumer security deposit, the O&M Expenses for one month & Maintenance spares as 40% of R&M expenses as per the audited accounts of FY 2021-22.

With regards to the interest rate, the Commission has considered the SBI MCLR rates (One Year) as on 1st April, 2021 plus 200 basis points which is 9.00%.

The following table provides the interest on working capital approved by the Commission in the APR Order, Petitioner's submission and now Trued-up by the Commission.

Table 38: Interest on Working Capital Trued-up for FY 2021-22 (INR Crore)

S. No.	Particulars	Approved in APR Order	Petitioner's Submission	Trued-up by Commission
1	O&M Expense for one month	3.07	3.32	3.22
2	Maintenance spares at 40% of R&M for one month	0.44	0.67	0.48
3	Receivables for 2 months	574.35	579.67	579.67
4	Total Working Capital Requirement	577.86	583.67	583.37

S. No.	Particulars	Approved in APR Order	Petitioner's Submission	Trued-up by Commission
5	Less: Security Deposit excluding BG/FDR	76.13	83.88	83.88
6	Net Working Capital	501.73	499.79	499.49
7	Rate of Interest (%)	9.00%	9.00%	9.00%
8	Interest on Working Capital	45.16	44.98	44.95

The Commission approves the Interest on Working Capital of INR 44.95 Crore in the true-up of FY 2021-22.

3.19. Income Tax

Petitioner's submission

The Petitioner submitted Income tax liability for FY 2021-22 as INR 27.96 Crore.

Commission's Analysis:

In this regard, Regulation 32 of the JERC MYT Regulations, 2018, states the following:

"32. Tax on Income

32.1 The treatment of tax on income for a Transmission Licensee shall be in accordance with the prevalent CERC Tariff Regulations.

32.2 The Commission in its MYT Order shall provisionally approve Income Tax payable for each Year of the Control Period, if any, based on the actual income tax paid, including cess and surcharge on the same, if any, as per latest audited accounts available for the Distribution Licensee, subject to prudence check.

32.3 Variation between Income Tax actually paid, including cess and surcharge on the same, if any, and approved, if any, on the income stream of the Licensed business of the Distribution Licensees shall be reimbursed to/recovered from the Distribution Licensees, based on the documentary evidence submitted at the time of truing up of each Year of the Control Period, subject to prudence check.

32.4 Under-recovery or over-recovery of any amount from the Consumers on account of such tax having been passed on to them shall be adjusted every Year on the basis of income-tax assessment under the Income-Tax Act, 1961, as certified by the statutory auditors. The Distribution Licensee may include this variation in its truing up Petition:

Provided that tax on any income stream other than the core business shall not be a pass-through component in tariff and tax on such other income shall be borne by the Distribution Licensee."

Further, the Regulation 64 of the JERC MYT Regulations, 2018 stipulates the following:

"64. Non-Tariff Income

64.1 The amount of Non-Tariff Income relating to the retail supply of electricity as approved by the Commission shall be deducted from the Aggregate Revenue Requirement in calculating the tariff for retail supply of electricity by the Distribution Licensee:

Provided that the Distribution Licensee shall submit full details of its forecast of Non-Tariff Income to the Commission along with its application for determination of tariff.

64.2 The Non-Tariff Income shall inter-alia include:

- (a) Income from rent of land or buildings;
- (b) Income from sale of scrap;
- (c) Income from statutory investments;
- (d) Interest on advances to suppliers/contractors;
- (e) Rental from staff quarters;
- (f) Rental from contractors;
- (g) Income from hire charges from contactors and others;
- (h) Income from advertisements, etc.;
- (i) Meter/metering equipment/service line rentals;
- (j) Service charges;
- (k) Consumer charges;
- (l) Recovery for theft and pilferage of energy;
- (m) Rebate availed on account of timely payment of bills;
- (n) Miscellaneous receipts;
- (o) Deferred Income from grant, subsidy, etc., as per Annual Accounts;
- (p) Prior period income, etc.:

Provided that the interest/dividend earned from investments made out of Return on Equity corresponding to the Retail Supply Business of the Distribution Licensee shall not be included in Non-Tariff Income:

.....” **(Emphasis supplied)**

Further, the Regulation 34.2 of the JERC MYT Regulations, 2018 stipulates the following:

“34.2 The delayed payment charge earned by the Transmission Licensee or the Distribution Licensee shall not be considered under its Non-Tariff Income.”

The Petitioner has claimed INR 27.96 Crore as the income tax paid. The Commission has observed that the income tax is shown as INR 27.96 Crore as per the latest audited accounts submitted by the Petitioner (Note 39 P&L Accounts) for FY 2021-22. The Petitioner has not submitted any details regarding computation of Income Tax. Hence, the Commission has relied on the Income Tax Returns and audited accounts submitted by the Petitioner.

In the Income Tax Returns submitted by the Petitioner, the Commission observed that the Petitioner has considered Income Tax on total income from Business including the CSR Expenses, and Provision of Bad Debts. The Commission has accordingly reduced the above said amount from the total income considered for the computation of the Income Tax. The Commission also observed that the Petitioner has paid the income tax on total income comprising of income from sale of power & other income like Interest income, Delayed payment charge, etc.

Further, as per the above Regulations, since Interest income & income by Delayed payment charges are not to be considered as non-tariff income, accordingly the Interest income and income from Delayed payment charges as per audited accounts of the Petitioner has been reduced from the total income as per ITR of the Petitioner. Accordingly proportionate income tax to this effect has been reduced from the total tax paid by the Petitioner as per ITR. The Income Tax Trued-up by Commission is shown in the following table:

Table 39: Income Tax Trued-up for FY 2021-22 (INR Crore)

S. No	Particulars	Approved in APR Order	Petitioner's Submission	Trued-up by Commission
1	Income Tax	20.00	27.96	15.71

The Commission approves Income Tax liability as INR 15.71 Cr for FY 2021-22

3.20. Provision for Bad & Doubtful Debts

Petitioner's submission

The Petitioner has not claimed any amount towards provision for bad and doubtful debts for FY 2021-22.

Commission's Analysis

As per Regulation 62.1 of the MYT Regulations, 2018:

"62.1 Bad and Doubtful Debts shall be limited to 1% of receivables in the True-up, subject to the condition that amount of bad and doubtful debts have actually been written off in the licensee books of accounts."

The Commission may allow bad debts written off as a pass through in the Aggregate Revenue Requirement, based on the trend of write off of bad debts in the previous years, subject to prudence check:

Provided that the Commission shall true up the bad debts written off in the Aggregate Revenue Requirement, based on the actual write off of bad debts excluding delayed payment charges waived off, if any, during the year, subject to prudence check:

Provided also that the provision for bad and doubtful debts shall be limited to 1% of the annual Revenue Requirement of the Distribution Licensee:

Provided further that if subsequent to the write off of a particular bad debt, revenue is realised from such bad debt, the same shall be included as an uncontrollable item under the Non-Tariff Income of the year in which such revenue is realised."

As the Petitioner has not claimed any amount towards Bad Debts, the Commission therefore has not considered any bad and doubtful debts in the true-up of FY 2021-22.

3.21. Non-Tariff Income (NTI)

Petitioner's Submission

The Petitioner has submitted the actual Non-Tariff Income of INR 10.65 Crore for FY 2021-22.

Commission's Analysis

The Regulation 64 of the JERC MYT Regulations, 2018 stipulates the following:

"64. Non-Tariff Income

64.1 The amount of Non-Tariff Income relating to the retail supply of electricity as approved by the Commission shall be deducted from the Aggregate Revenue Requirement in calculating the tariff for retail supply of electricity by the Distribution Licensee:

Provided that the Distribution Licensee shall submit full details of its forecast of Non-Tariff Income to the Commission along with its application for determination of tariff.

64.2 The Non-Tariff Income shall inter-alia include:

- (a) Income from rent of land or buildings;
- (b) Income from sale of scrap;
- (c) Income from statutory investments;
- (d) Interest on advances to suppliers/contractors;
- (e) Rental from staff quarters;
- (f) Rental from contractors;
- (g) Income from hire charges from contactors and others;
- (h) Income from advertisements, etc.;
- (i) Meter/metering equipment/service line rentals;
- (j) Service charges;
- (k) Consumer charges;
- (l) Recovery for theft and pilferage of energy;
- (m) Rebate availed on account of timely payment of bills;
- (n) Miscellaneous receipts;
- (o) Deferred Income from grant, subsidy, etc., as per Annual Accounts;
- (p) Prior period income, etc.:

Provided that the interest/dividend earned from investments made out of Return on Equity corresponding to the Retail Supply Business of the Distribution Licensee shall not be included in Non-Tariff Income:

Provided further that any income earned by a Distribution Licensee by sale of power to other Distribution Licensees or to Consumers as per Section 49 of the Act using the existing power purchase agreements or bulk supply capacity allocated to the Distribution Licensee's Area of Supply shall be reduced from the Aggregate Revenue Requirement of the Distribution Licensee for the purpose of determination of tariff. Such reduction shall be carried out in accordance with Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Connectivity and Open Access in Intra-State Transmission and Distribution) Regulations, 2017, as amended from time to time."

In accordance with the above, Delayed Payment Surcharge & Interest on FD & others are not to be considered as Non-Tariff Income (NTI).

The Petitioner submitted a Rebate of INR 5.78 Crore for timely payments made by DNHDDPCL. The same has been considered as a part of Non-Tariff income in line with aforesaid regulation.

The NTI claimed by Petitioner and now Trued-up by the Commission is shown in the following table:

Table 40: Non-Tariff Income Trued-up for FY 2021-22 (INR Crore)

S. No.	Particulars	Petitioner's Submission	Trued-up by Commission
1	Other Charges (Indirect)	5.24	5.24
a	Reactive Charges Receivables	-	0.34
b	STOA Application Receivables	-	2.51
c	Supervision Charges	-	1.24
d	Meter Testing Charges	-	0.18
e	Reconnection Charges	-	0.02

S. No.	Particulars	Petitioner's Submission	Trued-up by Commission
f	Registration Fees	-	0.57
g	Test report charges	-	0.07
h	Service Connection Charges	-	0.31
2	Delayed Payment Charges	-	-
3	Capacitor Charges	-	-
4	Interest on FD and Others	-	-
5	Tender Fees	0.02	0.02
6	Penalty Charges	-	-
7	Recovery of doubtful debt	-	-
8	Rebate	-	5.78
9	Provision for written back	3.28	3.28
10	Sale of scrap	-	-
11	Assessment Charges from consumers	-	-
12	Licensee Fees	-	-
13	Operating Income	-	-
14	Other Miscellaneous Income	2.11	2.11
	Gross Total	10.65	16.44

Accordingly, the Commission approves Non-Tariff Income of INR 16.44 Crore in the true-up of FY 2021-22 and directs the Petitioner to submit information as per the formats provided the Commission from time to time.

3.22. Incentive/Disincentive towards over/under achievement of norms of distribution losses

Petitioner's Submission:

The Incentive towards over achievement of norms of distribution losses has been calculated as INR 22.16 Cr by the Petitioner and added to ARR. The Petitioner has considered APPC as INR 5.13/kwh.

Commission's Analysis

In the APR for FY 2021-22, the Commission had approved the T&D loss level of 4.10%. The Petitioner has achieved T&D loss of 2.89% against the approved loss level of 4.10%. The Commission, in accordance with Regulation 14.1 of the JERC MYT Regulations, 2018 (reproduced below) has determined the incentive towards the over-achievement of the target of distribution loss for FY 2021-22 as follows:

*"14.1 Approved aggregate gain to the Transmission Licensee or Distribution Licensee on account of controllable Factor shall be shared equally between Licensee and Consumers:
....."*

The incentive has been considered at INR 4.84 /kWh, which is the Average Power Purchase cost (APPC) of the Petitioner for FY 2021-22. The APPC has been derived at State/UT Periphery based on the Power Purchase cost excluding cost of power purchase from Renewable Energy Sources.

Further the JERC MYT Regulations, 2018, stipulate the variation in distribution losses to be a controllable factor and any approved gain to the Distribution Licensee on account of controllable factors shall be shared equally between Licensee and Consumers.

The assessment of incentive for lower T&D losses is as shown in the following table:

Table 41: Incentive due to over-achievement of Distribution Loss target for FY 2021-22 (INR Crore)

S. No	Particulars	Approved in APR	Trued-up by Commission
1	Retail Sales (MU)	6,648.49	6,648.49
2	T&D Loss (%)	4.10%	2.89%
3	Power at State/UT Periphery (MU)	6,932.74	6,846.33
4	Gain/ (Loss) (MU)		86.40
5	Average Power Purchase Cost (INR/kWh)		4.84
6	Gain/ (Loss) (INR Crore)		41.81
7	Sharing of Gain / (Loss) with Petitioner (INR Crore)		20.91

The Commission approves INR 20.91 Crore as incentive for over-achieving the distribution loss target for FY 2021-22.

3.23. Sharing of gains or losses on account of O&M Expenses

Commission's Analysis

The Commission, in accordance with Regulation 14 of the JERC MYT Regulations, 2018 (reproduced below) has determined the sharing of gains or losses on account of controllable factors i.e., O&M Expenses for FY 2021-22 as follows:

“...14. Mechanism for sharing of gains or losses on account of controllable factors

14.1 Approved aggregate gain to the Transmission Licensee or Distribution Licensee on account of controllable Factors shall be shared equally between Licensee and Consumers:

Provided that the mechanism for sharing of gains or losses on account of controllable factors for a Generating Company shall be as specified in the prevalent CERC Tariff Regulations.

14.2 Approved aggregate loss, if any to the Transmission Licensee or Distribution Licensee on account of controllable factors shall be on account of the Licensee, and shall not be passed to the Consumers....”

Table 42: Sharing of gains or losses on account of controllable factors

S. No	Particulars	Now Approved by Commission
1	O&M (Revised Normative Approved) (INR Cr)	36.90
2	O&M (Actual) (INR Cr)	38.58
3	Gain/ (Loss) (INR Cr) (1-2)	(1.68)
4	Sharing of 50% of gain with the Petitioner	-

The Commission observes that the actual O&M expenses are higher than the revised normative Trued-up O&M expenses, there is no gain. Accordingly, no sharing has been done.

3.24. Aggregate Revenue Requirement (ARR)

Petitioner's submission

Based on the expenses as detailed above, the Petitioner has submitted the net Aggregate Revenue Requirement of INR 3605.21 Crore for approval in the True-up of FY 2021-22.

Commission's Analysis

The Commission on the basis of the detailed analysis of the cost parameters of the Aggregate Revenue Requirement approves the net revenue requirement in the true-up of FY 2021-22 as given in the following table:

Table 43: Aggregate Revenue Requirement Trued-up for FY 2021-22 (INR Crore)

S. No	Particulars	Approved in APR Order	Petitioner's Submission	Trued-up by Commission
1	Power Purchase Cost	3389.30	3397.50	3403.28
2	Operation & Maintenance Expenses	36.90	39.82	38.58
3	Depreciation	20.82	13.73	20.85
4	Interest on Long-term Capital Loans	8.70	9.03	8.74
5	Interest on Working Capital Loans	45.16	44.98	44.95
6	Return on Equity	24.08	29.03	23.50
7	Additional ROE for previous year	0.00	28.19	0.00
8	Provision for Bad Debt	0.00	0.00	0.00
9	Interest on Security Deposit	3.20	3.46	3.46
10	Income Tax	20.00	27.96	15.71
11	Incentive/ (Disincentive) on achievement of norms	0.00	22.16	20.91
12	Sharing of Gains/(Losses)	0.00	0.00	0.00
s	Total Revenue Requirement	3548.15	3615.86	3579.98
14	Less: Non-Tariff Income	5.87	10.65	16.44
15	Net Revenue Requirement	3542.29	3605.21	3563.54

The Commission approves net Aggregate Revenue Requirement of INR 3563.54 Crore in the true-up of FY 2021-22.

3.25. Revenue at existing Retail Tariff**Petitioner's submission**

The actual revenue from retail sale for FY 2021-22 is INR 3,478.05 Crore as against INR 3,446.09 Crore approved by the Commission in the APR Order.

Commission's Analysis

The Petitioner submitted INR 3,478.05 Crore as revenue from sale of power. The Commission analyzed the sales and revenue figures for each consumer category and checked the revenue from audited accounts of FY 2021-22. The Revenue from sale of power as provided in the annual accounts is INR 3,478.05 Crore.

The Commission approves the revenue from sale of power as INR 3,478.05 Crore in the true-up of FY 2021-22.

3.26. Revenue Gap/ Surplus**Petitioner's submission**

Based on the ARR and the revenue from retail tariff, the standalone revenue gap of INR 99.97 Crore is arrived in the true-up of FY 2021-22.

Commission's Analysis

The Commission based on the approved ARR and retail tariff has arrived at the Revenue Gap/(Surplus) as follows:

Table 44: Revenue Gap/ (Surplus) for FY 2021-22 (INR Crore)

S. No	Particulars	Approved in APR Order	Petitioner's Submission	Trued-up by Commission
1	Net Revenue Requirement	3,542.29	3,605.21	3,563.54
2	Revenue from Retail Sales at Existing Tariff	3,446.09	3,478.05	3,478.05
3	Revenue Gap/ (Surplus)	96.19	127.16	85.49
4	Previous Years' Gap/ (Surplus)	(29.88)	(29.88)	(29.88)
5	Carrying/Holding Cost	1.46	2.69	1.03
6	Net Standalone Gap / (Surplus)	67.77	99.97	56.64

The Commission after carrying out the true-up of FY 2021-22 approves the cumulative Revenue Gap of INR 56.64 Crore. This gap has been carried over in the subsequent years and has been dealt with while determining the tariff for FY 2023-24.

4. Chapter 4: Annual Performance Review for FY 2022-23

4.1. Background

The Tariff Order for FY 2022-23 was issued by the Commission on 31st March, 2022 (hereinafter referred to as 'MYT Order' for the purpose of APR of FY 2022-23) approving the True-up of FY 2020-21, Annual Performance Review of FY 2021-22, Aggregate Revenue Requirements (ARR) for 3rd MYT Control Period (FY2022-23 to FY 2024-25) and Retail Tariff for FY 2022-23.

The Commission notes that post unbundling of DNHPDCL, DNHDDPCL is a Sub-Transmission utility as per "The Dadra and Nagar Haveli and Daman and Diu Electricity (Re-organization and Reforms) Transfer Scheme 2022" notified vide notification no. 1(FTS-118044)/Electricity Distribution/Privatization/2022/411 dated 09/03/2022 and is now engaged with intra-state transmission business in the area of DNH (Dadra and Nagar Haveli) w.e.f. 01/04/2022.

The Commission directed the Petitioner to submit the final restructured Opening Balance sheet of DNHDDPCL approved by the Government. The Petitioner in its reply submitted that finalization of restructured Opening Balance sheet is under process.

The Commission during the TVS held on 13.03.2023 asked the Petitioner to provide certified copy of provisional Opening Balance Sheet for DNHDDPCL and Opening Balance Sheet finalized for DNHDDPCL along with linked excel copy of Balance Sheet clearly indicating the computation of opening GFA of DNHDDPCL and opening Loan & Equity of DNHDDPCL for FY 2022-23.

The Petitioner vide its reply dated 21.03.2023 submitted. certified copy of provisional Opening Balance Sheet for DNHDDPCL and Opening Balance Sheet finalized for DNHDDPCL.

The Commission observed that the Petitioner has filed the Petition for approval of revised ARR for FY 2022-23 and Revised ARR for FY 2023-24 along with Determination of Transmission Tariff for FY 2023-24 in accordance with the provision of regulations, considering the provisional Opening Balance Sheet of DNHDDPCL as on 1st April, 2022.

Accordingly, the Commission has considered this Petition filed for approval of Revised ARR for FY 2022-23 as part of APR & approval of Revised ARR for FY 2023-24 along with Determination of Transmission Tariff for FY 2023-24 which is to be carried out as per the provisions of the JERC (Generation, Transmission & Distribution Multi Year Tariff), Regulations, 2021 (hereinafter referred to as "MYT Regulations, 2021"). The Commission at this stage in the absence of final Opening Balance Sheet of DNHDDPCL has considered the provisional Opening Balance Sheet of DNHDDPCL as on 1.4.2022 for approving APR for FY 2022-23 and ARR for FY 2023-24. The Commission will consider the final Opening Balance Sheet of DNHDDPCL once it is finalized and accordingly revise the figures at the time of trueing up.

4.2. Approach for the determination of Revised ARR for FY 2022-23

The Commission has computed the individual elements constituting the Aggregate Revenue Requirement for FY 2022-23 based on figures submitted by the Petitioner, the actual information available of various parameters for first half of FY 2022-23 and the provisional information available for second half FY 2022-23. The ARR for only transmission function of DNHDDPCL has been determined for FY 2022-23. Further the revenue at existing tariff as per provisional submissions made by the Petitioner in line with Bulk Power Transmission Agreement signed between DNHDDPCL and DNHDDPCL has been considered to determine the Revenue Gap/(Surplus) for FY 2022-23.

4.3. Gross Fixed Assets (GFA) and Capitalisation

Petitioner's submission

The Petitioner has submitted the opening Gross Fixed Assets (GFA) of INR 349.62 Crore for FY 2022-23 based on provisional bifurcated value of the two entities (DNHDDPCL and DNHDDPDCL) as on 31st March, 2022. Further the Petitioner has estimated asset addition of INR 11.10 Crore. Thus, the Petitioner has claimed the closing GFA of FY 2022-23 as INR 360.72 Crore

The summary of the GFA and capitalization proposed by the Petitioner for FY 2022-23 is as follows:

Table 45: Gross Fixed Assets and Capitalisation Proposed by the Petitioner for FY 2022-23 (INR Crore)

Sr. No.	Particulars	Approved in MYT Order for DNHPDCL	Claimed
1	Opening GFA*	639.02	349.62
2	Addition during the year	13.88	11.10
3	Closing GFA	652.90	360.72

* Excluding the value of INR 30.41 crore of Solar plants owned by DNHDD PCL as retained by DNHDD PCL as per the transfer scheme 2022

Commission's Analysis:

The Commission observed that the opening Balance Sheet of DNHDDPCL is yet to be finalized and approved by the Government. In the absence of finalized opening Balance Sheet of DNHDDPCL, the Commission at this stage has considered the opening GFA as on 1.4.2022 as per the provisional opening Balance Sheet submitted by the Petitioner. Once the opening Balance Sheet is finalized, the Commission will consider the impact of same at the time of truing up for FY 2022-23.

The Petitioner has claimed capitalization of INR 11.10 Crore for FY 2022-23. In this regard, Commission vide Letter dated 07.02.2023 has asked the Petitioner to provide the current status of schemes proposed to be capitalized in FY 2022-23 along with physical and financial progress. In response to the Query of the Commission, the Petitioner vide letter dated 16.02.2023 has submitted the details as below:

Table 46: Schemes proposed to be capitalized in FY 2022-23 (INR Crore)

Sr. No.	Name of the Scheme	Total Estimated Amount	Proposed Expenditure/ Capitalisation	Financial Progress
1	Erection of various capacity of new distribution transformer, extension of HT/LT line work, releasing of new service connection of all type of category under Normal Development scheme	7.12	3.19	1.91
2	Replacement of existing conductor from 66 KV Kahadpada to Masat circuit line 1	2.13	2.13	1.38
3	Conversion of double circuit 66 KV line from 220 kV Kharadpada to Rakholi substation from panther to TACSR	2.57	2.57	2.06
4	Conversion of double circuit 66 KV line from 220 KV Khadoli substation to Rakholi substation	3.21	3.21	1.61
	Total	15.03	11.10	6.96

Based on the details submitted, the Commission observed that the Petitioner has included Distribution works as per its submissions for Scheme no. 1 "Erection of various capacity of new distribution transformer, extension of HT/LT line work, releasing of new service connection of all type of category under Normal Development scheme". The Commission during the TVS held on 13.03.2023 asked the Petitioner to submit the reasons for considering the Distribution Works as part of capitalisation. The Petitioner in response submitted that there is

error in the petition and the capitalisation does not pertain to Distribution assets. The Commission asked the Petitioner to submit the list of works along with amount being claimed under the scheme. The Petitioner vide its reply dated 21.03.2023 submitted the details of works under the scheme.

Based on the submissions of the Petitioner and considering the current status of proposed schemes in FY 2022-23, the Commission has provisionally considered the capitalization of INR 11.10 Crore during FY 2022-23.

The Commission will consider the actual capitalization during FY 2022-23 at the time of truing up subject to prudence check.

The table below provides the details of capitalization and GFA approved by the Commission for the FY 2022-23:

Table 47: Gross Fixed Assets and Capitalisation Approved by the Commission (INR Crore)

Sr. No.	Particulars	Approved in MYT Order for DNHPDCL	Claimed	Now Approved by Commission
1	Opening GFA	639.02	349.62	349.62
2	Addition during the year	13.88	11.10	11.10
3	Closing GFA	652.90	360.72	360.72

The Commission approves the capitalization and Gross Fixed Assets as shown in the table above.

4.4. Depreciation

Petitioner's submission

The Petitioner has determined the depreciation by applying category-wise depreciation rates notified in the Central Electricity Regulatory Commission (Terms & Conditions of Tariff) Regulations, 2019 on the opening balance of Gross Fixed assets and average of the addition for FY 2022-23. Accordingly, the depreciation for FY 2022-23 has been submitted as below:

Table 48: Depreciation details submitted by Petitioner for FY 2022-23 (INR Crore)

Sr. No.	Particulars	Claimed
1	Opening GFA	349.62
2	Addition during the year	11.10
3	Adjustment/Retirement During the year	-
4	Closing GFA	360.72
5	Average GFA	355.17
6	Depreciation during the year	18.45

Commission's Analysis

Regulation 31 of the JERC MYT Regulations, 2021 specifies the following:

“31. Depreciation

31.1 The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission:

Provided that the depreciation shall be allowed after reducing the approved original cost of the retired or replaced or decapitalized assets:

Provided also that the no depreciation shall be allowed on the assets financed through consumer contribution, deposit work, capital subsidy or grant.

31.2 The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to a maximum of 90% of the capital cost of the asset.

Provided further that the salvage value of Information Technology equipment and computer software shall be considered at zero (0) per cent of the allowable capital cost.

31.3 Land other than the land held under lease shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the assets.

31.4 In case of existing assets, the balance depreciable value as on April 1, 2022, shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to March 31, 2021, from the gross depreciable value of the assets.

31.5 The depreciation shall be chargeable from the first Year of commercial operations. In case of projected commercial operation of the assets during the Year, depreciation shall be computed based on the average of opening and closing value of assets:

Provided that depreciation shall be re-calculated during truing-up for assets capitalised at the time of truing up of each Year of the Control Period, based on documentary evidence of asset capitalised by the Applicant, subject to the prudence check of the Commission.

31.6 For Transmission Licensee, the depreciation shall be calculated at rates and norms specified in the prevalent CERC Tariff Regulations for transmission system.

.....” (Emphasis supplied)

Accordingly, depreciation rates have been considered based on CERC (Terms and Conditions of Tariff), 2019.

Further, depreciation for FY 2022-23 has been computed on average Gross Fixed Assets (GFA) after considering the net addition approved for the year and opening GFA as per provisional FAR submitted by the Petitioner on 16.02.2023.

The following table provides the calculation of depreciation approved by the Commission for FY 2022-23:

Table 49: Depreciation approved by Commission for FY 2022-23 (INR Crore)

Sr. No	Particulars	Depreciation Rate	Opening GFA	Addition	Deletion	Closing GFA	Average	Depreciation
1	Plant and Machinery	5.28%	205.26	11.10	-	216.36	210.81	11.13
2	Underground cables	5.28%	25.47	-	-	25.47	25.47	1.34
3	Buildings	3.34%	29.96	-	-	29.96	29.96	1.00
4	Vehicles	9.50%	-	-	-	-	-	-
5	Office Equipment	6.33%	1.58	-	-	1.58	1.58	0.10
6	Computer and Others	6.33%	71.27	-	-	71.27	71.27	4.51
7	Land	0.00%	13.65	-	-	13.65	13.65	-
8	Software-Intangible assets	15.00%	2.42	-	-	2.42	2.42	0.36
9	Total		349.62	11.10	-	360.72	355.17	18.45

The Commission approves a depreciation of INR 18.45 Crore for FY 2022-23.

4.5. Interest on Loan

Petitioner’s submission

The Petitioner submitted that the opening loan of INR 15.95 Crore is the estimated value upon bifurcations of DNHPDCL into DNHDDPCL and DNHDDPDCL. The Petitioner also submitted that this value is subject to adjustment on account of outcome of true-up petition read with final restructured opening balance sheet and related notes thereon as notified in pursuance to provision contained in the 'The Dadra and Nagar Haveli and Daman and Diu Electricity (Re-organisation and Reforms) Transfer Scheme 2022'.

The Petitioner has considered normative debt-equity ratio of 70:30 for the additional capitalisation during FY 2022-23 as per the JERC MYT Regulations, 2021. Further, the Petitioner has considered interest rate of 8.00% to compute the interest on long-term loans.

The following table provides the Interest on Loan estimated by the Petitioner for FY 2022-23.

Table 50: Interest on Loan submitted by the Petitioner FY 2022-23 (INR Crore)

Sr. No.	Particulars	Approved in MYT Order for DNHPDCL	Claimed
1	Opening Normative Loan	101.28	15.95
2	Add: Normative Loan during the year (70% of proposed capitalization)	9.72	7.77
3	Less: Normative Repayment	21.22	18.45
4	Closing Normative Loan	89.78	5.27
5	Average Normative Loan	95.53	10.61
6	Rate of Interest	8.00%	8.00%
7	Interest on Normative Loan	7.64	0.85

Commission's Analysis

The Regulation 29 of the JERC MYT Regulations, 2021 specifies the following:

"29. Interest on Loan

29.1 The loans arrived at in the manner indicated in Regulation 27 on the assets put to use, shall be considered as gross normative loan for calculation of interest on the loan:

Provided that interest and finance charges on capital works in progress shall be excluded:

Provided further that in case of De-capitalisation or retirement or replacement of assets, the loan capital shall be reduced to the extent of outstanding loan component of the original cost of the decapitalised or retired or replaced assets, based on documentary evidence.

29.2 The normative loan outstanding as on April 1, 2022, shall be worked out by deducting the cumulative repayment as admitted by the Commission up to March 31, 2021, from the gross normative loan.

29.3 Notwithstanding any moratorium period availed by the Transmission Licensee or the Distribution Licensee, as the case may be, the repayment of loan shall be considered from the first Year of commercial operation of the project and shall be equal to the annual depreciation allowed in accordance with Regulation 31.

29.4 The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each Year applicable to the Transmission Licensee or the Distribution Licensee:

Provided that at the time of trueing up, the weighted average rate of interest calculated on the basis of the actual loan portfolio during the Year applicable to the Transmission Licensee or the Distribution Licensee shall be considered as the rate of interest after prudence check:

Provided also that if there is no actual loan for a particular Year but normative loan is still outstanding, the last available weighted average rate of interest for the actual loan shall be considered:

Provided further that if the Transmission Licensee or the Distribution Licensee does not have actual loan, then one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the relevant Year plus 100 basis points shall be considered as the rate of interest for the purpose of allowing the interest on the normative loan.

29.5 The interest on loan shall be calculated on the normative average loan of the Year by applying the weighted average rate of interest:

Provided that at the time of truing up, the normative average loan of the Year shall be considered on the basis of the actual asset capitalisation approved by the Commission for the Year.

29.6 For new loans proposed for each Financial Year of the Control Period, interest rate shall be considered as lower of (i) one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the relevant Year plus 100 basis points, and (ii) weighted average rate of interest proposed by the Distribution Licensee.

29.7 The above interest computation shall exclude the interest on loan amount, normative or otherwise, to the extent of capital cost funded by consumer contribution, deposit work, capital subsidy or grant, carried out by Transmission Licensee or Distribution Licensee.

.....” ***(Emphasis supplied)***

In the absence of finalized opening Balance Sheet of DNHDDPCL, the Commission at this stage has considered the opening loan as on 1.4.2022 as per the provisional opening Balance Sheet submitted by the Petitioner vide Email dated 21.03.2023. Once the opening Balance Sheet is finalized, the Commission will consider the impact of same at the time of truing up for FY 2022-23. The normative loan addition for FY 2022-23 has been considered as 70% of the capitalization for FY 2022-23, which works out to be INR 7.77 Crore.

Since, the Petitioner has no actual loans, the rate of interest will be in accordance with the Regulation 29 of the JERC MYT Regulations, 2021 and shall be the 1-year SBI MCLR as on 1st April of the relevant year plus 100 basis points. For estimation, the latest available 1-year SBI MCLR as on April 1, 2022 plus 100 basis points (8.00%) has been considered for FY 2022-23.

Also, as per Note:2 of provisional balance sheet submitted by the Petitioner:

“The last approved normative loan was Rs. 116.32 crore, on adjusting GFA addition and depreciation in FY 2022, the normative loan will be Rs. 109.32 crore. As the assets decapitalized during FY 2021-22 has been fully depreciated and the said depreciation has already been adjusted treating the same as full repayment of normative loan. Hence, there would not be any adjustment for the outstanding normative loan on these assets. The normative loan value for new distribution company i.e. DNHDD PDCL has been determined considering normative loan pertains to GFA existing as on 01.04.2020 transferred to new business and normative loan pertains to GFA addition made during FY 2020-21 and 2021-22, which pertains to new business taking into consideration the normative loan as 70% of the respective addition after deducting the depreciation repayment on these assets. The said specific approach has been followed as majority of assets capitalized during FY 2020-21 and FY 2021-22 have been transferred to new entity and the same principal has been agreed with opening balance sheet published with the tender document.”

Accordingly, the Commission considers opening loan for DNHDDPCL as INR 23.29 Crore and the Interest on Loan has been calculated on the average loan during the year.

The following table provides the Interest on Loan approved by the Commission 2022-23:

Table 51: Interest on loan approved by Commission for FY 2022-23 (INR Crore)

Sr. No.	Particulars	Approved in MYT Order for DNHPDCL	Claimed	Now Approved by Commission
1	Opening Normative Loan	101.28	15.95	23.29
2	Add: Normative Loan during the year	9.72	7.77	7.77
3	Less: Normative Repayment equal to Depreciation	21.22	18.45	18.45
4	Closing Normative Loan	89.78	5.27	12.61
5	Average Normative Loan	95.53	10.61	17.95
6	Rate of Interest (%)	8.00%	8.00%	8.00%
7	Interest on Loan	7.64	0.85	1.44

The Commission approves Interest on Loan as INR 1.44 Crore for FY 2022-23. The interest on loan as approved by the Commission is on higher side as compared to that claimed by the Petitioner due to the reason that the Petitioner in its Petition has considered lower opening loan while the opening loan considered by the Commission as per the provisional Opening Balance Sheet submitted is on higher side.

4.6. Return on Equity (RoE)

Petitioner's submission

The Petitioner submitted the opening equity of INR 104.88 Crore is the estimated value upon bifurcations of DNHPDCL into DNHDDPCL and DNHDDPDCL. The Petitioner also submitted that this value is subject to adjustment on account of outcome of true-up petition read with final restructured opening balance sheet and related notes thereon as notified in pursuance to provision contained in the 'The Dadra and Nagar Haveli and Daman and Diu Electricity (Re-organisation and Reforms) Transfer Scheme 2022'.

The Petitioner submitted that opening equity value is as per the calculation by DNHDDPCL, however, there is less determination of equity by the Commission in FY 2016-17 as explained in true up petition for FY 2021-22. An appeal in the said matter is already preferred before Hon'ble APTEL. If the Commission does not agree with the DNHDDPCL's submissions, the resultant equity adjustment would be done with the equity pertaining to DNHDDPCL.

The Petitioner has computed the Return on Equity (RoE) in accordance with the JERC MYT Regulations 2021, wherein RoE is computed on 30% of the capital base. Further, equity addition is considered to the tune of 30% of proposed capitalization during the year. The Petitioner has considered a post-tax rate of return on equity of 15.50% as per Regulations 30 (2) of the Central Electricity Regulatory Commission (Terms & Conditions of Tariff) Regulations, 2019.

The following table provides the return on equity proposed by the Petitioner for 2022-23:

Table 52: RoE proposed by the Petitioner as per CERC Tariff Regulations, 2019 (INR Crore)

Sr. No	Particulars	Approved in MYT for DNHPDCL	Claimed
1	Opening Equity	156.07	104.88
2	Additions on account of new capitalization	4.16	3.33
3	Closing Equity	160.24	108.21
4	Equity Capital	158.16	106.55
5	Rate of Return on Equity (%)	15.50%	15.50%
6	Effective Rate of Corporate Tax (%)	NA	25.63%
7	Effective Rate of Return on Equity (%)	NA	20.84%

Sr. No	Particulars	Approved in MYT for DNHPDCL	Claimed
8	Return on Equity (including Income Tax)	42.06	22.20**

Commission's Analysis

The Regulation 30 and 31 of the CERC (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as "CERC Tariff Regulations, 2019"), stipulates the following:

"...30. Return on Equity: (1) Return on equity shall be computed in rupee terms, on the equity base determined in accordance with Regulation 18 of these regulations.

(2) Return on equity shall be computed at the base rate of 15.50% for thermal generating station, transmission system including communication system and run-of-river hydro generating station, and at the base rate of 16.50% for the storage type hydro generating stations including pumped storage hydro generating stations and run-of-river generating station with pondage:

Provided that return on equity in respect of additional capitalization after cut-off date beyond the original scope excluding additional capitalization due to Change in Law, shall be computed at the weighted average rate of interest on actual loan portfolio of the generating station or the transmission system;

....

...31. Tax on Return on Equity. (1) The base rate of return on equity as allowed by the Commission under Regulation 30 of these regulations shall be grossed up with the effective tax rate of the respective financial year. For this purpose, the effective tax rate shall be considered on the basis of actual tax paid in respect of the financial year in line with the provisions of the relevant Finance Acts by the concerned generating company or the transmission licensee, as the case may be. The actual tax paid on income from other businesses including deferred tax liability (i.e. income from business other than business of generation or transmission, as the case may be) shall be excluded for the calculation of effective tax rate.

... ” (Emphasis supplied)

In the absence of finalized opening Balance Sheet of DNHDDPCL, the Commission at this stage has considered the opening equity as on 1.4.2022 as per the provisional opening Balance Sheet submitted by the Petitioner vide E-mail dated 21.03.2023. Once the opening Balance Sheet is finalized, the Commission will consider the impact of same at the time of true-up for FY 2022-23.

The Commission in the true-up orders of FY 2016-17, FY 2017-18, FY 2018-19, FY 2019-20 and FY 2020-21 had allowed Return on equity on the basis of paid-up equity share capital instead of entire equity and same approach has been considered for FY 2022-23.

Also, as per Note:1 of provisional balance sheet submitted by the Petitioner:

"The last approved normative equity was Rs. 153.60 crore in the true up tariff order for FY 2020-21, on addition / deletion of new equity in FY 2021-22, normative equity will be Rs. 148.59 crore. However, DNHDDPCL has claimed equity of 184.21 crore as under the applicable JERC MYT Regulation 2018, Return on equity (ROE) shall be computed on 30% of the capital base or actual equity, whichever is lower. Whereas, the Commission has fixed the initial equity interpreting the equity as equity share capital. An appeal in the said matter is already preferred with APTEL. However, this may not have any financial implication to new Distribution Company (DNHDD PDCL) as after allowing 30% as equity of Gross Fixed Assets (GFA) to new Distribution Company,

the balance equity will be kept with existing / remaining business and outcome of APTEL would also be in the part of existing / remaining business of DNHPDCL.”

Accordingly, the Commission has adjusted Opening Equity of INR 104.88 Crore for FY 2022-23 by INR 35.60 Crore pertaining to Additional Equity claimed by the Petitioner but not approved by the Commission till FY 2021-22 as the matter is sub-judice.

The normative equity addition during FY 2022-23 has been considered as 30% of the capitalization for FY 2022-23, which works out to be INR 3.33 Crore, the Commission has approved Return on Equity by grossing up the RoE with effective tax of rate of 25.63%.

The following table provides the return on equity approved for 2022-23:

Table 53: RoE approved by the Commission as per CERC Tariff Regulations, 2019 (INR Crore)

Sr. No	Particulars	Approved in MYT Order for DNHPDCL	Claimed	Now Approved by Commission
1	Opening Equity	156.07	104.88	69.28
2	Additions on account of new capitalization	4.16	3.33	3.33
3	Closing Equity	160.24	108.21	72.61
4	Equity Capital	158.16	106.55	70.94
5	Rate of Return on Equity (%)	15.50%	15.50%	15.50%
6	Effective Rate of Corporate Tax (%)	NA	25.63%	25.63%
7	Effective Rate of Return on Equity (%)	NA	20.84%	20.84%
8	Return on Equity (including Income Tax)	42.06	22.20	14.79

The Commission approves Return on Equity of INR 14.79 Crore including income tax for FY 2022-23.

4.7. Operation & Maintenance Expenses

The Operation & Maintenance Expenses comprise of the Employee Expenses, Administrative and General Expenses (A&G) and the Repair & Maintenance (R&M) Expenses. Regulation 42 of the JERC MYT Regulation, 2021 states the following:

“42. Operation and Maintenance (O&M) expenses for Transmission Licensees

42.1 Operation and Maintenance (O&M) expenses shall comprise of the following:

- Employee expenses - salaries, wages, pension contribution and other employee costs;
- Administrative and General expenses including insurance charges if any; and
- Repairs and Maintenance expenses.

42.2 The Transmission Licensee shall submit the required O&M expenses for the Control Period as a part of Multi Year Tariff Petition. O&M expenses for the base Year shall be approved by the Commission taking into account the latest available audited accounts, business plan filed by the transmission Licensee, estimates of the actuals for the base Year, prudence check and any other factors considered appropriate by the Commission.

42.3 O&M expenses for the nth Year of the Control Period shall be approved based on the formula given below:

$$O\&M_n = (R\&M_n + EMP_n + A\&G_n) \times (1 - X_n) + \text{Terminal Liabilities}$$

Where,

$$R\&M_n = K \times GF_{A_{n-1}} \times (WPI \text{ inflation})$$

$$EMP_n = (EMP_{n-1}) \times (1 + G_n) \times (CPI \text{ inflation})$$

$$A\&G_n = (A\&G_{n-1}) \times (CPI \text{ inflation})$$

'K' is a constant (expressed in %). Value of K for each Year of the Control Period shall be determined by the Commission in the Multi Year Tariff Order based on Licensee's filing, benchmarking of repair and maintenance expenses, approved repair and maintenance expenses vis-à-vis GFA approved by the Commission in past and any other factor considered appropriate by the Commission;

CPI inflation – is the average increase in Consumer Price Index (CPI) for immediately preceding three (3) Years before the base Year;

WP Inflation – is the average increase in the Wholesale Price Index (CPI) for immediately preceding three (3) Years before the base Year;

EMP_n – Employee expenses of the Transmission Licensee for the nth Year;

A&G_n – Administrative and General expenses of the Transmission Licensee for the nth Year;

R&M_n – Repair and Maintenance expenses of the Transmission Licensee for the nth Year;

GFA_{n-1} – Gross Fixed Asset of the transmission Licensee for the n-1th Year;

X_n is an efficiency factor for nth Year. Value of X_n shall be determined by the Commission in the Multi Year Tariff Order based on Licensee's filing, benchmarking, approved cost by the Commission in past and any other factor the Commission feels appropriate;

G_n is a growth factor for the nth Year. Value of G_n shall be determined by the Commission for each Year in the Multi Year Tariff Order for meeting the additional manpower requirement based on Licensee's filings, benchmarking, approved cost by the Commission in past and any other factor that the Commission feels appropriate:

42.4 Terminal liabilities of employees of Licensee including pension expenses etc. shall be approved as per actuals submitted by the Licensee, subject to prudence check or be established through actuarial studies. Additionally, any variation due to changes recommended by the pay commission shall be allowed separately by the Commission, subject to prudence check.

42.5 For the purpose of estimation, the same value of factors – CPI inflation and WPI inflation shall be used for all Years of the Control Period. However, the Commission shall consider the actual values of the factors – CPI inflation and WPI inflation during the true up exercise for the Year for which true up is being carried out and true up the O&M Expenses for that Year, only to the extent of inflation.

42.6 For New Transmission Licensee, the Year-wise O&M norms shall be determined on case to case basis:

Provided that the same shall not apply to those New Projects, which are awarded on a competitive bidding basis.

Note: The term "New Transmission Licensee" shall mean the Transmission Licensee(s) for which transmission license is granted by the Commission after the date of effectiveness of these Regulations, and whose transmission project assets are commissioned on or after April 1, 2022.

Provided that at the time of trueing up, the variation in the normative and actual O&M expenses shall be dealt in accordance with Regulation 15.

.....”

The components comprising of the O&M expenses viz. employee expenses, R&M expenses and A&G expenses have been discussed separately below.

4.7.1. Employee Expenses

Petitioner's submission

The Petitioner submitted that it has estimated the Employee expenses for FY 2022-23 based on actual expenditure as being incurred in new restructured scenario during first half of the current financial year and revised estimates for the remaining six months of FY 2022-23.

The following table provides the Employee expenses estimated by the Petitioner for FY 2022-23:

Table 54: Employee Expenses submitted by Petitioner for FY 2022-23 (INR Crore)

Particulars	Approved in MYT Order for DNHPDCL	FY 2022-23 (H1)	FY 2022-23 (H2)	FY 2022-23 (Claimed)
Employee Cost	17.64	3.03	3.54	6.57

Commission's Analysis Regulation 6 of the MYT Regulations, 2021 stipulates the following:

“6. Values for Base Year

6.1 The values for the Base Year of the Control Period shall be determined on the basis of the audited accounts or provisional accounts of last three (3) Years, and other factors considered relevant by the Commission:

Provided that, in absence of availability of audited accounts or provisional accounts of last three (3) Years, the Commission may benchmark the parameters with other similar utilities to establish the values for Base Year:

Provided, further that the Commission may change the values for Base Year and consequently the trajectory of parameters for Control Period, considering the actual figures from audited accounts.”

The Commission in this Order has carried out the truing up for FY 2021-22 based on the audited accounts for combined distribution and residual transmission business. Since, the Petitioner as per Transfer Scheme is engaged only in residual transmission business since April 1, 2022, the Commission directed to submit the bifurcation of employees transferred to new utility (DNHDDPCL) and retained at DNDHDPCL along with actual salaries paid in first half (H1) of FY 2022-23.

The Petitioner submitted that out of 356 employees 56 employees have been retained at DNHDDPCL. The Petitioner also provided the list of employees retained at DNHDDPCL. Further, the Petitioner during the TVS held on 13th March, 2023 also submitted that most of the senior level employees have been retained at DNHDDPCL and mostly junior level staff has been transferred to DNHDDPCL.

The Employee growth submitted by the Petitioner is as below:

Table 55: Employee Growth submitted by the Petitioner

Sr. No.	Particulars	Previous Year FY 2021-22 (Actual)	Current Year FY 2022-23 (Estimated)	FY 2023-24 (Projected)
1	Number of employees as on 1st April	356	56	56
2	Employees on deputation/ foreign service as on 1st April	0	0	0
3	Total number of employees (1+2)	356	56	56
4	Number of employees retired/retiring during the year	0	0	1
5	Number of employees added	0	0	2

Sr. No.	Particulars	Previous Year FY 2021-22 (Actual)	Current Year FY 2022-23 (Estimated)	FY 2023-24 (Projected)
6	Number of employees at the end of the year (4-5)	356	56	57
	Growth Rate	0.00%	0.00%	1.79%

The Commission also asked the Petitioner to submit actual employee expenses for first half of FY 2022-23 and the Petitioner submitted the same.

Based on the analysis of details submitted, the Commission during the TVS held on 13th March, 2023 asked the Petitioner to provide the following:

- Details of variation between Actual Employee Expenses of INR 3.03 Crore claimed for H1 FY 2022-23 and Salary details of INR 2.08 Crore paid to employees during H1 FY 2022-23.
- Under Schedule 4 of the Provisional Balance Sheet of H1 FY 2022-23, it is observed that Salary recorded under Salary and Wages Head is INR 2.14 Crore instead of INR 2.08 Crore as submitted by the Petitioner.

The Commission asked the Petitioner to reconcile the same and provide Head Wise description for all the Heads under which Employee Expenses have been booked to work out the actual Employee Expenses of INR 3.03 Crore. The Petitioner submitted the complete details of actual employee expenses for first half of FY 2022-23.

The Commission in its Tariff Order for FY 2022-23 dated 31st March, 2022 approved the employee expenses for FY 2022-23. The Commission observed that the Petitioner has claimed the employee expenses for FY 2022-23 based on actual employee expenses of the employees retained at DNHDDPCL.

As the normative employee expenses for FY 2021-22 are for combined entity DNHPDCL, the Commission has allocated the approved normative employee expenses for FY 2021-22 between DNHDDPCL (Transmission Business) and DNHDDPDCL. For allocating the employee expenses the Commission worked out the ratio of actual basic salary paid to Employees retained by DNHDDPCL to the total actual basic salary paid to Employees of Combined Entity DNHPDCL during FY 2021-22. The ratio of salary of employees retained at DNHDDPCL works out to be 38.96%.

Accordingly, the Commission found it to be prudent to consider 38.96% of the Revised Normative Employee Expenses approved during FY 2021-22 as the Revised Normative Employee Expenses pertaining to Employee Expenses retained by DNHDDPCL. The same was worked out as INR 5.74 Crore.

The Revised Normative Employee Expenses of INR 5.74 Crore pertaining to employees retained at DNHDDPCL for FY 2021-22 has been escalated with average CPI inflation of 5.89% & Employee growth rate (Gn) of 0.00% for FY 2022-23 as submitted by the Petitioner to approve the Employee Expenses for FY 2022-23.

The average CPI inflation of 5.89% considered for approving the Employee Expenses for FY 2022-23 has been determined as under:

Table 56: Computation of CPI Inflation (%)

FY	Average of (Apr-Mar)	Increase in CPI Index	Average increase in CPI indices over 3 years
FY 2018-19	299.92		
FY 2019-20	322.50	7.53%	
FY 2020-21	338.69	5.02%	
FY 2021-22	356.06	5.13%	
		CPI Inflation	5.89%

The Commission has computed the Employee Expenses for FY 2022-23 as below table:

Table 57: Computation of Employee Expenses for FY 2022-23 (INR Crore)

Sr. No	Particulars	Now Approved by Commission
1	Employee Expenses for FY 2021-22	14.73
2	Ratio of salary of employees retained at DNHDDPCL	38.96%
3	Revised Normative Employee Expenses	5.74
4	Growth in number of employees (Gn)	-
5	CPI Inflation for preceding three years (CPI)	5.89%
6	Employee Expenses	6.08

Accordingly, the employee expenses approved by the Commission for FY 2022-23 have been provided in the following table:

Table 58: Employee Expenses approved by Commission for FY 2022-23 (INR Crore)

Sr. No	Particulars	Approved in MYT for DNHPDCL	Claimed	Now Approved by Commission
1	Employee Expenses	17.64	6.57	6.08

The Commission approves Employee Expenses of INR 6.08 Crore for FY 2022-23.

4.7.2. Administrative and General (A&G) Expenses

Petitioner's submission

The Petitioner has determined the A&G expenses for FY 2022-23 based on actual expenditure as being incurred in new restructured scenario in the current financial year and revised estimates for the remaining six months of FY 2022-23.

Following table provides the A&G expenses projected for FY 2022-23 along with various parameters considered.

Table 59: A&G submitted by Petitioner for FY 2022-23 (INR Crore)

Particulars	Approved in MYT Order for DNHPDCL	Claimed
Projected A&G Expenses	9.55	6.45

Commission's Analysis

The Commission asked the Petitioner to submit the details of actual A&G expenses for first half of FY 2022-23 and the Petitioner submitted the same.

Based on the analysis details submitted, the Commission during the TVS held on 13.03.2023 asked the Petitioner to provide the following:

- Under Schedule 5 of the provisional Balance Sheet of H1 FY 2022-23 the Provisions of INR 1.50 Crore under A&G Expenses of INR 2.97 Crore has been included. Petitioner to provide detailed justifications for booking provisions of around 50% of the total A&G Cost during H1 FY 2022-23.

The Petitioner during the TVS submitted that this provisioning is done towards CSR expense and the Petitioner vide its reply dated 21.03.23 submitted the details of the same. The Commission in its Tariff Order for FY 2022-23 dated 31st March, 2022 approved the A&G expenses for DNHPDCL for FY 2022-23. The Commission observed that the Petitioner has claimed the A&G expenses for FY 2022-23 based on actual expenses during first six months of FY 2022-23.

The Commission is of the view that the provisioning of CSR expenses cannot be allowed as part of A&G expenses. Hence, the Commission has considered the actual A&G expenses for first six months of FY 2022-23 excluding the provisioning of CSR expenses which works out to be INR 1.48 Crore.

The Commission at this stage has provisionally considered the A&G expenses for FY 2022-23 based on actual A&G expenses for first half excluding provisioning and same for second half of FY 2022-23. The Commission will carry out the truing up of actual A&G expenses for FY 2022-23 based on actuals subject to prudence check.

The following table provides A&G expenses approved by the Commission for FY 2022-23:

Table 60: A&G Expenses approved by Commission for FY 2022-23 (INR Crore)

Sr. No.	Particulars	Approved in MYT Order for DNHPDCL	Claimed	Now Approved by Commission
1	A&G Expenses	9.55	6.45	2.95

The Commission approves the Administrative & General (A&G) expenses of INR 2.95 Crore for FY 2022-23.

4.7.3. Repair & Maintenance (R&M) Expenses

Petitioner's submission

The Petitioner has determined the R&M expenses for FY 2022-23 based on actual expenditure as being incurred in new restructured scenario in the current financial year and revised estimates for the remaining six months of FY 2022-23.

The following table provides the R&M expenses proposed for FY 2022-23 along with various parameters considered for its computation.

Table 61: R&M expenses submitted by Petitioner (INR Crore)

Particulars	Approved in MYT Order for DNHPDCL	Claimed
Opening GFA for the Year	639.02	NA
K-Factor	2.13%	
WPI Inflation	2.42%	
Projected R&M expenses	13.94	8.36

Commission's Analysis

While scrutinizing the submissions made by the Petitioner it was observed that the Petitioner has worked out the R&M expenses for FY 2022-23 based on actual expenditure as being incurred in new restructured scenario and was not able to derive k factor for Transmission business as per MYT Regulations, 2021. The Commission takes cognizance of the same and provisionally approves K-factor as 2.13% as approved in MYT order dated 31.03.2022 for working out the R&M Expenses and shall review the same once Petitioner is able to provide actual R&M expenditure for transmission business.

“...6. Values for Base Year

Provided that, in absence of availability of audited accounts or provisional accounts of last three (3) Years, the Commission may benchmark the parameters with other similar utilities to establish the values for Base Year:...”

The average WPI inflation of 5.32% as determined in the APR Section of this Order has been considered for working out the R&M Expenses for FY 2022-23 and Open GFA for the year has been considered as discussed in Section 4.3 Gross Fixed Assets (GFA) and Capitalisation.

The following table provides R&M expenses approved by the Commission for FY 2022-23:

Table 62: R&M Expenses approved by Commission for FY 2022-23 (INR Crore)

Sr. No	Particulars	Approved in MYT Order for DNHPDCL	Claimed	Now Approved by Commission
1	Opening GFA for the Year	639.02	NA	349.62
2	K factor approved (K)	2.13%	NA	2.13%
3	WPI Inflation	2.42%	NA	5.32%
4	R&M Expenses = K x (GFA n-1) x (1+WPIinflation)	13.94	8.36	7.84

The Commission approves the Repair & Maintenance (R&M) Expenses of INR 7.84 Crore for FY 2022-23.

4.7.4. Total Operation and Maintenance (O&M) Expenses

The following table provides the total O&M expenses approved by the Commission for FY 2022-23:

Table 63: O&M Expenses approved by Commission for FY 2022-23 (INR Crore)

Sr. No	Particulars	Approved in MYT Order for DNHPDCL	Claimed	Now Approved by Commission
1	Employee Expenses	17.64	6.57	6.08
2	Administrative & General Expenses	9.55	6.45	2.95
3	Repair & Maintenance Expenses	13.94	8.36	7.84
4	Total Operation & Maintenance Expenses	41.12	21.38	16.87

The Commission approves Operation & Maintenance (O&M) expenses of INR 16.87 Crore for FY 2022-23.

4.8. Interest on Working Capital

Petitioner's submission

The Petitioner has calculated interest on working capital based on the principles outlined in the JERC MYT Regulations, 2021, by considering the below parameters (as in CERC Tariff Regulations, 2019):

- Receivables equivalent to 45 days of annual fixed cost;
- Maintenance spares @15% of operation and maintenance expenses including security expenses;
- Operation and maintenance expenses including security expenses for one month

The Petitioner has considered rate of interest on working capital as 9.00% for FY 2022-23

The following table provides the Interest on Working Capital claimed by the Petitioner for FY 2022-23:

Table 64: Interest on Working Capital submitted by Petitioner for FY 2022-23 (INR Crore)

Sr. No	Particulars	Approved in MYT Order for DNHPDCL	Claimed
1	Receivables equivalent to 45 days of Annual Fixed Cost		8.01
2	Maintenance spares @15% of operation and maintenance expenses	-	3.21
3	Operation and maintenance expenses for month		1.78
4	Total Working Capital requirement	228.86	13.00
5	Interest on Working Capital	20.60	1.17

Commission's Analysis

The Regulation 43 of the JERC MYT Regulations, 2021 stipulates as follows:

“43. Norms of Working Capital for Transmission Licensee

“43.1 The Transmission Licensee shall be allowed interest on the estimated level of working capital for the Financial Year computed in accordance with prevalent CERC Tariff Regulations.”

Further, Regulation 34 (C) of the CERC (Terms and Conditions of Tariff) Regulations, 2019 specifies:

(c) For Hydro Generating Station (including Pumped Storage Hydro Generating Station) and Transmission System:

- i. Receivables equivalent to 45 days of annual fixed cost;*
- ii. Maintenance spares @ 15% of operation and maintenance expenses including security expenses*
- iii. Operation and maintenance expenses, including security expenses for one month*

The Regulation 32 of the JERC MYT Regulation, 2021 stipulates the following:

“.....

32.3 The interest on working capital shall be a payable on normative basis notwithstanding that the Licensee has not taken working capital loan from any outside agency or has exceeded the working capital loan based on the normative figures.

32.4 The rate of interest on working capital shall be equal one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the Financial Year in which the Petition is filed plus 200 basis points.

.....” (Emphasis supplied)

The Petitioner is now engaged in Transmission business and in accordance with the JERC MYT Regulation, 2021, the Commission has computed the Working Capital for the FY 2022-23. The interest rate has been considered as 1-year SBI MCLR as on April 1, 2022 (7%) plus 200 basis points.

The following table provides the Interest on Working Capital Approved by the Commission for FY 2022-23:

Table 65: Interest on Working Capital approved by Commission for FY 2022-23 (INR Crore)

Sr. No	Particulars	Approved in MYT Order for DNHPDCL	Claimed	Now Approved by Commission
1	Receivables equivalent to 45 days of fixed cost	-	8.01	6.06
2	Maintenance spares @15% of operation and maintenance expenses		3.21	2.53
3	Operation and maintenance expenses for one month		1.78	1.41
4	Total Working Capital requirement	228.86	13.00	10.00
5	Rate of Interest (%)	9.00%	9.00%	9.00%
6	Interest on Working Capital	20.60	1.17	0.90

The Commission approves the Interest on Working Capital of INR 0.90 Crore for FY 2022-23.

4.9. Non-Tariff Income

Petitioner's submission

The Petitioner has proposed the Non-Tariff Income as per MYT Regulations, 2021 of INR 3.29 Crore for FY 2022-23 considering INR 1.65 Crore in H1 of FY 2022-23 and INR 1.65 Crore in H2 considering elements like supervision charges, tender fees, etc. Further the Petitioner submitted that interest earned on equity or ROE which remains in business as other investment and Delayed payment charges have not been considered as Non-tariff income.

Commission's Analysis

The Regulation 44 of the JERC MYT Regulations, 2021 stipulates the following:

“44. Non-Tariff Income

44.1 The amount of Non-Tariff Income relating to the transmission business as approved by the Commission shall be deducted from the Aggregate Revenue Requirement in determining annual transmission charges of the Transmission Licensee:

Provided that the Transmission Licensee shall submit full details of its forecast of Non-Tariff Income to the Commission along with its application for determination of Aggregate Revenue Requirement.

44.2 The Non-Tariff Income shall inter-alia include:

- a) Income from rent of land or buildings;*
- b) Income from sale of scrap in excess of the 10% of the salvage value;*
- c) Income from statutory investments;*
- d) Interest on advances to suppliers/contractors;*
- e) Rental from staff quarters;*
- f) Rental from contractors;*
- g) Income from hire charges from contactors and others. INR*
- h) Income from advertisements, etc.;*
- i) Miscellaneous receipts like parallel operation charges;*
- j) Deferred Income from grant, subsidy, etc., as per Annual Accounts;*

k) Excess found on physical verification;

l) Interest on investments, fixed and call deposits and bank balances;

m) Prior period income, etc.:

Provided that the interest/dividend earned from investments made out of Return on Equity corresponding to the Licensed Business of the Transmission Licensee shall not be included in Non-Tariff Income.”

The Commission has observed that the Petitioner has submitted estimated value of INR 3.29 Crore as the Non-Tariff Income for FY 2022-23 from Transmission business.

The Commission also approves the same, which shall be trued-up on actual basis at the time of processing of True-Up Petition for the corresponding financial year.

The following table provides the Non-Tariff Income approved by the Commission for FY 2022-23:

Table 66: Non -tariff Income approved by Commission for FY 2022-23 (INR Crore)

Particular	Approved in MYT Order for DNHPDCL	Claimed	Now Approved by Commission
Non- Tariff Income	5.87	3.29	3.29

The Commission approves Non-Tariff Income of INR 3.29 Crore for FY 2022-23.

4.10. Income Tax

Petitioner’s submission

The Petitioner has proposed INR 5.69 Crore towards Income tax for FY 2022-23 as per MYT Regulations, 2021 which provides that treatment of tax for a transmission system shall be in accordance with CERC Tariff Regulations, 2019

Commission’s Analysis:

The Commission observes, since the Petitioner is now engaged into Transmission business it shall be governed as per JERC MYT Regulations, 2021 as:

“...33 Tax on Income

33.1 The treatment of tax on income for a Transmission Licensee shall be in accordance with the prevalent CERC Tariff Regulations.

....”

Accordingly, the Commission has approved Return on Equity by grossing up with effective tax rate as discussed in Section 4.6: Return on Equity (RoE) and has not approved income tax separately.

4.11. Aggregate Revenue Requirement (ARR)

Petitioner’s submission

Based on the expenses as detailed above, the Petitioner submitted the net aggregate revenue requirement for FY 2022-23 as shown in the following table:

Table 67: Aggregate Revenue Requirement (ARR) submitted by the Petitioner FY 2022-23 (INR Crore)

Sr. No	Particulars	Claimed
1	Depreciation	18.45
2	Interest Cost on Long-term Capital Loans	0.85
3	Return on Equity	16.51
4	O&M Expense	21.38
5	Interest on Working Capital Loans	1.17
6	Income Tax	5.69
7	Total Revenue Requirement	64.05
8	Less: Non-Tariff Income	3.29
9	Net Revenue Requirement (Annual Fixed Cost)	60.76

Commission's Analysis

On the basis of the detailed analysis of the cost parameters of the ARR, as shown above, the net revenue requirement for FY 2022-23 is approved by the Commission as provided in the following table:

Table 68: Aggregate Revenue Requirement approved by Commission for FY 2022-23 (INR Crore)

Sr. No	Particulars	Claimed	Now Approved by Commission
1	Depreciation	18.45	18.45
2	Interest Cost on Long-term Capital Loans	0.85	1.44
3	Return on Equity	16.51	14.79
4	O&M Expense	21.38	16.87
5	Interest on Working Capital Loans	1.17	0.90
6	Income Tax	5.69	-
6	Total Revenue Requirement	64.05	52.44
7	Less: Non-Tariff Income	3.29	3.29
8	Net Revenue Requirement (Annual Fixed Cost)	60.76	49.15

The Commission approves net ARR of INR 49.15 Crore for FY 2022-23.

4.12. Standalone Revenue Gap/Surplus for FY 2022-23**Petitioner's submission**

Based on revenue from transmission operations is estimated by the Petitioner based on actual charges recovered from DNHDDPDCL as INR 62.94 Crore, INR 31.47 Crore recovered in H1 and INR 31.47 estimated for FY H2 of FY 2022-23. A Standalone revenue Surplus of INR (2.18) Crore is observed in the APR submissions of the Petitioner for FY 2022-23.

Commission Analysis

The Commission has considered revenue from operation as actual received in H1 of FY 2022-23 and estimated for H2 on the basis of Bulk Power Transmission Agreement signed between DNHDDPDCL and DNHDDPDCL i.e., 'Adhoc Tariff' of INR 5.33 Crore/Month. The Revenue Gap/ (Surplus) as submitted by the Petitioner, and now approved by the Commission is arrived at and approved as follows:

Table 69: Standalone Revenue Gap/ (Surplus) at existing tariff for FY 2022-23 (INR Crore)

S. No	Particulars	Petitioner's submission	Now Approved by Commission
1	Annual Revenue Requirement	60.76	49.15
2	Revenue from Transmission Operations	62.94	62.94
3	Revenue Gap/(Surplus)	(2.18)	(13.79)

The Surplus at 'Adhoc Tariff' i.e., transmission charges as agreed to in Bulk Power Transmission Agreement signed between DNHDDPCL and DNHDDPDCL is INR 13.79 Crore for FY 2022-23.

The Commission has provisionally approved the revenue Surplus of 13.79 Crore during FY 2022-23 based on provisional opening balance sheet and provisionally approved O&M expenses. As the revenue Surplus for FY 2022-23 will undergo change based on the final opening balance sheet, the Commission at this stage has not adjusted the estimated revenue Surplus during FY 2022-23 while approving the ARR for FY 2023-24. The Commission will consider the revenue Surplus/(Gap) for FY 2022-23 at the time of final True-up.

5. Chapter 5: Determination of Aggregate Revenue Requirement for FY 2023-24

5.1. Background

In Section 4.1, the Commission has discussed regarding the Petition filed by the Petitioner for APR for FY 2022-23 and determination of ARR and transmission tariff for FY 2023-24 considering the provisional Opening Balance Sheet of DNHDDPCL as on 1.4.2022.

In this Chapter, the Commission has determined the Aggregate Revenue Requirement (ARR) for FY 2023-24. The determination of Aggregate Revenue Requirement has been done in accordance with the Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Generation, Transmission and Distribution Multi Year Tariff) Regulations, 2021 (hereinafter referred to as “MYT Regulations, 2021”).

5.2. Approach for determination of ARR for FY 2023-24

The Commission has computed the individual elements constituting the Aggregate Revenue Requirement for FY 2023-24 based on figures submitted by the Petitioner, the actual information available of various parameters for first half of FY 2022-23 and the provisional information available for second half FY 2022-23. The ARR for only transmission function of DNHDDPDCL has been determined for FY 2023-24.

5.3. Gross Fixed Assets (GFA) and Capitalisation

Petitioner’s submission

The Petitioner has submitted the opening Gross Fixed Assets (GFA) of INR 349.62 Crore for FY 2022-23 based on provisional bifurcated value of the two entities (DNHDDPCL and DNHDDPDCL) as on 31st March, 2022. Further the Petitioner has estimated asset addition of INR 11.10 Crore. Thus, the Petitioner has claimed the closing GFA of FY 2022-23 as INR 360.72 Crore

Further, the Petitioner has submitted the opening Gross Fixed Assets (GFA) of INR 360.72 Crore for FY 2023-24 with an asset addition of INR 18.00 Crore by the Petitioner during the FY 2023-24 thus projecting the closing GFA of FY 2023-24 INR 378.72 Crore. The summary of the GFA and capitalization proposed by the Petitioner for FY 2023-24 is as follows:

Table 70: Gross Fixed Assets and Capitalisation Proposed by the Petitioner (INR Crore)

Sr. No.	Particulars	Claimed
1	Opening GFA	360.72
2	Addition during the year	18.00
3	Closing GFA	378.72

Commission’s Analysis

The Petitioner has claimed capitalization of INR 18.00 Crore for FY 2023-24. In this regard, Commission vide Letter dated 7th February, 2023 has asked the Petitioner to provide the current status of schemes proposed to be capitalized in FY 2023-24 along with physical and financial progress. In response to the Query of the Commission, the Petitioner vide letter dated 21.02.2023 submitted the details:-

The Commission observed that the Petitioner has claimed capitalization INR 3.93 Crore towards 'Erection of various capacity of new distribution transformer, extension of HT/LT line work, releasing of new service connection of all type of category under Normal Development' scheme and vide Minutes of TVS held on 13th March, 2023 asked the Petitioner to provide list of works along with amount claimed under the same.

The Commission vide Minutes of TVS held on 13th March, 2023 also asked the Petitioner to submit current status of the schemes commencing in FY 2023-24 clearly stating if DPR has been made or Work Order has been issued and Tendering has been initiated for the schemes. If yes, Petitioner to submit the copy of same along with expected date of completion for the schemes.

The Petitioner vide its submission dated 21.02.2023-submitted the following status of schemes proposed to be capitalized during FY 2023-24:

Table 71: Schemes proposed to be capitalized (INR Crore)

Sr. No.	Name of the Scheme	Total Estimated Amount	Proposed Expenditure/ Capitalisation	Current Status
1	Erection of various capacity of new distribution transformer, extension of HT/LT line work, releasing of new service connection of all type of category under Normal Development scheme	7.12	3.93	Head-wise expenses provided.
2	Strengthening of 66 KV line from Kala to Velugam S/s	4.50	4.50	Cost of Approval under process
3	Augmentation of 66/11 Waghdara Substation from 2X20 MVA to 3x20 MVA	4.57	4.57	Will be completed in June, 2023
4	Construction of new control room building at Dadra sub-station	5.00	5.00	To be Tenderised by March, 2023
	Total	21.19	18.00	

Based on the submissions of the Petitioner and considering the current status of proposed schemes in FY 2023-24. The schemes-wise capital expenditure and capitalization is discussed below:

The Commission has considered **Scheme No. 1** 'Erection of various capacity of new distribution transformer, extension of HT/LT line work, releasing of new service connection of all type of category under Normal Development scheme' as far as the works pertain to Transmission business only.

The Commission has not considered **Scheme No. 2** 'Strengthening of 66 KV line from Kala to Velugam S/s' as the Cost approval of the said project is under process and hence it is unlikely that the scheme will be capitalised in FY 2023-24.

The Commission has considered **Scheme No. 3** 'Augmentation of 66/11 Waghdara Substation from 2X20 MVA to 3x20 MVA' as the work order has been issued for the same and the scheme is likely to be completed by June, 2023.

The Commission has not considered **Scheme No. 4** 'Construction of new control room building at Dadra sub-station' as the Tenderization of the scheme is yet to be done and hence it is unlikely that the scheme will be capitalised in FY 2023-24.

Table 72: Schemes approved to be capitalized (INR Crore)

Sr. No.	Name of the Scheme	Total Estimated Amount	Proposed Expenditure/ Capitalisation
1	Erection of various capacity of new distribution transformer, extension of HT/LT line work, releasing of new service connection of all type of category under Normal Development scheme	7.12	3.93
2	Strengthening of 66 KV line from Kala to Velugam S/s	4.50	-
3	Augmentation of 66/11 Waghdera Substation from 2X20 MVA to 3x20 MVA	4.57	4.57
4	Construction of new control room building at Dadra sub-station	5.00	-
	Total	21.19	8.50

Therefore, the Commission has now approved capitalization of INR 8.50 Crore during FY 2023-24.

The Commission will consider the actual capitalization during FY 2023-24 at the time of truing up subject to prudence check. Further, the Commission has considered the opening GFA for FY 2023-24 same as the closing GFA approved in APR of FY 2022-23.

The table below provides the details of capitalization and GFA approved by the Commission for the FY 2023-24:

Table 73: Gross Fixed Assets and Capitalisation Approved by the Commission (INR Crore)

Sr. No.	Particulars	Approved in MYT Order for DNHPDCL	Claimed	Now Approved by Commission
1	Opening GFA	652.90	360.72	360.72
2	Addition during the year	73.23	18.00	8.50
3	Closing GFA	726.13	378.72	369.22

The Commission approves the capitalization and closing Gross Fixed Assets as shown in the table above.

5.4. Depreciation

Petitioner's submission

The Petitioner has determined the depreciation by applying category-wise depreciation rates notified in the Central Electricity Regulatory Commission (Terms & Conditions of Tariff) Regulations, 2019 on the opening balance of Gross Fixed assets and average of the addition for FY 2023-24. Accordingly, the depreciation for the FY 2023-24 has been submitted as below:

Table 74: Depreciation details submitted by Petitioner (INR Crore)

Sr. No.	Particulars	Claimed
1	Opening GFA	360.72
2	Addition during the year	18.00
3	Closing GFA	378.72
4	Average GFA	369.72
5	Effective Rate of Depreciation (%)	5.20%
6	Depreciation during the year	19.22

Commission's Analysis

Regulation 31 of the JERC MYT Regulations, 2021 specifies the following:

“31. Depreciation

31.1 The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission:

Provided that the depreciation shall be allowed after reducing the approved original cost of the retired or replaced or decapitalized assets:

Provided also that the no depreciation shall be allowed on the assets financed through consumer contribution, deposit work, capital subsidy or grant.

31.2 The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to a maximum of 90% of the capital cost of the asset.

Provided further that the salvage value of Information Technology equipment and computer software shall be considered at zero (0) per cent of the allowable capital cost.

31.3 Land other than the land held under lease shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the assets.

31.4 In case of existing assets, the balance depreciable value as on April 1, 2022, shall be worked out by deducting the cumulative depreciation as admitted by the Commission up to March 31, 2021, from the gross depreciable value of the assets.

31.5 The depreciation shall be chargeable from the first Year of commercial operations. In case of projected commercial operation of the assets during the Year, depreciation shall be computed based on the average of opening and closing value of assets:

Provided that depreciation shall be re-calculated during truing-up for assets capitalised at the time of truing up of each Year of the Control Period, based on documentary evidence of asset capitalised by the Applicant, subject to the prudence check of the Commission.

31.6 For Transmission Licensee, the depreciation shall be calculated at rates and norms specified in the prevalent CERC Tariff Regulations for transmission system.

.....” (Emphasis supplied)

Accordingly, depreciation rates have been considered based on CERC (Terms and Conditions of Tariff), 2019.

Further, depreciation for FY 2023-24 has been computed on average Gross Fixed Assets (GFA) after considering the net addition approved for the year.

The following table provides the calculation of depreciation approved by the Commission for FY 2023-24:

Table 75: Depreciation approved by Commission (INR Crore)

Sr. No	Particulars	Depreciation Rate	Opening GFA	Addition	Deletion	Closing GFA	Average	Depreciation
1	Plant and Machinery	5.28%	216.36	8.50	-	224.86	220.61	11.65
2	Underground Cables	5.28%	25.47	-	-	25.47	25.47	1.34
3	Buildings	3.34%	29.96	-	-	29.96	29.96	1.00
4	Vehicles	9.50%	-	-	-	-	-	-
5	Office Equipment	6.33%	1.58	-	-	1.58	1.58	0.10

Sr. No	Particulars	Depreciation Rate	Opening GFA	Addition	Deletion	Closing GFA	Average	Depreciation
6	Computer and Others	6.33%	71.27	-	-	71.27	71.27	4.51
7	Land	0.00%	13.65	-	-	13.65	13.65	-
8	Software-Intangible Assets	15.00%	2.42	-	-	2.42	2.42	0.36
9	Total	5.16%	360.72	8.50	-	369.22	364.97	18.97

The Commission approves a depreciation of INR 18.97 Crore for FY 2023-24.

5.5. Interest on Loan

Petitioner's submission

The Petitioner has considered normative debt-equity ratio of 70:30 as per the JERC MYT Regulations, 2021. Further, the Petitioner has considered interest rate of 8.00% to compute the interest on long-term loans similar to the prevailing 1-year SBI MCLR plus 100 basis points.

The following table provides the Interest on Loan projected for FY 2023-24.

Table 76: Interest on Loan submitted by the Petitioner (INR Crore)

Sr. No.	Particulars	Claimed
1	Opening Normative Loan	5.27
2	Add: Normative Loan during the year (70% of proposed capitalization)	12.60
3	Less: Normative Repayment	19.22
4	Closing Normative Loan	(1.35)
5	Average Normative Loan	1.96
6	Rate of Interest	8.00%
7	Interest on Normative Loan	0.16

Commission's Analysis

The Regulation 29 of the JERC MYT Regulations, 2021 specifies the following:

“29. Interest on Loan

29.1 The loans arrived at in the manner indicated in Regulation 27 on the assets put to use, shall be considered as gross normative loan for calculation of interest on the loan:

Provided that interest and finance charges on capital works in progress shall be excluded:

Provided further that in case of De-capitalisation or retirement or replacement of assets, the loan capital shall be reduced to the extent of outstanding loan component of the original cost of the decapitalised or retired or replaced assets, based on documentary evidence.

29.2 The normative loan outstanding as on April 1, 2022, shall be worked out by deducting the cumulative repayment as admitted by the Commission up to March 31, 2021, from the gross normative loan.

29.3 Notwithstanding any moratorium period availed by the Transmission Licensee or the Distribution Licensee, as the case may be, the repayment of loan shall be considered from the first Year of commercial operation of the project and shall be equal to the annual depreciation allowed in accordance with Regulation 31.

29.4 The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each Year applicable to the Transmission Licensee or the Distribution Licensee:

Provided that at the time of truing up, the weighted average rate of interest calculated on the basis of the actual loan portfolio during the Year applicable to the Transmission Licensee or the Distribution Licensee shall be considered as the rate of interest after prudence check:

Provided also that if there is no actual loan for a particular Year but normative loan is still outstanding, the last available weighted average rate of interest for the actual loan shall be considered:

Provided further that if the Transmission Licensee or the Distribution Licensee does not have actual loan, then one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the relevant Year plus 100 basis points shall be considered as the rate of interest for the purpose of allowing the interest on the normative loan.

29.5 The interest on loan shall be calculated on the normative average loan of the Year by applying the weighted average rate of interest:

Provided that at the time of truing up, the normative average loan of the Year shall be considered on the basis of the actual asset capitalisation approved by the Commission for the Year.

29.6 For new loans proposed for each Financial Year of the Control Period, interest rate shall be considered as lower of (i) one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the relevant Year plus 100 basis points, and (ii) weighted average rate of interest proposed by the Distribution Licensee.

29.7 The above interest computation shall exclude the interest on loan amount, normative or otherwise, to the extent of capital cost funded by consumer contribution, deposit work, capital subsidy or grant, carried out by Transmission Licensee or Distribution Licensee.

.....” **(Emphasis supplied)**

As discussed under the GFA and Capitalization Section, the Commission has considered capitalisation of INR 8.5 Crore for FY 2023-24.

Since, the Petitioner has no actual loans, the rate of interest will be in accordance with the Regulation 29 of the JERC MYT Regulations, 2021 and shall be the 1-year SBI MCLR as on 1st April of the relevant year plus 100 basis points. For projection, the latest available 1-year SBI MCLR as on 1st April, 2022 plus 100 basis points (8.00%) has been considered for FY 2023-24.

The closing loan balance in APR of FY 2022-23 has been considered as the opening loan balance for FY 2023-24. The normative loan addition for FY 2023-24 has been considered as 70% of the capitalization for FY 2023-24, which works out to be INR 5.95 Crore. The Interest on Loan has been calculated on the average loan during the year.

The following table provides the Interest on Loan approved by the Commission 2023-24:

Table 77: Interest on loan approved by Commission (INR Crore)

Sr. No.	Particulars	Approved in MYT Order for DNHPDCL	Claimed	Now Approved by Commission
1	Opening Normative Loan	89.78	5.27	12.61
2	Add: Normative Loan during the year	51.26	12.60	5.95
3	Less: Normative Repayment equal to Depreciation	22.78	19.22	18.56
4	Closing Normative Loan	118.26	(1.35)	-
5	Average Normative Loan	104.02	1.96	6.30
6	Rate of Interest (%)	8.00%	8.00%	8.00%
7	Interest on Loan	8.32	0.16	0.50

The Commission approves Interest on Loan as INR 0.50 Crore for FY 2023-24 respectively.

5.6. Return on Equity (RoE)

Petitioner's submission

The Petitioner has computed the Return on Equity (RoE) in accordance with the JERC MYT Regulations 2021, wherein RoE is computed on 30% of the capital base. The opening equity for FY 2023-24 is considered equivalent to the closing equity for FY 2022-23. Further, equity addition is considered to the tune of 30% of proposed capitalization during the year. The Petitioner has considered a post-tax rate of return on equity of 15.50% as per Regulations 30 (2) of the Central Electricity Regulatory Commission (Terms & Conditions of Tariff) Regulations, 2019.

The following table provides the return on equity proposed by the Petitioner for 2023-24:

Table 78: RoE proposed by the Petitioner as per CERC Tariff Regulations, 2019 (INR Crore)

Sr. No	Particulars	Approved in MYT Order for DNHPDCL	Claimed
1	Opening Equity	160.24	108.21
2	Additions on account of new capitalization	21.97	5.40
3	Closing Equity	182.21	113.61
1	Equity Capital	171.22	110.91
2	Rate of Return on Equity (%)	15.50%	15.50%
3	Effective Rate of Corporate Tax (%)	NA	25.63%
4	Effective Rate of Return on Equity (%)	NA	20.84%
5	Return on Equity (including Income Tax)	62.06	28.12

Commission's Analysis

The Regulation 30 and 31 of the CERC (Terms and Conditions of Tariff) Regulations, 2019 (hereinafter referred to as "CERC Tariff Regulations, 2019"), stipulates the following:

"...30. Return on Equity: (1) Return on equity shall be computed in rupee terms, on the equity base determined in accordance with Regulation 18 of these regulations.

(2) Return on equity shall be computed at the base rate of 15.50% for thermal generating station, transmission

system including communication system and run-of-river hydro generating station, and at the base rate of 16.50% for the storage type hydro generating stations including pumped storage hydro generating stations and run-of-river generating station with pondage:

Provided that return on equity in respect of additional capitalization after cut-off date beyond the original scope excluding additional capitalization due to Change in Law, shall be computed at the weighted average rate of interest on actual loan portfolio of the generating station or the transmission system;

....

...31. Tax on Return on Equity. (1) The base rate of return on equity as allowed by the Commission under

Regulation 30 of these regulations shall be grossed up with the effective tax rate of the respective financial year. For this purpose, the effective tax rate shall be considered on the basis of actual tax paid in respect of the financial year in line with the provisions of the relevant Finance Acts by the concerned generating company or the transmission licensee, as the case may be. The actual tax paid on income from other businesses including deferred tax liability (i.e. income from business other than business of generation or transmission, as the case may be) shall be excluded for the calculation of effective tax rate.

... ” **(Emphasis supplied)**

Accordingly, the Commission has considered a rate of return on equity of 15.50%. The opening equity for FY 2023-24 has been considered equal to the closing equity approved in APR of FY 2022-23.

The normative equity addition during FY 2023-24 has been considered as 30% of the capitalization for FY 2023-24 i.e., INR 8.50 Crore, which works out to be INR 2.55 Crore, the Commission has approved Return on Equity by grossing up with effective tax rate of 25.63%.

The following table provides the return on equity approved for 2023-24:

Table 79: RoE proposed by the Petitioner as per CERC Tariff Regulations, 2019 (INR Crore)

Sr. No	Particulars	Approved in MYT Order for DNHPDCL	Claimed	Now Approved by Commission
1	Opening Equity	160.24	108.21	72.61
2	Additions on account of new capitalization	21.97	5.40	2.55
3	Closing Equity	182.21	113.61	75.16
4	Equity Capital	171.22	110.91	73.88
5	Rate of Return on Equity (%)	15.50%	15.50%	15.50%
6	Effective Rate of Corporate Tax (%)	NA	25.63%	25.63%
7	Effective Rate of Return on Equity (%)	NA	20.84%	20.84%
8	Return on Equity (including Income Tax)	62.06	28.12	15.40

The Commission approves Return on Equity of INR 15.40 Crore for FY 2023-24 respectively.

5.7. Operation & Maintenance Expenses

The Operation & Maintenance Expenses comprise of the Employee Expenses, Administrative and General Expenses (A&G) and the Repair & Maintenance (R&M) Expenses. Regulation 42 of the JERC MYT Regulation, 2021 states the following:

“42. Operation and Maintenance (O&M) expenses for Transmission Licensees

42.1 Operation and Maintenance (O&M) expenses shall comprise of the following:

a) Employee expenses - salaries, wages, pension contribution and other employee costs;

b) Administrative and General expenses including insurance charges if any; and

c) Repairs and Maintenance expenses.

42.2 The Transmission Licensee shall submit the required O&M expenses for the Control Period as a part of Multi Year Tariff Petition. O&M expenses for the base Year shall be approved by the Commission taking into account the latest available audited accounts, business plan filed by the transmission Licensee, estimates of the actuals for the base Year, prudence check and any other factors considered appropriate by the Commission.

42.3 O&M expenses for the nth Year of the Control Period shall be approved based on the formula given below:

$$O\&M_n = (R\&M_n + EMP_n + A\&G_n) \times (1 - X_n) + \text{Terminal Liabilities}$$

Where,

$$R\&M_n = K \times GF_{An-1} \times (WPI \text{ inflation})$$

$$EMP_n = (EMP_{n-1}) \times (1 + G_n) \times (CPI \text{ inflation})$$

$$A\&G_n = (A\&G_{n-1}) \times (CPI \text{ inflation})$$

'K' is a constant (expressed in %). Value of K for each Year of the Control Period shall be determined by the Commission in the Multi Year Tariff Order based on Licensee's filing, benchmarking of repair and maintenance expenses, approved repair and maintenance expenses vis-à-vis GFA approved by the Commission in past and any other factor considered appropriate by the Commission;

CPI inflation – is the average increase in Consumer Price Index (CPI) for immediately preceding three (3) Years before the base Year;

WP Inflation – is the average increase in the Wholesale Price Index (CPI) for immediately preceding three (3) Years before the base Year;

EMP_n – Employee expenses of the Transmission Licensee for the nth Year;

A&G_n – Administrative and General expenses of the Transmission Licensee for the nth Year;

R&M_n – Repair and Maintenance expenses of the Transmission Licensee for the nth Year;

GF_{An-1} – Gross Fixed Asset of the transmission Licensee for the n-1th Year;

X_n is an efficiency factor for nth Year. Value of X_n shall be determined by the Commission in the Multi Year Tariff Order based on Licensee's filing, benchmarking, approved cost by the Commission in past and any other factor the Commission feels appropriate;

G_n is a growth factor for the nth Year. Value of G_n shall be determined by the Commission for each Year in the Multi Year Tariff Order for meeting the additional manpower requirement based on Licensee's filings, benchmarking, approved cost by the Commission in past and any other factor that the Commission feels appropriate;

42.4 Terminal liabilities of employees of Licensee including pension expenses etc. shall be approved as per actuals submitted by the Licensee, subject to prudence check or be established through actuarial studies. Additionally, any variation due to changes recommended by the pay commission shall be allowed separately by the Commission, subject to prudence check.

42.5 For the purpose of estimation, the same value of factors – CPI inflation and WPI inflation shall be used for all Years of the Control Period. However, the Commission shall consider the actual values of the factors – CPI inflation and WPI inflation during the truing up exercise for the Year for which true up is being carried out and true up the O&M Expenses for that Year, only to the extent of inflation.

.....”

The components comprising of the O&M expenses viz. employee expenses, R&M expenses and A&G expenses have been discussed separately below

5.7.1. Employee Expenses

Petitioner's submission

The Petitioner has determined the employee expenses for FY 2023-24 based on the norms specified in the JERC MYT Regulations, 2021. The projected employee expenses for FY 2022-23 have been taken as base. The average increase in Consumer Price Index (CPI) has been calculated based on the average increase in the Consumer Price Index (CPI) for immediately preceding three years.

The following table provides the employee expenses projected by the Petitioner for FY 2023-24:

Table 80: Employee Expenses submitted by Petitioner (INR Crore)

Particulars	FY 2023-24
CPI Inflation	6.33%
Projected Employee Cost	6.99

Commission's Analysis

The Commission has determined the Employee expenses for FY 2023-24 in accordance with the MYT Regulations, 2021. The Regulation 6 of the MYT Regulations, 2021 stipulates the following:

“6. Values for Base Year

6.1 The values for the Base Year of the Control Period shall be determined on the basis of the audited accounts or provisional accounts of last three (3) Years, and other factors considered relevant by the Commission:

Provided that, in absence of availability of audited accounts or provisional accounts of last three (3) Years, the Commission may benchmark the parameters with other similar utilities to establish the values for Base Year:

Provided, further that the Commission may change the values for Base Year and consequently the trajectory of parameters for Control Period, considering the actual figures from audited accounts.”

The Commission has considered the approved employee expenses for FY 2022-23 of INR 6.08 Crore as base expenses and applied the Average Increase in CPI Indices over 3 Years preceding FY 2022-23 for approving the employee expenses for FY 2023-24. The growth factor for FY 2023-24 has been considered 1.79% as the Petitioner has submitted that it has plans for recruitment of 2 (two) employees and 1 (one) retiree in FY 2023-24.

The average CPI inflation of 5.89% as determined below and has been considered for working out the Employee Expenses for FY 2023-24.

Table 81: Computation of CPI Inflation (%)

FY	Average of (Apr-Mar)	Increase in CPI Index	Average increase in CPI indices over 3 years
FY 2018-19	299.92		
FY 2019-20	322.50	7.53%	
FY 2020-21	338.69	5.02%	
FY 2021-22	356.06	5.13%	
		CPI Inflation	5.89%

Accordingly, the employee expenses approved by the Commission for FY 2023-24 have been provided in the following table:

Table 82: Employee Expenses approved by Commission (INR Crore)

Sr. No	Particulars	Approved in MYT Order for DNHPDCL	Claimed	Now Approved by Commission
1	Employee Expenses for FY 2022-23	17.63	6.57	6.08
2	Growth in number of employees (Gn)	10.00%	0.00%	1.79%
3	CPI Inflation for preceding three years (CPI)	6.00%	6.33%	5.89%
4	Employee Expenses	20.56	6.99	6.55

The Commission approves Employee Expenses of INR 6.55 Crore for FY 2023-24.

5.7.2. Administrative and General (A&G) Expenses

Petitioner's submission

The Petitioner has determined the A&G expenses for FY 2023-24 based on the norms specified in the JERC MYT Regulations, 2021. The A&G expenses for FY 2022-23 have been taken as base. The average increase in Consumer Price Index (CPI) has been considered the same as considered while projecting the employee expenses.

Following table provides the A&G expenses projected for FY 2023-24 along with various parameters considered.

Table 83: A&G submitted by Petitioner (INR Crore)

Particulars	FY 2023-24
CPI Inflation	6.00%
Projected A&G Expenses	6.85

Commission's Analysis

Similar to the methodology followed while estimating the employee expenses, the Commission has considered the approved A&G expenses for FY 2022-23 of INR 2.95 Crore as base expenses and applied the Average Increase in CPI Indices over 3 Years preceding FY 2022-23 for approving the A&G expenses for FY 2023-24.

The average CPI inflation of 5.89% as determined in the APR Section of this Order has been considered for working out the A&G Expenses for FY 2023-24.

The following table provides A&G expenses approved by the Commission for FY 2023-24:

Table 84: A&G Expenses approved by Commission (INR Crore)

Sr. No.	Particulars	Approved in MYT Order for DNHPDCL	Claimed	Now Approved by Commission
1	A&G Expenses for FY 2022-23	9.55	6.45	2.95
2	CPI Inflation	6.00%	6.33%	5.89%
3	A&G Expenses	10.12	6.85	3.13

The Commission approves the Administrative & General (A&G) expenses of INR 3.13 Crore for FY 2023-24.

5.7.3. Repair & Maintenance (R&M) Expenses

Petitioner's submission

The Petitioner has determined the R&M expenses for FY 2023-24 by escalating R&M expenses for FY 2022-23 with Wholesale Price Index (WPI) Inflation.

The following table provides the R&M expenses proposed for FY 2023-24 along with various parameters considered for its computation.

Table 85: R&M expenses submitted by Petitioner (INR Crore)

Particulars	FY 2023-24
K-Factor	2.39%
WPI Inflation	2.42%
Projected R&M expenses	9.07

Commission's Analysis

While scrutinizing the submissions made by the Petitioner it was observed that the Petitioner has worked out the K-Factor for FY 2023-24 considering the estimated R&M Expenses for FY 2022-23 as a percentage of Closing GFA of FY 2022-23. The Commission has considered the 'K' factor as 2.13% as determined for 3rd Control Period vide MYT Order dated 31st March, 2022 for DNHPDCL as a whole on provisional basis and shall be revised upon true-up on actual basis at the time of processing of True-Up Petition for the corresponding financial year subject to prudence check and benchmark costs for R&M of similar utilities.

The average WPI inflation of 5.32% as determined in the APR Section of this Order has been considered for working out the R&M Expenses for FY 2023-24.

Table 86: Computation of WPI Inflation (%)

FY	Average of (Apr-Mar)	Increase in WPI Index	Average increase in WPI indices over 3 years
FY 2018-19	119.79		
FY 2019-20	121.80	1.68%	
FY 2020-21	123.38	1.29%	
FY 2021-22	139.41	13.00%	
		WPI Inflation	5.32%

The following table provides R&M expenses approved by the Commission for FY 2023-24:

Table 87: R&M Expenses approved by Commission (INR Crore)

Sr. No	Particulars	Approved in MYT Order for DNHPDCL	Claimed	Now Approved by Commission
1	Opening GFA for the Year for FY 2022-23	652.90	360.72	360.72
2	K factor approved (K)	2.13%	2.39%	2.13%
3	WPI Inflation	2.42%	2.42%	5.32%
4	R&M Expenses = K x (GFA n-1) x (1+WPIinflation)	14.24	9.07	8.09

The Commission approves the Repair & Maintenance (R&M) Expenses of INR 8.09 Crore for FY 2023-24.

5.7.4. Total Operation and Maintenance (O&M) Expenses

The following table provides the total O&M expenses approved by the Commission for FY 2023-24:

Table 88: O&M Expenses approved by Commission (INR Crore)

Sr. No	Particulars	Approved in MYT Order for DNHPDCL	Claimed	Now Approved by Commission
1	Employee Expenses	20.56	6.99	6.55
2	Administrative & General Expenses	10.12	6.85	3.13
3	Repair & Maintenance Expenses	14.24	9.07	8.09
4	Total Operation & Maintenance Expenses	44.93	22.91	17.77

The Commission approves Operation & Maintenance (O&M) Expenses of INR 17.77 Crore for FY 2023-24.

5.8. Interest on Working Capital

Petitioner's submission

The Petitioner has calculated interest on working capital based on the principles outlined in the JERC MYT Regulations, 2021, by considering the below parameters (as in CERC Tariff Regulations, 2019):

- Receivables equivalent to 45 days of annual fixed cost;
- Maintenance spares @15% of operation and maintenance expenses including security expenses;
- Operation and maintenance expenses including security expenses for one month

The Petitioner has considered rate of interest on working capital as 9.00% for FY 2023-24

The following table provides the Interest on Working Capital claimed by the Petitioner for FY 2023-24:

Table 89: Interest on Working Capital submitted by Petitioner (INR Crore)

Sr. No	Particulars	Claimed
1	Receivables equivalent to 45 days of Annual Fixed Cost	8.33
2	Maintenance spares @15% of operation and maintenance expenses	3.44
3	Operation and maintenance expenses for month	1.91
4	Total Working Capital requirement	13.67
5	Interest on Working Capital	1.23

Commission's Analysis

The Regulation 43 of the JERC MYT Regulations, 2021 stipulates as follows:

“...43. Norms of Working Capital for Transmission Licensee

“43.1 The Transmission Licensee shall be allowed interest on the estimated level of working capital for the Financial Year computed in accordance with prevalent CERC Tariff Regulations.”

Further, Regulation 34 (C) of the CERC (Terms and Conditions of Tariff) Regulations, 2019 specifies:

(c) For Hydro Generating Station (including Pumped Storage Hydro Generating Station) and Transmission System:

- i. *Receivables equivalent to 45 days of annual fixed cost;*
- ii. *Maintenance spares @ 15% of operation and maintenance expenses including security expenses*
- iii. *Operation and maintenance expenses, including security expenses for one month*

The Regulation 32 of the JERC MYT Regulation, 2021 stipulates the following:

“.....

32.3 *The interest on working capital shall be a payable on normative basis notwithstanding that the Licensee has not taken working capital loan from any outside agency or has exceeded the working capital loan based on the normative figures.*

32.4 *The rate of interest on working capital shall be equal one (1) Year State Bank of India (SBI) MCLR / any replacement thereof as notified by RBI for the time being in effect applicable for one (1) Year period, as may be applicable as on 1st April of the Financial Year in which the Petition is filed plus 200 basis points.*

.....” *(Emphasis supplied)*

In accordance with the JERC MYT Regulation, 2021, the Commission has computed the Working Capital for the FY 2023-24. The interest rate has been considered as 1-year SBI MCLR as on 1st April, 2022 (7%) plus 200 basis points.

The following table provides the Interest on Working Capital Approved by the Commission for each year of the control period.

Table 90: Interest on Working Capital approved by Commission (INR Crore)

Sr. No	Particulars	Claimed	Now Approved by Commission
1	Receivables equivalent to 45 days of fixed cost	8.33	6.56
2	Maintenance spares @15% of operation and maintenance expenses	3.44	2.67
3	Operation and maintenance expenses for one month	1.91	1.48
4	Total Working Capital requirement	13.67	10.71
5	Rate of Interest (%)	9.00%	9.00%
6	Interest on Working Capital	1.23	0.96

The Commission approves the Interest on Working Capital of INR 0.96 Crore for FY 2023-24.

5.9. Non-Tariff Income

Petitioner’s submission

The Petitioner has proposed the Non-Tariff Income of INR 0.26 Crore for FY 2023-24 considering supervision charges, tender fees, miscellaneous charges from consumers. Also submitted that Other Income includes Interest on Staff loans & advances, Interest on advances to suppliers/contractors and Miscellaneous receipts.

Commission’s Analysis

The Regulation 44 of the JERC MYT Regulations, 2021 stipulates the following:

“44. Non-Tariff Income

44.1 The amount of Non-Tariff Income relating to the transmission business as approved by the Commission shall be deducted from the Aggregate Revenue Requirement in determining annual transmission charges of the Transmission Licensee:

Provided that the Transmission Licensee shall submit full details of its forecast of Non-Tariff Income to the Commission along with its application for determination of Aggregate Revenue Requirement.

44.2 The Non-Tariff Income shall inter-alia include:

- a) Income from rent of land or buildings;
- b) Income from sale of scrap in excess of the 10% of the salvage value;
- c) Income from statutory investments;
- d) Interest on advances to suppliers/contractors;
- e) Rental from staff quarters;
- f) Rental from contractors;
- g) Income from hire charges from contractors and others.
- h) Income from advertisements, etc.;
- i) Miscellaneous receipts like parallel operation charges;
- j) Deferred Income from grant, subsidy, etc., as per Annual Accounts;
- k) Excess found on physical verification;
- l) Interest on investments, fixed and call deposits and bank balances;
- m) Prior period income, etc.:

Provided that the interest/dividend earned from investments made out of Return on Equity corresponding to the Licensed Business of the Transmission Licensee shall not be included in Non-Tariff Income.”

The Commission also approves the claim of the Petitioner, which shall be true-up on actual basis at the time of processing of True-Up Petition for the corresponding financial year.

The following table provides the Non-Tariff Income approved by the Commission for FY 2023-24:

Table 91: Non -tariff Income approved by Commission (INR Crore)

Particular	Approved in MYT Order for DNHPDCL	Claimed	Now Approved by Commission
Non- Tariff Income	5.87	0.26	0.26

The Commission approves Non-Tariff Income of INR 0.26 Crore for FY 2023-24.

5.10. Income Tax

Petitioner’s submission

The Petitioner has proposed INR 5.92 Crore towards Income tax for FY 2023-24 as per MYT Regulations, 2021 which provides that treatment of tax for a transmission system shall be in accordance with CERC Tariff Regulations, 2019.

Commission’s Analysis:

The Commission observes, since the Petitioner is now engaged into Transmission business it shall be governed as per JERC MYT Regulations, 2021 as:

“...33 Tax on Income

33.1 The treatment of tax on income for a Transmission Licensee shall be in accordance with the prevalent CERC Tariff Regulations.

....”

Accordingly, the Commission has approved Return on Equity on post tax basis as discussed in *Section 5.6: Return on Equity (RoE)*.

5.11. Aggregate Revenue Requirement (ARR)

Petitioner’s submission

Based on the expenses as detailed above, the Petitioner submitted the net aggregate revenue requirement for FY 2023-24 as shown in the following table:

Table 92: Aggregate Revenue Requirement (ARR) submitted by the Petitioner (INR Crore)

Sr. No	Particulars	Claimed
1	Depreciation	19.22
2	Interest Cost on Long-term Capital Loans	0.16
3	Return on Equity	17.19
4	O&M Expense	22.92
5	Interest on Working Capital Loans	1.23
6	Income Tax	5.92
7	Total Revenue Requirement	66.63
8	Less: Non-Tariff Income	0.26
9	Net Revenue Requirement (Annual Fixed Cost)	66.38
10	Add: true-up of previous years	-
11	Net Revenue Requirement	66.38

Commission’s Analysis

On the basis of the detailed analysis of the cost parameters of the ARR, as shown above, the net revenue requirement for FY 2023-24 is approved by the Commission as provided in the following table:

Table 93: Aggregate Revenue Requirement approved by Commission (INR Crore)

Sr. No	Particulars	Claimed	Now Approved by Commission
1	Depreciation	19.22	18.97
2	Interest Cost on Long-term Capital Loans	0.16	0.50
3	Return on Equity	17.19	15.40
4	O&M Expense	22.92	17.77
5	Interest on Working Capital Loans	1.23	0.96
6	Income Tax	5.92	-
7	Total Revenue Requirement	66.63	53.60
8	Less: Non-Tariff Income	0.26	0.26
9	Net Revenue Requirement (Annual Fixed Cost)	66.38	53.35

The Commission approves net ARR of INR 53.35 Crore for FY 2023-24 on standalone basis.

The cumulative revenue Gap of INR 56.64 Crore at the end of FY 2021-22 has been amortised by the Commission in FY 2023-24. The total ARR approved by the Commission for FY 2023-24 including cumulative gap till FY 2021-22 is as follows:

Table 94: Aggregate Revenue Requirement for FY 2023-24 (INR Crore)

Sr. No	Particulars	Petitioner's submission	Approved by Commission
1	Annual Revenue Requirement	66.37	53.35
2	Add: Cumulative Gap	105.70	56.64
3	Net Revenue Requirement	172.07	109.98

The Commission approves net ARR of INR 109.98 Crore for FY 2023-24 including cumulative Gap till FY 2021-22.

6. Chapter 5: Transmission Tariff for FY 2023-24

6.1. Transmission capacity of system

The transmission system capacity is the contracted capacity made available to the beneficiary during the given period. The present capacity of DDNDPCL as per its submissions is 789.03 MW.

The approved contracted transmission capacity of the system is as under:

Table 95: Transmission Capacity approved by Commission (MW)

Transmission Capacity (MW)	FY 2022-23
Transmission Capacity	789.03

6.2. Normative Availability

Regulation 45.1 of JERC MYT Regulations, 2021 stipulates as follows:

“45.1 The norms of operations for a Transmission Licensee shall be applicable as specified in the prevalent CERC Tariff Regulations”

Regulation 51 of the CERC Tariff Regulations, 2019 stipulates as under:

“51. Normative Annual Transmission System Availability Factor (NATAF):

(a) For recovery of Annual Fixed Cost, NATAF shall be as under:

(1) AC system: 98.00%;

....

”

Accordingly, the Commission approves the Normative Annual Transmission System Availability Factor (NATAF) for recovery of full Annual Fixed Cost as 98%.

Further, **the Commission directs the Petitioner to submit the Transmission Availability Report for Residual Transmission Entity of DNDDPCL on Monthly Basis to the Commission starting from the month of April 2023.**

6.3. Transmission Loss

The Commission sought the details regarding the energy audit conducted by the Petitioner for FY 2021-22. The Petitioner has submitted the energy audit report for FY 2021-22. Based on the Energy Audit Report submitted for FY 2021-22, the Commission observed that the Substation Level Energy Accounting done for 6 substations, only 2 substations have positive loss numbers and rest 4 have negative loss numbers. Therefore, it was not feasible for the Commission to arrive at an overall Transmission system loss for DNHDDPCL.

The Commission takes serious note of the same and directs the Petitioner to carry out Calibration and periodical testing of meters being used for conducting energy audit.

Hence, in absence of actual transmission loss data, the Commission provisionally approves the Transmission Loss of 0.30% for residual Transmission Business of DNDDDPCL equal to as approved in Business Plan order for Electricity Department, Transmission Division, UT of Dadra and Nagar Haveli dated 31st March, 2022 subject to True-up.

The Commission directs the Petitioner to conduct separate Energy Audit for Residual Transmission Entity of DNHDDPDCL for FY 2022-23 and submit the report as part of ARR and Tariff petition for FY 2024-25.

6.4. Tariff Determination

Based upon the projected capacity of the transmission capacity, the tariff determined by the Petitioner is as follows:

Table 96: Transmission Tariff proposed by Petitioner

Tariff Determination	FY 2023-24
Aggregate Revenue Requirement (A)	172.08
Transmission System Capacity (MW) (B)	789.03
Energy Required at Periphery (MU) (C)	6841.52
Long-term/Medium-term Transmission Charges (Rs./MW/month) (D)	181721.02
Short-term Open Access Transmission Charges (Rs/MW/Day) (E)	6057.37

Commission's Analysis

The Regulation 47 of the JERC MYT Regulations, 2021 states that:

“47. Sharing of charges for Intra-State Transmission Network

47.1 The Aggregate Revenue Requirement of the Transmission Licensee, as approved by the Commission, shall be shared by all long-term users and medium-term users of the transmission system on a monthly basis in the ratio of their respective Allotted Transmission Capacity to the total Allotted Transmission Capacity, in accordance with the following formula:

$$ATC_n = (Transmission\ ARR / 12) \times (CC_n / SCC)$$

Where,

ATC_n = annual transmission charges payable by the nth long-term user or medium-term user of the transmission system;

Transmission ARR = Aggregate Revenue Requirement of the Transmission Licensee, determined in accordance with these Regulations;

CC_n = Allotted Transmission Capacity by the nth long-term user or medium-term user of the transmission system;

SCC = sum of Allotted Transmission Capacity by all long-term users and medium-term users of the transmission system;

Provided that the ATC_n shall be payable on a monthly basis by each long-term user or medium-term user of the transmission system and shall be collected by the State Transmission Utility (STU).

47.2 The short-term Open Access Consumers shall pay transmission charges on INR/MW/day basis determined in accordance with Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Connectivity and Open Access in Intra-State Transmission and Distribution) Regulations, 2017, as amended from time to time.

.....”

Further, the Regulation 4.1 of the Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Connectivity and Open Access in Intra-State Transmission and Distribution) Regulations, 2017 states that:

“4.1 Transmission Charges

1. An Open Access Consumer using the Intra-State Transmission System, shall pay transmission charges to the State Transmission Utility or the Intra-State Transmission Licensee other than the State Transmission Utility for usage of their system as determined by the Commission in the Tariff Order from time to time:

Provided that transmission charges shall be payable on the basis of contracted capacity in case of Long-term and Medium-term Open Access Consumers and on the basis of scheduled load in case of Short-term Open Access Consumers. For Open Access for a part of a Day, the transmission charges shall be payable as under:

- a. Up to six (6) hours in a Day in one (1) block: 1/4th of the charges for Long-term and Medium-term users;
- b. More than six (6) hours and up to twelve (12) hours in a Day in one (1) block: ½ of the charges for Long-term and Medium-term users; and
- c. More than twelve (12) hours and upto twenty-four (24) hours in a Day in one (1) block: equal to Long term and Medium-term users”

The Commission for the approval of transmission charges for FY 2023-24 has considered the Transmission Capacity of 789.03 MW during FY 2023-24, the Energy required at periphery has been adjusted with Transmission Loss approved by the Commission as discussed in Section 6.3 above.

Accordingly, the transmission charges proposed by Petitioner and approved by the Commission for long-term and medium-term consumers and short-term open access consumers for FY 2023-24 is as follows:

Table 97: Transmission Tariff approved by the Commission for FY 2023-24

Sr. No	Particular	Petitioner's Proposal	Approved by Commission
1	Aggregate Revenue Requirement (A) (Rs Crore)	172.07	109.98
2	Transmission System Capacity (MW) (B)	789.03	789.03
3	Energy Required at Periphery (MU) (C)	6841.52	6821.00*
4	Long-term/Medium-term Transmission Charges (Rs./MW/month) (D)	181721	116160
5	Short-term Open Access Transmission Charges (Rs/MW/Day) (E)	6057	3819
6	Transmission Charges (Rs./kWh) (F=A/C*10)	0.25	0.16

*Excluding provisionally approved Transmission loss of 0.30%

The short-term open access consumers shall pay the charges in accordance with the charges determined above and Regulation 4.1 of the Joint Electricity Regulatory Commission for the State of Goa and Union Territories (Connectivity and Open Access in Intra-State Transmission and Distribution) Regulations, 2017 as amended from time to time.

7. Chapter 7: Directives

Over the years, the Commission has issued various directives to the Petitioner for necessary action at its end. It has been observed that the Petitioner has been making efforts to comply with the directives issued by the Commission. In order to strengthen the effective monitoring and ensure timely implementation of all the directives in true spirit, the Commission once again directs the Petitioner to submit the quarterly progress report along with the detailed action plan for all the directives issued in the subsequent section within 10 days of the end of each quarter of the financial year.

7.1. Directives Continued in this Order

While examining the compliance note and supporting documents submitted by the Petitioner in the present Petition, it is observed that some of the directives issued in the previous Tariff Orders have not been fully complied with by the Petitioner.

The Commission is of the view that substantial time has already been given to the utility for compliance with these directions. Thus, the Commission hereby directs the utility to comply with the directions mentioned below in the given timeframe, failing which the Commission shall be constrained to initiate necessary action under relevant sections of the Electricity Act 2003 and the Regulations made thereunder.

7.1.1. Quarterly Statement of Capital Expenditure

Originally Issued in Tariff Order dated 31st July 2012
<p>Commission's Directive in Tariff Order Dated 31st March 2022</p> <p>The Commission has noted with concern that Petitioner is yet to submit the details as sought by the Commission. The Commission directs the Petitioner to submit report on progress achieved towards execution of the schemes undertaken by it in the existing Control Period on quarterly basis with respect to the Capital Expenditure and Capitalization approved for the schemes in the Business Plan for existing Control Period, failing which the Commission will be constrained to take appropriate action against the Petitioner.</p>
<p>Petitioner's Response in the Present Tariff Petition</p> <p><i>The DNHPDCL would like to submit that the Quarterly report will be submitted to the Commission shortly.</i></p>
<p>Commission's direction in this Tariff Order</p> <p><i>The Commission has noted with concern that Petitioner is yet to submit the details as sought by the Commission. The Commission now directs the Petitioner to ensure compliance of this directive and submit the desired reports on quarterly basis, failing which the Commission will be constrained to take appropriate action against the Petitioner.</i></p>

7.1.2. Details of Income Tax Assessment Order

Originally Issued in Tariff Order dated 31st March 2022
<p>Commission's Directive in Tariff Order Dated 31st March 2022</p> <p>The Commission directs the Petitioner to submit the details of the Income Tax Assessment Order for previous three years and should submit the assessment order carried out in the financial year while filing the tariff petition henceforth.</p>

Petitioner's Response in the Present Tariff Petition

The DNHDDPCL would like to submit that the Income Tax Assessment Order for the previous three years have been enclosed along with this petition.

Commission's direction in this Tariff Order

The Commission directs the Petitioner to submit the details of the Income Tax Assessment Order carried out in the financial year while filing the tariff petition henceforth.

7.2. New Directives issued in this Order**7.2.1. Energy Audit and Overall Transmission System Losses for Residual Transmission Entity**

The Commission directs the Petitioner to carry out Calibration and periodical testing of meters being used for conducting energy audit.

The Commission directs the Petitioner to conduct separate Energy Audit for Residual Transmission Entity of DNHPDCL i.e., DNHDDPCL and submit the details of overall Transmission System Losses for Transmission Entity of DNHDDPCL for FY 2022-23 as part of ARR and Tariff petition for FY 2024-25.

7.2.2. Transmission System Availability for Residual Transmission Entity

The Commission directs the Petitioner to submit the Transmission Availability Report for Residual Transmission Entity of DNHPDCL i.e., DNHDDPCL on Monthly Basis to the Commission starting from 1st April 2023.

7.2.3. Opening Balance Sheet for Residual Transmission Entity as on 1st April, 2022

The Commission directs the Petitioner to finalize the Opening Balance Sheet for Residual Transmission Entity of DNHPDCL i.e., DNHDDPCL as on 1st April, 2022 based on the Closing Values of GFA, Loan and Equity approved by the Commission as on 31st March 2022 while carrying out the truing up for FY 2021-22.

7.2.4. Separate Accounting of Solar Plants

The Commission directs the Petitioner to prepare the separate accounts for Solar Plant for FY 2022-23 duly certified by statutory Auditor and submit the same along with True-Up for FY 2022-23. The Accounts shall clearly include the following details:

- i. Revenue earned from sale of solar power
- ii. O&M expenses incurred
- iii. Gross Fixed Assets
- iv. Loan and Equity
- v. Interest on Loan and Return on Equity
- vi. Depreciation
- vii. Interest on Working Capital

7.2.5. Reconciliation of Actual Interest on Security Deposit Paid

The Commission directs the Petitioner to submit reconciliation of actual interest on security deposit paid and computation of security deposit considering the opening and closing values of security deposit for the last 5 years i.e., FY 2017-18 to FY 2021-22 within 3 months of issuance of this order.

Annexures

Annexure I: List of Stakeholders

The following is the list of the participants who have attended the Virtual Public Hearing on March 02, 2023:

Table 98: List of participants in Public Hearing

S. No.	Name of Stakeholders	Designation
1.	Shri Umesh Patel	President, Youth Action Force
2.	Shri Atul Shah	Federation of Industry Association